

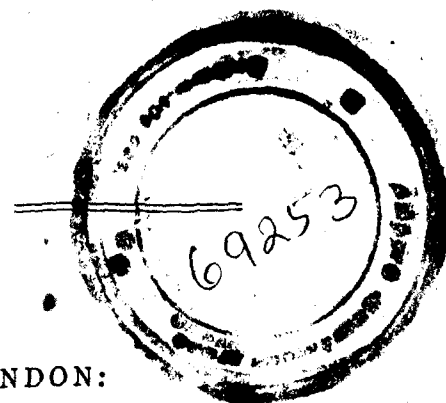
THE ECONOMIST

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

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Economic Danger Signals

BY material standards, Great Britain is amply blessed in this Coronation year, 1937. The statesmen of the Empire, now assembling from east and west and south and north, will be the guests of a country where more men are at work than ever before, where earnings and national purchasing power are still rising, and the volume of industrial production is the highest on record. It is expedient that they should understand the true causes of Britain's prosperity, since they will be called upon to take decisions which may have a far-reaching influence on its duration. Such an understanding will be not only desirable, but absolutely essential if, in fact, the situation is far less simple and the outlook much less unclouded than appears at first sight.

When Imperial statesmen were last in conference, at Ottawa in 1932, the essential steps had been taken which were to bring about Britain's economic recovery, though their effects had hardly begun to be revealed. Undoubtedly, the Government's policy of orthodox finance and balanced budgets made a substantial contribution to trade revival, by maintaining a favourable psychological background for business enterprise. Unfortunately, however, State intervention went much further, and has saddled the country to-day with a long list of measures of avowedly restrictive character. Old tariffs have been raised and new tariffs imposed on a wide range of commodities—raw, semi-finished, and manufactured. Import quotas have been set up for agricultural products, and international restriction agreements for essential raw materials—notably rubber and tin—have been buttressed by Colonial legislation

passed at the instance of the Home Government. Some of these measures were, perhaps, defensible in an emergency, as being in the nature of a crutch, which an invalid might discard on regaining health and strength. Others, however, were able to creep, intrude and climb up into the economic fold for no better reason than that the public is proverbially tender towards producing interests in time of adversity. The majority, however, had one point in common—that they were devised to meet the supposed needs of a period of sharply contracting activity and falling prices.

It is particularly important to remember this fact now, since the fundamental conditions have radically altered. Within recent months an extensive programme of public works, concealed under the name of a re-armament programme, has been superimposed upon peace-time industrial production in Great Britain at a time when the latter is not depressed, but is running at a high cyclical rate of activity. Both these horses are fast runners, and there is a serious danger that they may collide in the straight. This danger is now widely recognised. It is not the fault-finding complaint of political malcontents, but is shared by circles predisposed to believe that Conservative government and sound progress are synonymous and inseparable. Even *The Times*, which has certainly not been hypercritical, hitherto, of the policy of the present Government, has uttered a warning, this week, of the potential consequences of such a clash. Already, wholesale prices are rising at an alarming rate. Compared with only twelve months ago, our index number shows that, on the average, cereals

and meat have risen by 22 per cent., other foods by 15 per cent., minerals by 26 per cent., and textiles by 15 per cent. The expected rise in the price of bread to the highest figure for nine years shows how the increase in wholesale prices is affecting the cost of living.

In the second place, a serious shortage of skilled and even semi-skilled labour is developing in certain key industries. At a time when unemployment appears to have fallen to a hard core of $1\frac{1}{2}$ millions, the engineering, aircraft, automobile, electrical and shipbuilding industries are unable to obtain all the labour they require. Three years ago short-time was widely prevalent; to-day, overtime is being extended and the trade unions are being urged to relax their restrictions on apprentices and trainees. The unions, in their turn, are demanding higher wages, and sporadic strikes have already occurred in some branches of industry—not excluding the armament trades. Production of numerous goods for civil demand, such as automobiles, domestic wares, constructional steel and machine tools, is being damped down; and deliveries are being postponed for as long as a year ahead, in order to satisfy prior demand for armaments. The steel industry, operating at full capacity for the first time since the war, cannot meet current requirements, and prices have risen sharply. In certain industries to which, normally, export trade is particularly important—especially coal, steel and engineering—foreign orders are being refused or deferred because even the requirements of home consumers cannot be satisfied.

The coincidence of re-armament with a peace-time boom must clearly produce many stresses and strains in the industrial system, even if normally corrective forces are allowed free scope. But if their operation is deliberately impeded, the evil consequences of an inflationary boom and its disastrous aftermath may be inevitable. These tendencies, dangerous as they are, have yet to manifest their more extreme economic consequences. There remains a period during which the policy of statesmen may mitigate, or even avoid them, but that period is limited. Before it expires, the first task of the Empire's statesmen in London should be earnestly to

consider how far existing impediments to the free flow of national and international trade—for whose imposition they or their predecessors must take a large share of responsibility—can be speedily alleviated. They may rest assured that their efforts will evoke a sympathetic response in many quarters outside the British Empire. The direction of prevailing trade winds has been well indicated by the reception of Mr RUNCIMAN's tentative and almost secret hints at Washington, by the recent freer-trade initiative on the part of the Oslo group of countries and—last, but not least—by the visit of Mr NORMAN DAVIS to Great Britain this week.

Mr CHAMBERLAIN, speaking for the British Government, must now decide whether the raising of world prices remains, as it was at Ottawa, the keystone of Britain's commercial policy. On the answer to this question depends the further point whether the Ottawa system itself, with its complex machinery of tariffs and quotas on essential materials, and its jealous discrimination, should not be profoundly modified and not merely amended on bargaining lines. Inevitably, such a decision will pose the question whether a policy designed to raise the prices of domestic agricultural products and a system which allows steel producers quota facilities in a period of short supplies are reconcilable—to say no more—with the Government's interests as a large-scale consumer. Finally, the assembled statesmen of the Empire would do well to examine their actions as trustees for a large proportion of the world's resources of essential raw materials, and to ask themselves whether, in the changed circumstances of to-day, it is possible to justify any form of control which reduces the supplies available to the industries of the world even by a single ton. When prices are rising with frightening rapidity, and manufacturing industry is booming the world over—when, in short, the problem of the day is to protect the consumer from exploitation rather than to save the producer from ruin—the time has come for the complete reversal of all restrictive policies. They have outlived the crisis which brought them into being, and if they are long maintained they will prejudice alike economic recovery and popular welfare.

Anglo-Saxon Responsibilities

WE cannot tell what is going to happen to our world in the next few years. But there is at least one thing which we can prophesy with some confidence. When the drama has been played out to its close and judgment is being passed on it, the English-speaking peoples will find the largest entries opposite their names in the Recording Angel's book—for honour if the story has a happy ending, but for execration in the contrary event. We can be certain of this because this group of kindred peoples—and, above all, the two peoples of the United States and the United Kingdom—hold, between them, the fate of the world in their hands. And they do so however unwilling they may be to acknowledge the destiny that their fathers have bequeathed to them.

Friendship between able and energetic, but easy-going, peoples is not enough in the modern world. The British Commonwealth and the United States together command so vast a share of the world's total resources in man-power, machine-power, capital, raw materials and foodstuffs that, if they were ever to organise these immense powers in the service of one common policy for maintaining international law and order, they would be able with ease not only to ensure their own security but to police the whole face of the planet and frustrate the knavish tricks of every would-be aggressor.

The material means for performing this service for

mankind are actually at the English-speaking peoples' disposal. But in the light of what we have allowed to take place in the world since the end of the last war, this fact gives us no ground for self-complacency. Far from that, it gives the measure of our failure, so far, to act up to our responsibilities; and there are some aspects of both British and American foreign policy during these post-war years which, in moments of discouragement, might tempt us to conclude that we were already past praying for. There are the petty jealousies and rivalries—a legacy from the past, in which British capacity to snub has latterly been a good deal more conspicuous than American tail-twisting. Worse, there is the ignoble craving to take advantage of favourable geographical positions for the purpose of shirking a share in the world's common burdens and problems.

This is the gloomy side of the picture. Happily, we need not believe it to be the final record of the Anglo-Saxon rôle that will be stamped on the tablets of history. We may hearten ourselves by recalling what happened at the Washington Conference in 1921-22. That was an occasion on which Anglo-American co-operation was achieved on the grand scale in a large-minded way; and in these conditions it undoubtedly worked wonders. For a decade it kept the skies of a whole hemisphere clear of clouds. It is only, since Sir JOHN SIMON's failure to co-

operate in the same manner with Mr STIMSON, in and after the autumn of 1931, that the situation round the shores of the Pacific has gradually become as threatening once again as it was before LORD BALFOUR and MR HUGHES took things in hand at Washington in the autumn of 1921.

This week, Mr NORMAN DAVIS is arriving in London. PRESIDENT ROOSEVELT's Ambassador-at-Large is a large-minded and well-versed statesman with a great President, deeply concerned about the trend of world affairs, behind him. Is it too much to hope that he may find a British colleague of LORD BALFOUR's calibre? To-day, as in 1921, the whole question of naval armaments is in the melting-pot, and, as we show in a Note on page 10, Japan may unleash a wild naval arms race in which, willy-nilly, Britain and America will need a common policy. Now, as in 1921, the problem can only be solved by a statesmanship that sees the naval business in its wider economic and political setting and grapples in a generous spirit with the problem as a whole.

Meanwhile, the first task for the British Government is to clear away all those obstacles to the achievement of an Anglo-American understanding that lie on our British side of the fence. More than six months have slipped by since the Anglo-Franco-American currency agreement of September 26th. Yet its aspirations for freer trade among the democracies have not been followed up by our Government, despite French and American initiatives. The American Government has made no secret of its anxiety to cap its Trade Agreements policy by a treaty with the United Kingdom. But, if the reports are to be believed, the obstacles in the way of such a treaty are to be found in London. This is short-sighted in the

extreme, for, altogether apart from its direct importance to Anglo-American trade (which might well be small), an Anglo-American Trade Agreement would have a world-wide psychological effect. In its wake even the obstinate War Debt problem might yield to treatment.

In this and other ways we should have eagerly taken up the tentative yet unmistakable gestures in favour of freer trade that have been coming from the American and French side. It is common knowledge that Mr CORDELL HULL is a steadfast believer in freer trade—a believer who has patiently waited for time to tell in his favour. M. BONNET, also, a great worker in the cause of unrestricted commerce, has just been made French Ambassador in Washington, and is charged with discussing there the French debt to the United States and another international move for lowering trade barriers. That France would take this line has been evident since last autumn. When the time is ripening in America, is the harvest to be spoilt by chill winds from our side of the Atlantic?

Each of these issues is important and urgent in itself; but the main reason for grappling with them all is to clear the way for joint Anglo-American action in the world-wide fields. In an international situation more critical than that of 1921, it is possible for British and American statesmanship to repeat and surpass the miracle that was worked by Anglo-American co-operation at the Washington Conference. There are many fields in which miracles would be welcome, to-day. If the chance is now lost through pettiness or pusillanimity on either side, it will ultimately go hard with the English-speaking peoples. Unto whomsoever much is given, of him shall much be required.

Great Cities—VII

Belfast: Old and New

WHEN the indefatigable Arthur Young was in Ireland in 1776 he found Belfast "a very well built town of brick, they having no stone quarry in the neighbourhood. The streets are broad and straight, and the inhabitants, amounting to about 15,000, make it appear lively and busy. The public buildings not numerous or very striking."

At this time Belfast was at the opening of the first phase of its modern history. It had ceased to be of importance simply as a fortress some time in the sixteenth century, after taking its full share of the usual sieges and destructions of Irish history. In 1612 it was a hamlet of 120 thatched cottages, proud of a two-storey castle roofed with shingles. Its growth in the next couple of centuries was based mainly on its activities as a port, sending away linen and meat and bringing back consumption goods ("the imports of Belfast consist in rum, brandy, geneva and wines," wrote Young). A brown (i.e. unbleached) linen market with a market hall had been started in 1720, one of the earliest in Ireland, to replace the older fairs, which by then had become inconvenient for the growing scale of operations. Favourably situated for export to London and Chester and an important competitor of Londonderry for the transatlantic trade, Belfast already dealt with about two-thirds of the linen trade of Ulster, and was one of those lucky towns for whose especial benefit the Industrial Revolution appears to have been made.

The immediate stimulus seems to have been given, at this time, by the growth of Liverpool: all manner of goods were needed for the rapidly growing population of Lancashire. And when the great English canals were opened, Belfast, breaking the supremacy of Dublin as an exporter, could send her merchandise to the Midlands and right down to London by new and more energetic methods of trade. At the same time a Belfast man introduced cotton manufacture, partly as a philanthropic measure for increasing the variety of local industries. But the new trade grew with amazing rapidity, and within the next fifty years made the fortunes of Belfast, more than doubling its size and, in the process, the local linen bleaching industry.

This episode was soon over when the technical advantages possessed by the much larger area of Lancashire began inescapably to show themselves in the twenties of last century. Cotton weaving vanished, and few citizens now remember what Belfast owed to it. But the town's luck held—as the luck of Bristol did in a somewhat similar position—for at the same time, as one authority puts it, "improvements in transport, the growth of joint-stock banking, the spinning of fine yarns by machinery, and the use of steam power" brought the linen manufacture out of the villages into the industrial city, bringing with it a horde of weavers. Modern Belfast was thus born only a century ago.

Next to linen, at this time, stood the shipbuilding



industry. That too was a traditional occupation in the city. In 1636 a ship of 150 tons, no despicable size at the time, was built on the foreshore from timber felled from the surrounding forest, by a party of intending emigrants. Fifty years later Belfast merchants owned 40 ships; but it was not till 1791 that William Ritchie, a Scot, opened the first modern shipyard on Belfast Lough. Later the industry adapted itself readily to the use of steel and the introduction of steam power. And the Harbour Commissioners have always proved themselves an energetic and far-sighted body. In early times only small ships could reach the older parts of the city; for the channel was narrow and shallow. But it has been frequently widened and dredged in the last 150 years, and to-day the Lough boasts one of the safest harbours in the Kingdom. Many of our largest ships are built at Belfast, where, among other notable establishments, Harland and Wolff have their yards.

The third of Belfast's largest industries is rope-making, another occupation that can be traced far back in the city's rather meagre history. To-day one-half of the United Kingdom's twines is manufactured there. A fourth industry is the manufacture of tobacco; and then come the crowd of smaller products of every kind which are incidental to the activity of all great cities.

A visitor to Belfast shortly before the War would have found a busy industrial town of about 400,000 souls, with admirable communications with the rest of Ireland. He would have found the fine streets Arthur Young admired, but the same lack of any monuments of note—though he would have found plenty of large Victorian constructions, more imposing, perhaps, than beautiful. He would have seen a cathedral, a university, Victoria and Albert memorials and a more recent statue to Lord Kelvin in the Botanical Gardens. But he might have admired more the surroundings of the city, the ring of hills to the west, and the residential towns of the wealthier citizens pleasantly situated in the pretty country round the shores of Belfast Lough. He would, however, have been glad that efficient drainage had got

rid of the floods and epidemics for which the town had earlier had a bad record.

Revisiting Belfast twenty-five years later, the same traveller would have found a number of important changes. The industrial city has become, or is at least becoming, a capital city, with a population of close on half a million, more than a third of the whole population of Northern Ireland. Once again Belfast has enjoyed her full measure of luck. To some extent the rapid growth of her administrative importance offsets the depression of her main industries. The separation of the Irish Free State has hit her import trade. Shipbuilding has encountered the same depression in Belfast as on Tyneside, and though at present something of a boom is being experienced, long-range prospects are none too satisfactory. Rope-making is hit by the Australian tariff, though here, too, some revival has been felt; though technical advances have much reduced the employment offered. The growing popularity of fine cottons, artificial silk, and the mixtures of the two, and the loss of natural bleaching advantages with the growth of chemical science, form a very serious threat to the linen industry. There is an urgent and admitted need for a conscious re-adaptation of the city's life to these altered conditions.

Some progress has been made. The manufacture of constructional steel and locomotives has taken up some of the slack in the shipbuilding trades. An aircraft factory and an aerodrome point to a welcome readiness to explore the possibilities of changing technique. But the ultimate ways of escape seem largely to lie in raising still further the quality of the main products of the city—in improving, for example, the design of linen goods—and in developing a greater local demand for locally made articles of consumption. Belfast will progress further the more attention she pays to the efficiency and education and social life of her own citizens, the more seriously, that is to say, she takes her duties as a capital city. It is not often nowadays that a community is offered such a pleasant combination of duty and good business.

A Treasury Deficit

THE financial year 1936-37 has closed with a small deficit of £5½ millions. Three weeks ago, when we were discussing the prospects for the expiring year and the next Budget, it was still permissible to hope for a small surplus. But we added the warning that if expenditure continued at the rate reached by the end of February, the surplus would be converted into a deficit. The warning was timely. Expenditure on the Supply Services in the month of March was more than 45 per cent. higher than the average of the preceding eleven months. The lag in defence expenditure, which had invited comment earlier in the year, has evidently been removed in recent weeks.

The exact total of the deficit is £5,597,191. As in every one of recent years, however, it is necessary to explain that surpluses and deficits are defined, in British Treasury practice, on somewhat peculiar lines. The year's expenditure includes £3,127,270 of debt redemption, for which no provision was made in the Budget. If ordinary revenue be compared with ordinary expenditure, there is, in fact, a surplus of £7,630,079. Even this, however, is not a true surplus in any ultimate sense. At least one of the items on the revenue side (the "raided" balance of the Road Fund) should not strictly be regarded as current revenue, while the expenditure on interest on the National Debt does not include any provision for the interest on Savings Certificates which has accrued, but not been paid, during the last twelve months. In the year 1935-36 this item amounted to £9 millions and was probably no less in the year just ended. In the strict sense there was a deficit in the year 1936-37. The deficit was due in minor degree to a failure of the

revenue to come up to the estimates. The figures are as follows:—

REVENUE, 1936-37 (000's omitted)				
	Actual Receipts	Larger (+) or Smaller (-) than Budget Estimate, 1936-37		Actual Receipts 1935-36
Income Tax.....	257,237	-	1,763	+ 19,163
Sur-tax.....	53,540	-	2,960	+ 2,520
Estate, etc., Duties	87,990	-	1,010	+ 70
Stamps.....	29,140	+	2,140	+ 3,340
Other Inland Revenue	1,730	+	230	- 355
Total Inland Revenue	429,637	-	3,363	+ 25,093
Customs	211,282	+	3,757	+ 14,640
Excise	109,500	-	500	+ 2,800
Total Customs and Excise	320,782	+	3,257	+ 17,440
Motor Vehicle Duties (Exchequer share)	5,300	+	300	+ 323
Total Tax Revenue	755,719	+	406	+ 42,856
Post Office (net receipt)	10,970	-	286	- 700
Post Office Fund	100	+	100	+ 100
Crown Lands	1,350	-	...	- 10
Sundry Loans	4,550	-	450	- 384
Miscellaneous Receipts	24,601	-	649	+ 2,862
Total Ordinary Revenue ...	797,289	-	1,092	+ 44,369

All three of the main direct taxes fall short of the estimate—a fact which tends to show that the estimating

in the last Budget was less conservative than usual, as was suspected at the time. Sur-tax, in particular, seems to have been the subject of a somewhat optimistic expectation. Customs revenue is well above the estimate, assisted both by the expanding volume of imports and also, so far as *ad valorem* duties are concerned, by the rise in prices. Stamps also show a very healthy increase. The major responsibility for the deficit is to be sought in the excess of expenditure over the estimates:—

EXPENDITURE, 1936-37 (000's omitted)				
	Actual Issues	Budget Estimates 1936-37	Larger (+) or Smaller (-) than Final Estimates 1936-37	Actual Issues 1935-36
	£	£	£	£
Interest and Management of National Debt	210,873	- 13,127	- 13,127	- 661
Payments to N. Ireland	7,996	+ 496	+ 496	+ 792
Other Consolidated Fund Services	3,240	+ 40	+ 40	+ 2,409
Post Office Fund	421	- 179	- 179	- 706
Total Consolidated Fund	222,529	- 12,771	- 12,771	- 2,984
Army, Navy and Air Votes	186,072	+ 7,821	- 2,132	+ 49,123
Civil and Revenue Votes (exc. Post Office)	381,158	- 3,188	- 8,726	+ 6,107
Total Supply Services (exc. Post Office) ...	567,230	+ 4,633	- 10,858	+ 55,230
Total Ordinary Ex- penditure	789,759	- 8,138	- 23,629	+ 52,246
New Sinking Fund	13,127	+ 13,127	+ 13,127	+ 661
Total Expenditure...	802,886	+ 4,989	- 10,502	+ 52,907

Capital Market Anomalies

THE trend of interest rates, on the one hand, and the question of Treasury control of new capital issues, on the other, have been the subject of vexed discussion during the past three months. The slump in gilt-edged prices which followed the announcement of the financial details of the Government's re-armament programme has now been arrested; but Old Consols, which stood at 84½ at the beginning of this year, are now quoted at only 76½. By post-war standards, however, interest rates are still low, for the yield on Old Consols is about 3½ per cent., against over 4½ per cent. ten years ago. Meanwhile, the new capital market remains freely open to domestic industrial borrowers, but home municipalities and public boards must form a queue at the Bank of England, and borrowers who would remit funds abroad must run the gauntlet of a special Committee which, far from relaxing the severity of its control, has lately increased it by a process of progressive re-definition. What has been happening to this semi-bound and semi-free capital market during the past quarter? Which sections are active, and which are atrophied? How does the total volume of new borrowing compare with that of earlier periods of higher interest rates but greater freedom of action?

Direct light is thrown on all these questions by certain tabulations of capital market activity, which we have set out on the next page. Table I contrasts the total borrowing effected by direct offers of new securities to the public in the London market, under various heads, in the first three months of every year from 1928 to 1937. The conclusions suggested by these figures are striking. The total raised by direct public borrowing was approximately twice as great in the first three months of this year as the average for the corresponding period of the four depressed years, 1932-35, but it was only half as large as in the first quarter of 1929 or even of 1930, and only one-fourth as large as in the first quarter of 1928.

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

	Actual Revenue or Expenditure	Larger (+) or Smaller (-) than Budget Estimate, 1936-37		Actual Figures, 1935-36
Post Office	71,880	-	64	+ 5,800
Road Fund	27,427	+	927	+ 1,652
Total	99,307	+	863	+ 7,452

It is obvious at a glance that the explanation lies in the heavy defence expenditure. In his Budget last April, Mr Chamberlain allowed £20 millions for Defence Supplementaries, but even this amount has proved to be nearly £8 millions too small. The expenditure on the Civil Services, on the other hand, has been more than £3 millions below the Budget estimate. Interest on the National Debt has also taken a fraction less than last year.

The deficit is not particularly encouraging to the taxpayer. On the assumption that the provision for the National Debt will remain unchanged, the Chancellor will have to find at least £36.2 millions more revenue in 1937-38 than in the year that has just expired. This figure will be increased in so far as he thinks it advisable to make provision for Supplementary Estimates. In *The Economist* of March 13th (page 517) we gave detailed reasons for believing that an increase of revenue of the order of £40 millions can be expected without any increase in taxation. In view of the rather disappointing performance of the direct taxes, however, it would be prudent to lower some of the estimates. Probably the closest approximation that the layman can make is that the Budget of 1937 will balance if there is no provision for Supplementaries. But the Chancellor will have to impose fresh taxation if he anticipates over-spending in any Department in the course of the year.

The British Government has been out of the market. Home corporation borrowings, which were a prominent feature a year ago, have this year been conspicuous by their absence. Between January and March last year, some eleven municipal or county authorities invited subscriptions of new money by prospectus; this year no solitary corporation prospectus has made its appearance. Last year, under the heading of borrowing by public boards, over £26 millions was raised by Treasury-guaranteed securities on behalf of British railways; this year, the only Treasury-guaranteed issue was the final tranche of less than £9 millions of the London transport electrification loan. Treasury control of foreign lending has been so stringent that not one penny has been raised by prospectus for use outside the British Empire. The one category which shows an increase as compared with a year ago is that of domestic issues by non-official borrowers—mainly home industrial companies.

The figures in the table, however, do not give a complete picture of the capital market. They take no account of the growing proportion of total borrowing which is effected, not by direct offer to the public, but by Stock Exchange "placing" after the granting of permission to deal. For the last three years we have made a supplementary calculation showing total borrowing under all headings. The results are given in Table II, with the proviso that, for technical reasons, the figures may somewhat exaggerate the volume of new securities actually taken up by the public.

Broadly, the comprehensive figures afford a more favourable comparison between total activity this year, so far, and that of the first three months of 1935 and 1936, respectively, than is suggested by our computation of "public offerings" above. But they confirm our conclusions as to the pre-occupation of the market with domestic industrial issues. Three-fourths of the past quarter's new money, under all categories, has been

raised for employment at home and four-fifths of the home borrowings have been mainly for domestic industry.

Although interest rates are still low, judged by pre-depression standards, there is some reason for the belief that the great bulk of *existing* long-term securities which are capable of being converted to lower interest in the near future, have already been so converted. Table III below shows that the British Government effected no conversion operation during the past three months, and that the volume of conversion offers by other bodies (including Dominion Governments, home and overseas corporations and domestic companies) receded still further this year from the peak figure recorded in the first quarter of 1935. The past quarter's total would, in fact, have been almost negligible, but for a special conversion operation which affected over £21 millions of debenture stocks of the Rhodesia Railways.

The public company, as distinguished from the public authority, has been much the most important force in the new capital market in the past three months. And the medium through which the greater part of new company offerings continues to reach the hand of the public is the ordinary share, rather than the preference share or the debenture, as Tables IV and V show. Ordinary shares have accounted for £18½ millions out of £33½ millions raised by direct company offers during the past three months. The predominance of the ordinary share is still more striking if the total be extended to include Stock Exchange "placings," for on that basis some 74½ per cent. of total company issues of £97 millions are shown to have been in the form of equity capital. On page 56 appear supplementary tables showing the distribution of new capital applications, in the first quarter of 1936 and 1937, between different groups of industries, and a list of the principal individual issues made in the last quarter. Taking the comprehensive "new basis" figures, the groups which have raised the largest amounts of new capital this year, so far, have been (in order of magnitude):—Manufacturing and Miscellaneous (a large residual group), (2) Exploration, Finance and Investment, (3) Iron, Steel, Coal and Engineering, (4) Breweries and Distilleries, and (5) Docks, Harbours and Shipping. These five groups together accounted for as much as 61 per cent. of the total company issues of the quarter.

TABLE I

TOTAL BORROWING BY DIRECT PUBLIC OFFER
First Quarter of Each Year
(Million £)

First Quarter of Year	British				Empire	Foreign	Total Issues	Index 1928 = 100
	Government	Home Corporations*	Others	Total Home				
1928 ...	85.8	1.0	47.6	134.4	21.6	13.0	169.0	100
1929 ...	1.9	0.3	55.9	58.1	26.4	12.4	96.9	57
1930 ...	38.4	15.9	14.0	68.3	16.0	3.4	87.7	52
1931 ...	6.1	2.7	17.1	25.9	15.4	3.9	45.2	27
1932 ...	Dr 3.0	9.8	6.0	12.8	4.9	Nil	17.7	10
1933 ...	8.5	9.5	8.7	26.7	2.3	0.0	29.0	18
1934 ...	1.3	5.7	8.3	15.3	3.9	0.9	20.1	12
1935 ...	3.0	3.1	18.3	24.4	2.7	0.2	27.3	16
1936 ...	0.7	40.5	15.7	56.9	4.8	0.2	61.9	37
1937 ...	0.3	8.9	28.8	38.0	5.0	Nil	43.0	26

* Including county and public board loans.

TABLE II

TOTAL BORROWING, INCLUDING "PERMISSION TO DEAL"
First Quarter of Each Year
(Million £)

First Quarter of Year	British				Empire	Foreign	Total Issues	Index 1935 = 100
	Government	Home Corporations*	Others	Total Home				
1935 ...	3.0	3.8	57.4	64.2	9.1	1.4	74.7	100
1936 ...	0.7	40.9	48.3	89.9	6.5	3.3	99.7	127
1937 ...	0.3	9.3	71.2	80.8	28.3	1.1	110.2	164

* Including county and public board loans.

On the whole, the quarter's results throw a somewhat discouraging light on the prospects of the new issue market in the immediate future. Its total activity remains sub-normal at a time of industrial prosperity, when money is still relatively cheap. It would be unfair to lay the responsibility for this condition wholly at the door of the Treasury. Trustee borrowers have sound reasons for holding off the market in a period of gilt-edged weakness. Many municipal corporations, again, are raising fair sums of money locally. The public investor will have ample opportunity to purchase new gilt-edged securities during the next five years, when the Treasury issues its re-armament loans; and in the meantime a certain damping down of local authority borrowing for capital works may not be wholly undesirable on general economic grounds.

From the investor's viewpoint, however, there is much to be said against a regime which discourages the best borrowers but leaves a clear field for the second best. The quality of a number of recent industrial issues has certainly been questionable. The larger industrial concerns are tending increasingly to finance themselves out of their own reserves. It is a striking fact that, while 69 companies combined to raise a total of nearly £22 millions, by public offering and permission to deal, in the Manufacturing and Miscellaneous group during the past quarter, only three made individual offers of £1 million or over.

In recent months, the typical new prospectus-issuing company has tended, too frequently, to be a small concern, of workshop rather than of factory size, whose shares cannot, in the best of conditions, enjoy a really free market. Its capital, nevertheless, has been split into preference and ordinary for "selling" reasons, and has been offered at prices discounting the results of a single favourable year, or even a broken period of less than a year. In this direction, the market's experience has come nearest to that of the boom year, 1928.

All things considered, the recent trend of the new capital market seems to suggest that if the higher authorities are determined to evolve a species of negative Investment Board by a process of elimination, it would seem advisable that the quality, as well as the geography of new borrowing, should be taken into official consideration.

TABLE III

CONVERSION ISSUES (OLD BASIS)
First Quarter of Each Year
(Million £)

	1932	1933	1934	1935	1936	1937
British Government.....	116.5	4.7	Nil	Nil	Nil	Nil
Other Conversions	4.8	36.5	43.3	67.8	44.2	28.6
Total	121.3	41.2	43.3	67.8	44.2	28.6

TABLE IV

TOTAL COMPANY ISSUES (BY PROSPECTUS) (OLD BASIS)
First Quarter of Each Year
(Million £)

	1930	1931	1932	1933	1934	1935	1936	1937
Deb.	7.6	12.5	11.9	3.5	2.0	4.6	4.1	7.8
Pref.	8.1	0.5	1.7	3.4	3.4	7.9	4.4	7.1
Ord.	3.2	8.8	0.7	2.0	6.2	7.7	12.1	18.6
Total	18.9	21.8	14.3	8.9	11.6	21.2	20.6	33.5

TABLE V

TOTAL COMPANY ISSUES (NEW BASIS)
First Quarter of Each Year
(Million £)

	1935	1936	1937
Debentures	15.0	5.9	12.6
Preference	14.4	10.7	12.5
Ordinary	37.9	35.1	22.3
Total	67.3	51.7	47.4

Small Change

THE coinage of the modern world has had the good fortune to escape many of the complications of modern finance. With the development of the world's banking systems, coins, as such, have tended to be increasingly relegated to the rôle of small change. One result has been that every country in the world has abandoned the use of coins having a metal value equivalent to their face value, and has adopted a token coinage with a Government or State bank guarantee. Almost no coins now circulate, as they once did, outside the frontiers of the country in which they are issued. Few people realise how relatively recent and radical this change is, or how greatly it has simplified the problems of our present-day coinage.

These points are well illustrated by a book of surprisingly small size, in which Mr M. Comencini has recorded particulars of all the coins issued throughout the world since 1870.* Volumes of this nature are certainly no new invention. They have existed since the sixteenth century on the continent of Europe, and were originally designed to serve the needs of merchants who, in the course of business, regularly handled the coins of an infinity of different states. The majority of these coins differed both in weight and standard of fineness, and it was obviously desirable that merchants should have some guide to their value without having continually to employ the scales and the touchstone. The present book, naturally, claims no such lofty function and is mainly a collector's manual. Nevertheless, it provides the only comprehensive picture now available of present-day coinages, and it covers a particularly interesting period of final transition from a true coinage to a token coinage.

Although it is only since the War that the use of money worth its face value has been finally and irrevocably abandoned, a token coinage, in some form or other, has existed almost as long as coinage itself. The earliest Greek coinages were struck in electrum and silver, but at the end of the fifth century a copper token coinage was introduced for local use. The only reasonable way of using copper coins, indeed, is for token purposes, though, in fact, the first coinage issued by the Romans, the *aes grave*, was worth its weight in copper. Some denominations of these coins actually reached the size of six inches by four. The *aes grave*, however, was soon abandoned, and was replaced by a regular coinage of gold and silver, supplemented by a copper token series. Only once, subsequently, has the experiment of issuing a copper coinage of intrinsic value been repeated, when, in the eighteenth century, Sweden produced coins measuring up to two feet by ten inches!

For some time in the Middle Ages a true token coinage disappeared in Europe, when money became scarce and was seldom used for small transactions. On the Continent a number of base silver coins were issued for local use, but in England no base coins were struck, except for a short period in the reign of Edward III and at the end of Henry VIII's reign. The smallest coin current was always the farthing, which was frequently produced by cutting a silver penny into four. The Mint made less profit on the coining of small coins than on that of large coins, and it therefore issued few of them. Continual complaints were heard of a shortage of small change, and the deficiency was often met by the importation of base money from abroad. Queen Elizabeth was the first British sovereign to propose a true token issue, but though patterns for tokens were prepared, none were actually issued. In the reign of her successor, James I, however, the first regular token coinage was struck, in the form of farthings. Since that time a token coinage, legal or unofficial, has continuously existed.

* "Coins of the Modern World, 1870-1936." By M. Comencini. Methuen, 1937.

The farthings were regarded everywhere with suspicion, and English monarchs preferred that they should be issued under the authority of courtiers, such as Lord Maltravers or the Duchess of Richmond. Occasionally they bore apologetic legends, such as "for the relief of the pore" or "famulus nummorum." During the Commonwealth the issue was suspended, and private tradesmen all over the country illegally issued tokens of their own. Soon after the Restoration, however, a large coinage of copper half-pennies and farthings was issued. On these, Britannia appeared for the first time, and she has never since been ousted from her throne.

The final decision in England to abandon a silver standard came after a century-and-a-half of difficulties. These were, indeed, inherent in the system of bimetalism, introduced under Henry III, under which gold or silver was legal tender to any amount. From the first, fractional differences in the value of gold and silver as coin and as bullion had made it profitable to buy English coins at their face value and export them, somewhere or other, as bullion. In the late seventeenth century the problem was solved by allowing the golden guinea to have a fluctuating value in terms of silver. The guinea was first issued as a 20s. piece, and at once commanded a premium. During a crisis in the reign of William and Mary its value rose to 30s. It was subsequently reduced by stages to 21s., and there its value as a money of account has remained.

In the eighteenth century, with the guinea stable, the minting of silver became impracticable, since coins of full weight would have been worth more as bullion than as coins. In the reign of George III, indeed, the mint practically ceased to function. Coins in circulation became worn and clipped beyond recognition; and many lost as much as a quarter of their true weight. The Government finally was obliged to commit itself definitely to a gold standard, and to abandon silver, but at the outset it was unwilling to incur the odium of "debasement" the coinage. The first English official silver tokens were, in fact, issued in 1804 by the Bank of England under Parliamentary authority, and were inscribed "Bank Token." Only when they had proved themselves successful was a regal silver token coinage produced.

The process in England, whose main features we have described, has been repeated throughout the rest of the world. Even China, the last stronghold of the mediæval system, has now abandoned it. Until 1935, the Chinese silver dollar was worth a variable number of copper cents; it was liable to vary not only at different times but at different places at the same time. So complicated has been the money system of modern China, indeed, that Mr Comencini has devoted 48 pages of his book to its presentation, whereas he has covered the entire British Empire in 34 pages.

To-day, the great majority of countries have adopted a decimal coinage. Britain, however, remains intransigent, and shares the honour of non-adherence to the decimal system with Afghanistan, Albania, Goa and Turkey. In 1848 the florin—one-tenth of a pound—was actually introduced as a tentative beginning, but there has subsequently been no serious agitation for further progress, though a decimal coinage to-day has some influential supporters, including certain large business houses. The convenience of the new system would be great indeed, but the confusion of the change-over would be formidable. We may regret that our great-grandfathers lacked the courage of their convictions; but perhaps the greatest of all obstacles is the Englishman's inordinate but persistent pride in being a citizen of the only great country in the world which can afford to be illogical. Britannia, with her trident, still rules the pence as she rules the waves.

Notes of the Week

Trunk Roads.—On April 1st, the Ministry of Transport took over responsibility for 3,270 miles of road in England and Wales. This was the first stage of the nationalisation of trunk roads in this country, which will be completed on May 16th when 1,190 miles of road in Scotland will be taken over by the Ministry. These trunk roads constitute 17 per cent. of the Class "A" roads in Britain, and up to now they have been managed by some 80 local authorities at an annual cost of £666,000. The Ministry will assume full financial responsibility and control of maintenance and development. All the powers of the local authorities are transferred to the Minister, who will also have authority to exercise control over ribbon development. The local authorities will, however, continue to act as agents on the spot for the Ministry. It is to be hoped that this transfer of powers and responsibility marks the beginning of a positive and constructive road policy designed to make our system of roads adequate for the needs of modern transport and traffic.

Road Accidents.—The Ministry of Transport has published the results of a careful investigation of 100,000 accidents, involving 117,811 deaths or injuries, which happened last year between April 1st and September 30th, and were covered generally in the last annual report. The conclusion of the Ministry's experts that the results of accidents are more severe on the open road than in built-up areas emphasises the importance of the task which the Minister has undertaken in assuming responsibility for trunk roads. As we pointed out in a leading article last week, our present road system cannot cope with its new burdens. This is especially so in centres of population, where accidents may be less severe than on the open highways (only 23.3 per cent. are classed as serious against 38 per cent. on the open road), but are much more numerous. Three-quarters of the accidents analysed in the Ministry's inquiry took place in built-up areas. And it is significant that 42 per cent. of the total, and 47.4 per cent. of those in built-up areas, occurred at crossings and road junctions—but only 6 per cent. at controlled junctions. In the last resort the problem of safer traffic is concerned with the design of the road rather than with the road user. Nevertheless, given inadequate roads, and given the brave palliatives of Mr Hore-Belisha (which are to a large extent justified by this inquiry, as they were by the figures of the annual report for 1936), the immediate responsibility rests with the drivers of motor vehicles, pedestrians and pedal cyclists.

This latest report attempts to allocate the blame for 87 per cent. of the accidents analysed: some 32.9 per cent. are put down to the fault of drivers; pedestrians were apparently to blame in 28.1 per cent. of the cases, and pedal cyclists in 26.3 per cent. Crossing and turning without due care, misjudgment of distance and speed, overtaking and driving too fast were the commonest causes of disaster. Over a third of the victims were cyclists, some 29 per cent. were pedestrians, and nearly 20 per cent. were motor cyclists, the severest sufferers, over one-third of those involved being killed or seriously injured. It may be true that our roads are not yet designed to carry, say, the hourly load of over 4,000 cars which passed Staines on Easter Monday. Yet, in only 13 per cent. of these accidents could no cause be found; in the rest, the causes were human error, carelessness and neglect. New highways are necessary because they might save us from ourselves; but meanwhile a grave responsibility rests on us who use the roads to minimise the toll of life by common sense and caution.

Gresford Summonses.—On September 22, 1934, an accident at Gresford Colliery cost 265 miners their lives. An official inquiry was held, which revealed that

many of the necessary conditions for safety were absent at the pit. In a debate in the House of Commons on February 23rd of this year drastic action by the Attorney-General was foreshadowed. Since then officials of Scotland Yard have been investigating the circumstances of the disaster, and on Saturday, March 27th, summonses were served by the Denbighshire police on the Gresford Colliery Company and a number of its officials. The case will be heard on April 20th at Wrexham, and the charge will be alleged breaches of the Coal Mines Regulation Act. Such vigilance is proper, but the major problem still remains. We cannot be sure that existing safeguards in mines are adequate, or that the procedure of inspection is effective. Some 777 men were killed in our mines last year, and we cannot be satisfied simply by the legal liquidation of this single, though terrible, disaster. Our mines must be made uniformly safe.

Re-armament News.—The re-armament scene presents a mixed picture. Abroad, as Professor Gilbert Murray pointed out at the Oxford Conference of the League of Nations Union, the programme has had a considerable moral effect; at home, it has accentuated the industrial boom. On Friday, March 26th, the Admiralty decided to entrust the building of sixteen cruisers for the 1936 and 1937 programmes to eight firms, on the Tyne, on the Clyde, at Southampton and on the Isle of Wight. It has been estimated that on the Clyde alone forty warships of all kinds to the value of £25 millions are under construction. Nevertheless, despite these favourable signs, serious problems remain still to be solved. The two most difficult concern labour and profits and have been clearly illustrated by this week's strike of a number of workers at the Parkhead Forge of Messrs Wm. Beardmore and Company, Ltd., Glasgow, and by the Government's rejection of the tender submitted by Messrs Ransomes and Rapier for the manufacture of shells.

On Saturday, March 27th, some 1,500 engineers employed on armament contracts at the Parkhead Forge, and earning about 65s. a week, came out on strike because of their employers' refusal to pay an extra penny an hour. Their action was recognised by the Glasgow District Committee of the Amalgamated Engineers' Union, but was not considered by the National Executive of the Union until Wednesday, when no final decision was made. The Parkhead engineers have disclaimed any desire to precipitate a national stoppage, involving 120,000 men, since they hold that the episode is a matter for direct negotiation between them and Messrs Beardmore. Indeed, the strikers allege that, by joining the Employers' Federation only after due notice of this stoppage had been given, Messrs Beardmore have attempted to give an unjustifiably national character to the dispute. Accordingly, they deny that the procedure of conciliation through the Federation is properly applicable to this strike. The incident does, however, raise an issue of national importance. More than a year ago the Government declared its intention of consulting the trade unions about the details of the re-armament programme, about recruitment, hours, wages, overtime and excess profits. Nothing has yet been decided, and this stoppage involving 2,000 men (including 500 labourers) who were engaged in producing armaments for 24 hours in the day, is an index of the possibly disastrous effects of a short-sighted and negligent policy. Re-armament can only be effectively executed with the wholehearted co-operation of the unions, tactfully enlisted.

No less serious was the story of Messrs Ransomes and Rapier revealed by Opposition speakers in the House of Commons on Wednesday, March 24th. This Ipswich firm offered to make shells on a no-profit and no-loss basis at 17s. 11d. per shell, which was alleged to be 3s. 7d.

cheaper than the tenders which were accepted. Government spokesmen replied that the firm had not made a formal tender; that Ransomes were not in fact equipped to make shells; and that Ipswich was a vulnerable site. It was, therefore, more than a little disturbing when the managing director of the firm claimed that they had actually submitted a detailed tender; and that between 1915 and 1918 they had manufactured 600,000 shells. Provided that the losses against which Ransomes sought a guarantee were reasonable contingencies, this offer to make munitions on a no cost basis was eminently worthy of a more than careful scrutiny. The acute dangers of profiteering should be only too real to those who remember the blatant opportunism of the last Great War.

Congress Refuses Office in India.—Provincial autonomy, the first stage of the new Indian Constitution, duly came into force on April 1, and in a message to the Indian people the King has expressed the hope that the new opportunities will be used widely and generously. On the same day Burma ceased to form part of the Indian Empire. The new regime in India opens less favourably than had been hoped, for, to the general consternation, Congress leaders have refused to accept office in any of the six Indian provinces (out of a total of eleven) in which the party has absolute majorities. The discussions with the provincial Governors broke down over the proviso in the recent resolution that "Ministerships shall not be accepted unless the leader of the Congress party in the Legislature is satisfied and able to state publicly that the Governor will not use his special powers of interference or set aside the advice of Ministers in regard to their constitutional activities." It had been widely supposed that the Congress leaders would be satisfied with the general offers of sympathy and help which were obviously all the Governors could give. Mr Gandhi himself, who drafted the resolution, assumed that it was the road to office. "There was no intention whatsoever," he said on Tuesday, "of laying down a condition whose acceptance would mean the slightest abrogation of the Constitution." The provincial leaders, apparently, put a different interpretation on it. According to communiqués in similar terms issued by several of the Governors, their Excellencies explained that the terms of the Government of India Act are mandatory, and that the obligations imposed by the Act and by the Instruments of Instructions on Governors, in respect of the use of special powers, are of such a nature that even if the Governor wished to relieve himself of them it would not be in his power to do so. The conversations were amicable, and the Governors told the Congress leaders that they "could rely on receiving all possible help, sympathy and co-operation within the four corners of the Act." The refusal of Congress to accept these terms has compelled the formation of minority Ministries whose life must be precarious. They are, indeed, little better than stop-gaps, and it is to

be hoped that a compromise will be found which will enable Congress to assume responsibility proportionate to its representation.

Judicial Valour.—It may, or may not, be true that the United States Supreme Court "follows the election returns," but it appears to be true that some, if not all, of the Justices believe discretion to be the better part of judicial valour. President Roosevelt's first proposal for enlarging the Court was careful to attack neither the Court as an institution nor the Justices personally. The case was argued on the basis of the age (and merely presumptive senility) of the Justices, and the alleged congestion of Federal business. But this pretence has long ago been dropped. For the Constitution and the principle of judicial review there is still plenty of respect. But the attack is now directly levelled at the "personal economic predilections" of the Justices. The President would probably welcome a further series of conservative judgments, inhibiting still more New Deal measures, which would serve admirably to point the moral of his contention. But the Court apparently believes that its best chance of avoiding "reform" is to accommodate its interpretation of the Constitution a little more closely to the demands of public opinion. This new tendency was revealed in every one of a remarkable series of judgments given on Monday. Two controversial measures were not only upheld, but unanimously upheld, although both of them appeared to the lay eye to contain elements which have been condemned by the Court in the past. One of these guarantees the right of collective bargaining to the employees of railroads, even to those employees whose labour is rendered entirely within the borders of a single State. The Court has thus done for the railways what it has refused to do for other industries—namely, to recognise that, if the employer is engaged in inter-State commerce, his relations with his employees are a matter of inter-State concern.

The second Act which was upheld was the Frazier-Lemke Act, authorising a three-year moratorium on farm mortgage foreclosures—a revision of a previous Act of the same name which was declared by the Court to be unconstitutional. Even more surprising than these decisions was one affirming the validity of a State law establishing a minimum wage for women. It was the veto last June of a similar New York law which induced even the Republican Party to advocate an amendment to the Constitution. Both decisions were taken by a vote of 5 to 4, Mr Justice Roberts having meantime altered his opinion—or, possibly, discovered some minor technicality which made all the difference. The fact that a single Justice, by changing his mind, can alter the supreme law of the land on a vital issue is likely to undo some of the effect of the Court's new-found moderation. But it would be rash in the extreme to

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predict any issue from the conflict which is still raging with all its original fervour and bitterness round the President's proposals.

Japan's Naval Policy.—To an accompaniment of soft and reassuring words, Japan has now gone, in action, another long step further towards an unlimited defiance of all the other naval Powers of the world. At the London Naval Conference of last year, the comprehensive quantitative limitation which had been successfully achieved between the three oceanic naval Powers at Washington in 1921-22 and at London in 1930 was undone by Japan's refusal to accept, for the future, any ratio lower than parity with the two English-speaking naval Powers. It was hoped, however, that the wreck of quantitative limitation might in some measure be retrieved by limitation agreements on qualitative lines—particularly in regard to gun-calibres, which may ultimately determine the displacement of the ships on which the guns are to be mounted. A fourteen-inch maximum for gun-calibres for the next six years was provisionally accepted at last year's conference on condition that the acceptance should have been endorsed by each and all of the principal naval Powers before this Thursday, April 1st. The endorsements of all the Powers in question, except Japan, have been duly received; but last Saturday, March 27th, a notification of the Japanese Government's refusal was handed to the British Ambassador in Tokyo. Therewith our hopes of qualitative naval disarmament descend into the grave in which quantitative disarmament already lies buried. The Americans are reported to be retorting by arranging for sixteen-inch guns to be mounted in the two American battleships that are to be laid down next summer. On the other hand, they have shelved a cruiser-building programme which would have raised their cruiser strength above the 1930 maximum.

What is the Japanese Government after? There are rumours that they intend to build 40,000-ton or 50,000-ton capital ships which would confront the Americans with a choice between enlarging the Panama Canal or else resigning themselves to seeing their own fleet—on this new high level of capital-ship tonnage—once more divided into an Atlantic and a Pacific squadron which could not join forces without rounding Cape Horn. If this is really the Japanese plan it is puerile. In any competition in bearing financial burdens, the United States is bound to win. At this moment we have the extraordinary spectacle of the pace of the armaments competition being recklessly forced by just those Powers that are the least capable of standing the economic strain. In the Japanese Diet the other day, the Ministers of War and Marine had to reply to a Parliamentary question asking whether Japan was in a position to maintain parity with, or superiority over, Russia and China on land, and the British Empire and the United States at sea. The Minister's answer was that the Japanese Government desired "to carry out war preparations on the minimum basis essential for autonomous national defence, and not to compete with other Powers in the expansion of armaments." These words are presumably to be interpreted as signifying the exact opposite of their *prima facie* meaning.

Italy, Spain and the Commons.—The passage of arms in the Non-Intervention Committee on Wednesday of last week and the debate in the House of Commons next day must have drawn Signor Mussolini's eyes to London. If he is wise he will keep them fixed there while he is making his next decision. For the Duce has already decreed that this decision shall be momentous. On March 23rd, Count Grandi expressed a fervent hope to the Committee that the Italian troops in Spain would not be withdrawn. His master has thereby given himself the choice between reinforcing them or else allowing them—after their defeat at Brihuega—to languish in a campaign which could not then end in a victory but might very well end in a complete *débâcle*. Since the

week-end it has become evident that there is no substance in rumours of a divergence between British and French policy in this matter, so that, if Signor Mussolini does decide on sending reinforcements, he has to face the prospect of a solidly united Anglo-French front and a very grave reaction on the part of both Powers. Perhaps he will try to smuggle in aeroplanes by night. But, however surreptitiously he might set about it, further intervention in the teeth of his own undertakings would be a risky business.

The degree of this risk may be gauged from what has been passing, not in Rome, but in London. At the Non-Intervention Committee's meeting on March 24th the Russian Ambassador accused the Italian Government of having thrown a regular invading army into Spain, and he asked for an international commission to be sent to make an investigation on the spot. In the House of Commons on the 25th, Italian policy in all its aspects, and British policy in its Italian aspect, were the subjects of a noteworthy debate on the motion for the adjournment. Mr Henderson opened with a demand for another commission of inquiry into Italian conduct on foreign ground—in this instance, into the Addis Ababa massacre. He also brought the Spanish situation into the picture, and both subjects were taken up by the following speakers. The now rapid convergence of views in all parts of the House (with the apparent exception of the Treasury front bench) was illustrated by the Duchess of Atholl's support of Mr Henderson's demand for a League inquiry into the Addis Ababa butchery, and by her subsequent insistence on the peril in which the most vital of our British maritime lines of communication would be put by a victory of General Franco through the aid of Mussolini's arms. The outstanding speech, however, was made by Mr Lloyd George, who delivered a telling attack on the Government's lack of policy on all fronts in Spain, in Africa, and in Europe. He asked the Government what they proposed to do—in particular if Signor Mussolini were to send a couple of additional divisions to Spain, and in general if he went on with his avowed policy of turning the Mediterranean into an Italian lake. To all this, the only answer that Lord Cranborne had to give was the Government's now stereotyped refusal to answer hypothetical questions, which means, in effect, a refusal to look ahead. This would be condemned at once as an indictable neglect of duty if it were avowed by the directors of any private business enterprise.

The Italo-Yugoslav Pact.—At Belgrade, on Good Friday, a pair of new treaties, one political and the other economic, were signed by the Yugoslav Prime Minister and Foreign Minister, Dr Stoyadinovitch, and the Italian Foreign Minister, Count Ciano. The new trade agreement doubles Yugoslavia's quotas of Italy's foreign trade at the cost to Italy of an adverse annual trade balance amounting to no less than one-third of the value of the total Italian imports from Yugoslavia. The lure which has led Italy into agreeing to this at first sight one-sided arrangement is the hope of recovering the first place among Yugoslavia's foreign customers, which Germany wrested from Italy at the time when Yugoslavia was taking her part in the League's economic sanctions against the Italian aggressor. As for the political treaty of March 26th, it follows in most respects the common form of post-war bilateral treaties of friendship and non-aggression (e.g. the Italo-Abyssinian Treaty of 1928); and it may therefore mean anything or nothing, according to the interests and policies of the contracting parties in the course of the five years for which the new treaty is to run. The terms of the preamble would appear to commit Yugoslavia to an implicit recognition of the Italian conquest of Abyssinia. On the other hand, Article 6 safeguards Yugoslavia's prior right—and duty—to fulfil all her existing public international obligations—e.g. the Covenant of the League and the Statute of the Little Entente. An indication that the treaty may be seriously meant can be gathered from a report that it has been accompanied by reciprocal assurances in regard to the status of Albania as a *protégée* of Italy.

This Yugoslav-Italian Treaty comes aptly for the two chief protagonists—Signor Mussolini and Dr Stoyadinovitch—for it helps them both out of a hole. The Duce is thus able to restore his prestige, somewhat battered in Spain; and the Yugoslav Prime Minister may be enabled to consolidate his own hold on his country's politics. But both of these advantages seem wasting assets. The Slovenes—despite better conditions promised to their brethren in Italy under the treaty—will not feel kindly disposed to Belgrade; and the Croats prefer Vienna to Rome. Moreover, many Serbs themselves, as the demonstrations last week-end against Count Ciano in Belgrade seem to have shown, are not quite happy at the idea of being placed in the Caudine Forks between their old and trusted allies—the French, Czechs and Roumanians—and the Italians across the Adriatic. Many have the feeling that Germany, after all, is a safer friend than Italy. Dr Stoyadinovitch may be laying up future trouble for Jugoslavia at the present juncture.

Marketing and Food Prices.—The Report of the Food Council points out that in 1936 food prices were 30 per cent. higher than in July, 1914, measured by the Ministry of Labour index. The greatest rises were in the price of fish (101 per cent.) and milk (82 per cent.), while there were considerable increases in the price of potatoes, flour, bread, cheese, margarine and eggs. The report maintains that the present regulations on imports can only be continued, without an inordinate advance in food prices, if the various marketing schemes are thoroughly reorganised under a more independent and impartial control than at present. It is very properly pointed out that consumers have reason to complain about the way in which the schemes are operated by producers. The intervention of producers in the process of distribution, for instance, has meant that to win the co-operation of middlemen producers have guaranteed to them minimum profit margins not based on the ascertainable cost of the services actually rendered. It is true that, in the case of milk for example, pasteurisation, bottling and delivery have considerably increased the cost of service; but in actual practice milk retailers are guaranteed, even for the most rudimentary services, a margin based on the cost of the fullest service possible. The Food Council cannot see why the fixing of wholesale milk prices should entail the fixing of minimum retail prices. They deprecate also the way in which producers and curers of bacon combine to maintain prices by the strict regulation of imports. And they are of the opinion that the general tendency to fix minimum and not maximum margins, and regularly to exceed those margins, results in unnecessary additions to food prices. They recommend the investigation of middlemen's costs and the fixing of margins by an independent body. The consumer must be protected against the ungrateful abuse by producers of a power given to them only to safeguard their livelihood.

Is there a Wheat Shortage?—After a period of quietude, due to the heavy shipments from Argentina and Australia, the wheat market has suddenly sprung to life again. Since the beginning of this month the quotation for May futures in Liverpool has risen from 8s. 8d. to 10s. 2d. per 100 lbs., the highest level reached since the season ended July, 1928, during which the price reached 11s. 1½d. Already last autumn it was evident that the safety margin between probable world supplies and requirements during the season ended July, 1936, was extremely narrow. If anything, the safety margin was underestimated, for the extent of Italian and German purchases could not then be foreseen. Early this season, the *Corn Trade News* estimated the surplus over internal requirements in exporting countries in 1936-37 at 76½ million quarters and probable shipments to deficiency countries at 64 million quarters. Since then the estimates have been revised to 77.9 million quarters and 71 millions, respectively. But shipments since the beginning of the season have been at the rate of nearly 80 million quarters. Hence there is a possibility of a squeeze before the new crops come on the

market. The outlook can best be summarised in the words of our conclusion, reached in a survey of the wheat position in *The Economist* of October 10, 1936 (page 53). We then said that the wheel of the wheat cycle had almost turned full circle, adding, "the tendency of wheat prices over the winter is likely to be firm, and as there will be practically no old stocks to draw upon in 1937-38, nothing short of a bumper crop in that season may be sufficient to prevent a steep upward trend of prices next summer." While it is as yet too early to forecast this year's world crop, there are no indications that it is likely to be of bumper size, and prices have risen accordingly. As a result of the increase in the cost of flour, the price of the quarter loaf is to be raised from 9d. 10½d. next Monday.

Fresh Rise in Wholesale Prices.—The rapid advance in wholesale prices continues. During the past fortnight the complete *Economist* index number has risen by 2.5 per cent, and the British primary products index number by 2.1 per cent. There has been a reaction in non-ferrous metals, but wheat, maize, bacon, textiles and rubber have now taken up the advance. In the United States primary products have risen by 1.2 per cent, and the complete index by 1.6 per cent. Since the New Year there have been the following increases in England and the United States:—

	U.K.	U.S.A.
All commodities	+ 9.9%	+ 6.2%
Primary products	+ 11.0%	+ 6.6%

The increase is greater in England than in the United States. Moreover, in both countries "all" commodities, which include semi-manufactured products, are keeping pace with primary products. This points to a steady advance in production costs, equal to that in raw material costs:—

SEPTEMBER 18, 1931 = 100

Date	The Economist Indices		Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products					
		British (sterling)					
1932							
July 27th 1933	99.5	103.5	84.1	136.9	88.3	91.3	88.5
July 28th 1934	108.1	120.6	124.7	145.7	100.9	89.7	86.2
July 18th 1935	109.5	124.8	136.7	162.4	113.2	81.4	83.2
July 31st 1936	112.7	126.7	146.2	165.6	120.2	75.9	98.2
Jan. 29th 1936	118.1	131.7	145.7	165.6	121.8	82.3	95.1
Feb. 26th 1936	117.4	132.8	145.0	166.0	120.7	85.2	95.2
Mar. 25th 1936	117.4	133.9	144.3	165.8	119.6	85.2	95.3
Apr. 25th 1936	117.3	132.8	143.2	165.8	119.2	85.0	95.3
May 27th 1936	118.5	136.1	146.5	164.3	117.7	85.2	95.4
June 24th 1936	118.2	133.2	147.0	165.2	119.8	84.1	95.5
July 22nd 1936	118.7	140.4	157.2	163.4	120.6	86.8	95.7
Aug. 19th 1936	119.4	141.9	163.2	162.7	121.9	88.8	96.1
Sept. 30th 1936	121.8	144.5	159.6	165.0	121.8	96.4	95.9
Oct. 28th 1936	123.6	145.7	161.1	167.1	122.5	102.1	95.8
Nov. 11th 1936	125.0	148.9	167.8	167.7	123.7	103.3	95.9
Nov. 25th 1936	126.3	150.9	172.0	167.2	124.8	106.9	96.9
Dec. 9th 1936	128.2	157.0	179.5	166.7	125.6	108.9	96.3
Dec. 30th 1936	131.3	163.9	187.3	166.7	128.8	113.0	96.4
1937							
Jan. 13th 1937	133.6	165.1	190.2	166.6	131.5	115.5	96.7
Jan. 27th 1937	134.2	164.2	184.5	167.0	131.0	115.9	96.7
Feb. 10th 1937	135.0	166.3	184.3	167.2	131.5	116.2	97.0
Feb. 24th 1937	136.3	168.2	185.5	167.4	131.8	116.8	96.2
Mar. 10th 1937	140.8	178.2	197.4	167.4	134.7	120.5	97.5
Mar. 31st 1937	144.3	181.9	199.7	167.4	136.8*	...	...

* These figures refer to Mar. 24th.

During the past fortnight the increase has been greatest in the cereals and meat and miscellaneous groups.

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United States

Fears of Inflation

NEW YORK, March 23.—In recent years Wall Street has been subject to sporadic spells of inflation-mindedness; that is, there have been periods when the favourite topic of conversation was inflation and when numbers of persons were moved to make decisions expecting a decline in the value of the dollar. Sometimes, this expectation has been of a decline of the dollar in terms of other currencies, sometimes of goods and services. In the past few months a substantial decline has occurred in the value of the dollar in terms of goods and services. This decline is not merely visible to the statistician measuring the familiar indices; it is not merely obvious to every business man, whether manufacturer or merchant; it is patent to every adult consumer who finds his personal and household expenses perceptibly higher than last autumn. Hence Wall Street, which for two years has been describing our economy in terms of the "natural forces of recovery," suddenly became inflation-minded; and this was in no wise checked because it coincided with two administrative attempts to reduce the prospect of inflation. These were (a) the December decision of the Treasury to absorb incoming gold in an inactive fund, now amounting to about \$250 millions, which, under the previous procedure, would have gone into excess reserves, and (b) the increase in member bank reserve requirements, under which (in addition to the 50 per cent. increase decreed last August) a further 50 per cent. would be required in two stages, the first effective on March 1st, the second to become effective on May 1st.

Although Wall Street in early 1937 has been thinking and talking inflation, it should not be supposed that Wall Street wants inflation. An economic community retains a horror of its most recent disaster, and Wall Street, remembering 1929, has the same dread of credit inflation as the French public, remembering 1926, has of currency depreciation.

Doubts about the Future

A combination of events last week produced considerable nervousness in financial circles. After the solemn warning of the President (March 9th) that our economy was in a precarious condition, a formal statement was given out by Mr Eccles, Chairman of the Federal Reserve Board, emphasising the same idea in more explicit terms; this, in turn, was followed by other warnings from high official quarters.

These statements came almost simultaneously with a bad flurry in the Government bond market. The actual declines in long-term issues have not yet been very great, but the market was demoralised and the Treasury felt obliged to support its own issues—a fact which may have improved the quotations but was not conducive to a rally in confidence. At the highest point of the year the rate was a little under 2½ per cent. and currently it is a little over. As yet one could hardly describe it as a change in the long-term rate of interest; it rather appears that a weak technical situation had been built up by what can only be described as institutional speculation, and that this situation was uncovered by the conversion operation of March 15th, and aggravated by the official pronouncements. While this flurry was in process in the bond market, the stock market was experiencing its most severe shake-out for a year, and the second episode of this kind since the great bull market began in March, 1935. In part, this may be perfunctorily ascribed to profit-taking; but it must be admitted that several de-

velopments are slowly engendering a doubt about the continuity of business activity, or at least, about the expansion of corporate profits. Under the inflation-mindedness which featured the early weeks of the year, it was generally believed that any increase in labour or raw material costs could easily be passed on to the consumer—in short, that the phenomena of a sellers' market could be depended upon to last indefinitely. It is too early to state that this is not to prove valid reasoning; but doubts are more frequently encountered than in February.

Another fact has cast its shadow over the year. From the end of the great textile strike in September, 1934, to the end of 1936, the country was remarkably free from labour troubles. Since the closing months of 1936, labour troubles have been continuous—the marine strike, the glass strike, the automobile strike, and innumerable small, local sit-down strikes. Moreover, there have been continuous threats of strikes—in the steel industry (where no strike occurred), and in the coal and textile industries where the strikes may or may not occur in the near future. Nevertheless, the data currently available (such as steel output, car loadings, electric power consumption) all show new records for the recovery; the upturn which began in the fourth quarter of 1934 is continuing with unabated vigour. While there seems to be increasing doubt of the persistence of this rising trend, there is a complete absence of positive evidence to support such views.

Ways to Control the Boom

At the present time our general economy is somewhere in the twilight zone between prosperity and boom. In a good many places one can recognise the familiar marks of boom; but it is debatable whether there is a general boom. Whether this state of affairs has been reached by the natural processes of recovery, or is the consequence of the spending and reflation programme, or of a combination of the two, is a matter for economic casuists. The point is that our economy has reached a level in which more concern is officially expressed about the maintenance of something like the present status than about any effort to push it higher.

In other words, the emphasis of official opinion has shifted from reflation to control. But credit control in the usual or historic sense is precluded by the present commitments of the Treasury to the banking system in the form of a 2½ per cent. rate on its long-term debt, and it is by no means certain that the era of magnificent deficits is over—hence the emphasis on qualitative rather than quantitative control. Such a control has been effectively established in the stock market. But the focus of immediate disturbance is not the stock market; it is what might be called the bull market in labour, where a sellers' market has existed for some months; a bull market in primary commodities, in part created by the European armament boom; and a bull market in consumer goods, where consumer earned income is amplified by the generous extension of consumer credit. In the last four months the result of these forces has been a serious decline in the value of the dollar in terms of goods and services, and a widespread belief that the coming months will bring a further rise in costs—which in turn prompts consumers, whether individual or corporate, to anticipate their requirements, and impels labour, under pressure of the rising cost of living, to seek higher wages. In short, the familiar spiral is clearly in evidence. Even if our monetary system were free of commitments to the Treasury, it is questionable if the conventional quantitative monetary controls would be particularly applicable to the situation.

France

A Political Truce

PARIS, April 1.—The Croix de Feu as well as the Communists agreed not to accentuate the difficulties created by the Clichy riots, which public opinion had condemned; and M. Blum's appeal to the country did the rest. The Right obtained an assurance that no sanctions would be applied against the police, and the Left seem to have been appeased by the general strike. Parliament was then able to take a month's recess after passing a law to revise the wages of civil servants, but without endorsing other measures demanded by the Popular Front, such as the National Unemployment Fund and pensions for aged workers.

Politics are now at a standstill. The position of the Equalisation Fund has been improved by a slight return of flight capital and by the expenditure of tourists—whose affluence at Easter surpassed the highest hopes. The Treasury has been restocked for at least two months by the latest loan; and the money market is perceptibly relieved. The time is perhaps ripe for an effort to lower the rediscount rate of the Bank of France and for a rise in Rentes. There are still, however, many labour problems to be solved, although the relations between Capital and Labour are now better in such industries as coal and generally in the industries of North France. Unemployment on March 20th had fallen to 393,581, against 401,259 in the preceding week. A year ago it was 470,460.

The recent rise in prices is still perceptible, though it has been considerably slowed down. The following table gives the retail prices of a number of foodstuffs:—

	Feb. 15, 1936	Nov. 15, 1936	Dec. 15, 1936	Jan. 15, 1937	Feb. 15, 1937
	Francs per unit				
Bread (kilog.)	1.60	2.20	2.20	2.20	2.30
Wine 9°5 (lit.)	1.45	2.20	2.25	2.30	2.40
Chocolate (kilog.)	11.20	12.60	12.60	12.60	13.60
Roasted coffee (kilog.)	16.80	17.60	17.60	18	18.80
Pastes (kilog.)	5.20	6	6.20	6.60	6.60
Tinned peas (box)	4.60	5.60	5.40	5.40	5.50
Sardines (box)	2	2.40	2.50	2.60	2.65
Oil (lit.)	5.70	6.40	6.40	6.60	6.60
Lentils (kilog.)	4.80	5	5	5	5
Milk (lit.)	1.30	1.40	1.50	1.60	1.60
Butter (kilog.)	22.80	19	20	20.50	24
Cheese (box)	3.50	2.70	3	3.40	3.80
Pork (kilog.)	13.80	14	15	15.20	14.80
Ham (kilog.)	31.50	29.50	29.50	29.50	30
Roast beef (kilog.)	19	22	23	24.80	25.50
Steak (kilog.)	20.50	22	23	24.80	25
Veal (kilog.)	21	21.50	23	25	25
Mutton stew (kilog.)	9	9.50	10	9.50	9.50
Rabbit (kilog.)	10.50	11	10.40	11	13.50
Chicken (kilog.)	17	17.50	17.20	18.75	20.70
Fish (kilog.)	5.50	3.80	4.20	2.20	4.50
Potatoes (kilog.)	0.80	0.90	0.85	0.85	0.85

The production of the coal mines was 3,799,139 tons in February, 1937 (21.6 working days), against 3,725,130 tons in January (21 working days) and 3,928,304 tons in February, 1936 (21.9 working days). Average daily production was 175,900 tons in February, 1937, against 177,400 tons in January and 179,400 tons in February, 1936. The number of men employed was 234,837 at the end of February, against 223,680 at the end of February, 1936. The production of coke in the coke plants of the mines was 318,801 tons, against 329,197 tons in January and 329,786 tons in February, 1936.

Germany

Divorcing Banking from Business

BERLIN, March 31.—All the leading banks developed in 1936 in much the same way. Common features were increases in turnover, gross and net profits, total expenditure, and, with one exception, in dividends; slight increases in deposits after a prolonged decline; and a movement from business to public credits and investments. The clearings of the commercial banks increased considerably, though not so much as those of many provincial

banks, which showed rises of 20-30 per cent. Deutsche-Disconto clearings rose 10 per cent.; Dresdner 12 per cent.; and Commerz- und Privat 8 per cent. The Dresdner Bank continued to pay a 4 per cent. dividend; but the other two raised their dividends from 4 per cent. to 5 per cent. The Berliner Handelsgesellschaft and the Reichskredit Bank increased their dividends from 6 per cent. to 6½ per cent. Except for the Deutsche-Disconto, whose displayed net profit was nearly doubled (probably owing to over-cautious policy in the matter of undisplayed profits in the preceding year), profits increased moderately. The factors operating against high earnings were the shift from loans and from advances on goods to the less profitable bills, and the heavy increase in taxes, which was due in part to the rise in the rate of the corporation tax.

Deposits rose from Rm. 6,159 millions to Rm. 6,341 millions. Of this total Rm. 668 millions represented foreign claims. Acceptances declined from Rm. 721 millions to Rm. 624 millions; and endorsements increased from Rm. 512 millions to Rm. 803 millions. The increase in deposits occurred in spite of foreign withdrawals, and consisted of business and private deposits. The decline in acceptances is part of the process of market fluidity and increased State financing. This process appears very clearly from the active side of the balance sheets. The banks show very substantial declines in their loans and in their advances on goods, and corresponding increases in their holdings of bills and securities; an increasing share of bills and securities represented public, and mainly Reich, financing. This means that the "divorce of banking from private business," of which so much has been heard during the past few years, made further progress.

Reduced Liquidity

Loans of the five banks fell from Rm. 3,438 millions to Rm. 3,131 millions; and advances on goods from Rm. 282 millions to Rm. 257 millions. On the other hand, bills increased from Rm. 2,409 millions to Rm. 2,687 millions. Not only did total bills increase, but the share of Reich special bills increased enormously. This appears from the shift towards bills classed as long term. The *Frankfurter Zeitung* has calculated the following increases in the proportion of long-term bills among all bills:—

	Percentage of all bills represented by long-term bills	
	1935	1936
Deutsche-Disconto	6.5	35.2
Dresdner	4.6	27.9
Commerz- und Privat	5.5	36.5
Reichskredit	1.2	28.5

This change has considerably reduced liquidity, for the longer term bills are not rediscountable. The five banks' securities and participations increased from Rm. 674 millions to Rm. 817 millions. Only the Dresdner Bank showed a decline in the percentage of

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Reich and State loans in its total holdings of securities. The Deutsche-Disconto Bank announces that it is now fully "reprivatised." The D.D. Bank's reprivatisation was in part financed by sale to the Reich of the former Disconto Bank's central offices. The reprivatisation of the Commerz- und Privat Bank is not yet complete; of the Rm. 80 millions capital, Rm. 35 millions was originally held by the Gold Discount Bank and Rm. 22 millions by the Reich Finance Ministry. The Finance Ministry's holding has been reprivatised; and since the end of 1936 some of the G.D. Bank's holdings also. The Dresdner Bank is still virtually Reich-owned; of this bank's shares 97 per cent. were originally in Reich and G.D. Bank hands; and though there has been some reprivatisation it is understood that nine-tenths of the capital is still publicly held.

Drastic Measures for Food Production

The failure of food control, which is shown daily by rising prices, shortage and disorder in the retail market, has compelled the Government to adopt further measures. These measures are announced as part of the Four-Year Plan, but are in reality makeshifts designed to repair the failures and lack of system of the past four years. The producers' price for rye for the year 1937-38 has been increased by 20 marks a ton, and the price of potatoes for industrial consumption has also been considerably increased. In order to increase the output of cereals the price of nitrate fertilisers has been reduced by 30 per cent. and of potash salts by 25 per cent. These drastic price reductions depressed the shares of chemical and potash companies on the Bourse. The financial saving to farmers will be considerable. Under the Four-Year Plan are also promised increased public subsidies for land improvement.

The seasonal recovery of industry is well under way. The increase in the number of employed industrial workers in February was, however, confined to the consumption goods trades, in which the average time worked also rose sharply. Coal output in the first two months of the year was 29,150,000 tons, against 26,300,000 tons in 1936. Ingot steel production in February was 1,519,600 tons, against 1,534,000 tons in January. Orders in the machine manufacturing trade are reported unchanged. The Leipzig Technical Fair brought a great many foreign orders. About export prospects in 1937 Herr Wagemann, of the Trade Research Institute, writes optimistically. Since 1934, he points out, the export of capital goods has increased by 32 per cent., which is double the increase in total exports. There is also hope of an increase in the export of consumption goods, such as textiles, household articles and luxuries. If Germany's exports in 1937 merely keep pace with the expected recovery of world trade, she may expect a 10 per cent. increase over the figures of 1936.

Switzerland

Improved Trade in 1936

GENEVA, March 25.—Switzerland seems to be recovering from the economic crisis, which was aggravated by the high value of the Swiss currency. The recovery began in March and was partly due to increased activity on all the world markets; but it was hastened by the devaluation of the Swiss franc at the end of September. Foreign trade returns reflect the improvement. In 1936 imports totalled 1,266,261,754 francs, against 1,283,303,626 francs in 1935, while exports aggregated 881,633,419 francs, compared with 821,960,332 francs in the previous year.

Imports were still restricted by quotas, but some relaxation was authorised by the Government in the fourth quarter of the year, when there was a big increase in the importation of raw materials. The exports of the four chief industries (watchmaking, silk, cotton and the machine industry) aggregated 420,700,000 francs, against 372,000,000 francs in 1935. The watchmaking industry, which seemed to be doomed a few years ago,

exported watches and spare parts to the value of 150 million francs, compared with 123 millions in 1935, 109 millions in 1934, and 96 millions in 1933. Sales of silk and cotton goods showed a rise of 3 and 6 million francs respectively over 1935, and exports of machinery totalled 110 millions, against 97 millions in the previous year.

The main feature of the year was the recovery in trade with the United States as the result of a trade agreement concluded last year. The purchases of the British Empire as a whole from this country in 1936 represented about 16 per cent. of Swiss exports, while its sales to Switzerland amounted to 135 million francs, which is nearly 11 per cent. of Swiss imports.

The Effects of Devaluation

During the last three months of 1936 devaluation brought about no great rise in prices. That was due, on the one hand, to the measures taken by the Government to prevent any illicit increase in prices; and, on the other hand, to the relaxation of certain import quotas. The reduction, and in some cases the abolition, of Customs duties had a similar effect. The duty on petrol, for instance, was reduced, and there was no increase in retail prices, although petrol is exclusively obtained from abroad. The cost-of-living index (100 = 1914), which was 130 at the end of September, rose to 132 during the last quarter, and now stands at 134. Since the beginning of this year the price of some imported goods has risen by from 20 to 35 per cent., and some prices have been raised correspondingly on the Swiss market. White bread costs 20 per cent. more, and this increase is due not only to devaluation, but also to the rise in the world price of wheat. The Government has also authorised an increase of 6 to 9 per cent. in the prices of milk, butter and cheese. But, on the whole, the average rise in the cost of living so far does not exceed 4 per cent. It is, nevertheless, probable that the rise will continue during the coming months, and the Government now seems inclined to relax its control of prices.

The hotel industry has benefited from devaluation; during the present winter sports season the number of visitors to the Swiss resorts has been nearly 20 per cent. greater than last year. Hotel prices will not, however, remain at their present low level; they will be raised in the summer season to keep pace with the general increase in the cost of living. Devaluation has also had a favourable effect on the earnings of the railways; and the steady rise in unemployment seems to have been partially checked.

The Growth of Motoring

The Geneva International Automobile Salon met with great success this year. Of the 52 motor car firms, 17 were American, 11 German, 10 British, eight French, four Italian and two Czechoslovakian. Switzerland is entirely dependent on foreign countries for motor cars, since the last Swiss factory closed down a few years ago. She relies less on imports for motor lorries; several factories exist in Switzerland, including Saurer and Berna.

There are now nearly 97,000 motor vehicles in Switzerland, about one to every 43 inhabitants. Ten years ago, when the number of motor vehicles reached 56,000, it was forecast that motor traffic could not develop much in such a hilly country with narrow roads. In the past six years, however, the number of motor cars put into service averaged about 11,000 a year. The development of motoring is due to progress in the construction of cars, to the reduction of prices, and to the improvements which have been made on nearly all the Swiss roads.

Until 1935, American cars were in the majority, but they have now been outnumbered by Italian cars. To bring down prices and to compete with European cars, some American firms (such as General Motors) send separate parts to Switzerland where they are assembled by Swiss labour. British cars represent only about 2 per cent. of the total. In 1936, the value of British cars

imported into Switzerland reached 23,274,300 francs, and the value of British motor cycles was 450,000 francs, including spare parts.

The effort which the Swiss authorities are making to improve the roads is shown in the building scheme recently adopted by Parliament. The Alpine roads are generally good, but they are not all up to date, and the Federal Government and the Cantons concerned have agreed to an improvement and modernisation programme to be completed within the next six years at a total cost of 78 million francs. During about seven months in the year, the Alpine passes are blocked up by snow, and vehicular traffic is completely stopped. It is proposed to build a motor road in one of the Simplon tunnels, and a company has been formed to examine the proposal.

Austria

The First Schilling Loan

VIENNA, March 13.—The Loan of 180 million schilling (about £7,000,000), placed entirely in Austria, marks a turning point in the development of the monetary system of Austria. It is the first loan quoted solely in schilling. In all its previous loans post-war Austria has bound itself to repay either foreign money or gold schilling. Even the Lottery Loan of 1933 and the Work Loan of 1935, though placed entirely in Austria, contain elaborate clauses to secure the gold value of the repayments. The position of the schilling is now strong enough to dispense with the crutches of special gold promises. Preliminary measures were taken regarding private obligations, such as the abolition of the gold clause in agricultural mortgage contracts and in insurance policies; consequently the Government feels entitled to request the same latitude. The re-vindication of the monetary dignity of the schilling is not as a mere matter of prestige; it was substantially brought about when Austria repaid its foreign debts without taking cover behind the devisen law in force, and when the schilling withstood the example of the franc and of the Dutch guilder and was not devalued.

The conditions which the Government offers are quite normal, the issue being at 90 for 30 years at 4½ per cent. No Austrian Government since pre-war days could borrow cheaper. The prominent Austrian banks being more or less under the direct control of the Government, there is no doubt that the loan will be subscribed, and even over-subscribed, in a few days. Some 54 million schillings will be exchanged against Treasury bills, already issued in order to finance public works in 1936. The remainder of the loan is also designed for public works, for the State monopolies, State enterprises and railways, roads, bridges and waterworks. The army will receive 22 millions, and public building in Vienna and in other towns 10 million schillings. The International Committee charged by the terms of the Austrian League of Nations Loan with the control of Austrian indebtedness has already consented.

Czechoslovakia

Political Calm and Industrial Activity

PRAGUE, March 18.—The endeavours of the Powers to neutralise the Spanish conflict and the gradual increase in the world's economic prosperity have greatly contributed towards increased calm in Czechoslovakia. Both at home and abroad great significance is given to the negotiations with the German minority so success-

fully inaugurated by the Prime Minister, although the Henlein opposition group is putting great obstacles in the way. Similar negotiations are to take place with the Magyar and Polish minorities. The demands of the farmers are creating some difficulties. The Minister for Agriculture wants the cattle trade to be restricted by an Animal-produce Syndicate, which would regulate imports. He also wishes to establish a fund to pay off agricultural debts and to endow this fund with grants-in-aid from the State. Industrial production has increased, but foreign trade is still suffering from payment difficulties and autarkic tendencies.

The money market has been easy and shows a further tendency towards relaxation even in long-term loans. The market in Government securities has been stabilised by the activities of the Rediscount Institute. Since the beginning of the year deposits have risen. Treasury bills, payable on February 1st and March 1st, have been prolonged without difficulty at 3½ per cent. The prevailing tendency on the Stock Exchange has been firm, and the prices of industrial shares have advanced with the rise in the price of raw materials, the acceleration of industrial activity and the armament boom.

Industrial activity increased in almost every branch. Taking the year 1929 as a basis, it stood at the end of 1936 at 94.5, and at the end of January the production figures were as follows:—

	1936	1937
	Tons	Tons
Coal	999,694	1,232,633
Lignite	1,373,187	1,503,733
Coke	153,000	222,600
Pig iron	91,500	123,382
Raw steel	109,240	186,276

The production of raw steel is greater than in any previous period of prosperity.

Foreign Trade Agreements

Foreign trade in the first two months, in comparison with 1936, amounted to:—

	Thousands of Cz.K. (January and February)	
	1936	1937
Imports	1,076,418	1,481,512
Exports	1,098,479	1,526,753

Thus the export surplus in the first two months of 1937 was Cz.K44,833 against Cz.K20,624 in the corresponding period of 1936.

Among imports, raw materials and goods for investment purposes show the most substantial increases.

The usual meeting of the Little Entente Economic Council took place in February. Negotiations with Germany were concluded and resulted in an extended exchange of goods. After difficult negotiations some improvement has been made in trade with France. A new agreement was concluded with South Africa; and with Poland an adjustment in certain Custom duties was made. Negotiations with Italy have been started; negotiations with Hungary, Bulgaria, Belgium, Switzerland and the Netherlands are being prepared; and an attempt is being made to extend trade agreements with some South American countries. The Government intend to increase the export credit guarantees from Cz.Kr.850 millions to Cz.K3,000 millions. On February 11th the import permit formalities were unified under the Ministry of Commerce.

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Brazil

RIO DE JANEIRO, March 2.—There was an encouraging improvement in foreign trade in 1936. Compared with 1935, imports rose by 12 per cent. and exports by 10.5 per cent. The export surplus rose from £5,581,000 (gold) to £9,003,000 (gold).

	1935			1936		
	(1,000 tons)	(1,000 conts.)	(£1,000 gold)	(1,000 tons)	(1,000 conts.)	(£1,000 gold)
IMPORTS						
Live animals.....	28	12	69	14	7	54
Raw material.....	2,742	1,192	8,494	2,889	1,252	8,814
Manufactured products.....	483	1,953	13,884	521	2,105	14,826
Food supplies.....	1,003	699	4,964	1,053	905	6,372
the main increase being:						
Flour.....	45	31	226	51	46	325
Wheat.....	881	434	3,067	920	617	4,347
EXPORTS						
Animal products.....	193	379	3,063	194	468	3,718
Minerals.....	114	14	110	301	32	256
Vegetable products.....	2,454	3,711	29,839	2,613	4,395	35,095
Miscellaneous.....	63	71	562	91	116	958

There was a notable increase in the volume and value of wheat and flour imports.

Of the principal exports, coffee still ranks first, although its relative importance has declined. Cotton and cocoa showed significant advances:—

VALUE OF EXPORTS
(in £1,000 gold)

	Coffee	Cotton	Cocoa
1932.....	26,238	25	1,656
1933.....	26,168	369	1,340
1934.....	21,541	4,666	1,337
1935.....	17,373	5,223	1,307
1936.....	17,785	7,455	2,077

Certain products receive taxation advantages in the United States in virtue of the trade agreement of 1935. This largely accounts for the marked increase in the exports of manganese, vegetable oil and oilseeds. If the agreement were to be terminated, these exports would fall in both tonnage and value. Before 1936 only a few per cent. of vegetable oilseeds from Brazil went to the United States; in 1936 nearly 85 per cent. was taken by this market.

Letters to the Editor

Is it Inflation?

TO THE EDITOR OF THE ECONOMIST

SIR,—Not everybody will accept Mr Keynes's thesis as outlined in the Note "Is it Inflation?" in *The Economist* of March 13th. Can it be called inflation when the rise in price levels is almost without exception due to a rapid advance in demand, when demand is rising more rapidly than improvements are being made in the technique of production? Would an opposite tendency be properly called deflation?

The question is, even if we accept Mr Keynes's definitions, whether we have to fear inflation following the issue of the re-armament loan. I doubt it, because price levels had already soared before the announcement of the loan. Speculators anticipated the rising demand. Is it not rather probable that prices will shortly fall, when the present price levels have evoked increased production and advances in mechanical technique?

Even if domestic production cannot be increased enough to cope with armament requirements and to pay with exports for the goods which will have to be imported, this will not necessarily cause a rise in prices. Deficits in the foreign trade balance can be met out of (a) the accumulated savings of the past, (b) claims on foreign countries, (c) the partial liquidation of properties and objects of value in foreign countries, and (d) gold exports, etc. Probably none of these devices will have to be used because many foreign owners of goods will be only too glad to exchange their wealth for pounds sterling.

Mr Keynes's definition of inflation does not take into account alterations in the quantity of money in circulation or changes in velocity. Even so, let us consider the monetary aspect of the loan. Subscribers to the loan are simply exchanging their movable goods for the re-armament bonds; the amount of money and means of payment is not thereby increased. And even if the British economy cannot at once supply the raw materials and finished goods necessary for re-armament, it can still resort to the surpluses of its foreign income and to savings, without prices being materially affected.

Rising prices are of course inevitable if world prices are rising; if world demand exceeds world production and stocks are inadequate to bridge the gap. A world-wide shortage of goods will cause a rise in prices, but it would not be proper to call such a rise inflation.

Yours faithfully,

EGON VIRANY.

Budapest.

National Finance

TO THE EDITOR OF THE ECONOMIST

SIR,—Your readers are indebted to you for publishing a series of most valuable and instructive figures in your issue of March 20th showing the unprecedented peacetime figure of 6½ per cent. of the national income which it is intended shall be used for defence expenditure. May I supplement your figures with the following table which Mr Graham White, M.P., obtained from the Chancellor of the Exchequer on March 25th?

(Answered by the Chancellor of the Exchequer)

The following table gives the information asked for:—

Financial year	III Nominal total of National Debt at beginning of financial year				IV Interest and Management
	I	II			
	Income tax or £'000	Super-tax £'000		£'000	
1875-76 ...	4,109	...	720,037	27,120*	
1891-92 ...	13,810	...	684,071	25,905*	
1913-14 ...	43,929	3,320	656,474	16,894	
1925-26 ...	259,411	68,510	7,597,848	308,229	
1936-37 ...	259,000†	56,500†	7,795,855†	211,500†	

* Approximate figures. † Estimates.
† Includes £350 millions borrowed on Treasury Bills for the Exchange Equalisation Account and more than offset by corresponding assets.

It will be observed that it is estimated that the amount of income tax and super-tax to be realised in 1936-37 will be less than in 1925-26, although the National Debt shows very little change after allowing for £350 millions borrowed on Treasury Bills for the Exchange Equalisation Account. The charge for interest and management of the Debt is estimated to cost £96,729,000—less than in 1925-26, but this saving has been largely frittered away on subsidies to various interests. The situation thus disclosed is a grave one, and calls for the consideration of every right-thinking man and woman.

Briefly, it means (1) that we are spending, or proposing to spend, too high a proportion of our national income on defence expenditure; (2) that as a result of this expenditure we are unduly reducing our financial resources and therefore dissipating our reserves, on which, if war should overtake us, success will ultimately depend; and (3) that in view of a state of affairs which will result in weakness and not strength, it is our bounden duty to reduce the burden of our defence expenditure so as to increase that strength and security which it is the ostensible object of the Government's policy to promote.

I am, Sir,

Your obedient servant,

D. M. MASON.

Growth of a Monopoly

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr Ranald M. Findlay, writing in your issue of the 20th under the above heading, very late in the day draws attention to what I said in the House of Commons last June when we were discussing Clause 6 of the Finance Bill of that year. What Mr Findlay does not realise is that all this mechanism of industrial control finds its chief supporters amongst Left Wing politicians who are ardent advocates of the modern doctrine of planning, and whose most robust opponents in the House of Commons have been invariably Protectionists. This mechanism of control is no part of a Protective policy proper.

Unfortunately, owing to the long delay in applying Protection, for which Mr Findlay must share some measure of the responsibility, certain industries in this country, or certain parts of certain industries, had shrunk to very small proportions, while these industries were being carried on through the help of Protection on a very large scale on the Continent. The mere existence of the Continental Steel

Cartel made it necessary and advantageous to us to build up a somewhat similar organisation, and during a period when it is necessary for us to import certain classes of raw steel, there may be obvious advantages in that importation being conducted in an orderly manner.

As the first person in this country, on the occasion of the Debate last June in the House of Commons, to draw attention to the dangers involved in it, I felt very justified when speaking in the Debate in the House of Commons on March 22nd in stating that all the grievances I had heard of had in fact been handled fairly by the British Iron and Steel Federation.

I quite agree with Mr Findlay that this modern development of which Free Traders are really the authors wants careful watching, but it is equally true that publicity has prevented the risk of the abuses to which Mr Findlay refers but in respect of which he fails to give any precise details. The main reason for the adoption of marketing schemes and other planning systems has been the failure to apply the Protective policy logically.

Yours faithfully,

HERBERT G. WILLIAMS.

Books and Publications

Mr Hawtrey Intervenes

THOUGH this book* constitutes a reply to Mr Keynes's "General Theory" and will probably be read as such, the author's primary concern is with a much more general criticism. In dealing with a practical situation, he says, a correct train of reasoning is worse than useless if due weight has not, at the beginning, been given to all the actual relevant circumstances. A formidable array of present theories of the trade cycle and of depression and unemployment depend on the assumption, express or implied, that working capital is insensitive to the short-term rate of interest, and that the only credit control possible is in a tardy operation through the long-term investment market. To Mr Hawtrey this assumption is the grand error, and he returns again and again to the attack upon it in the cause of more general arguments.

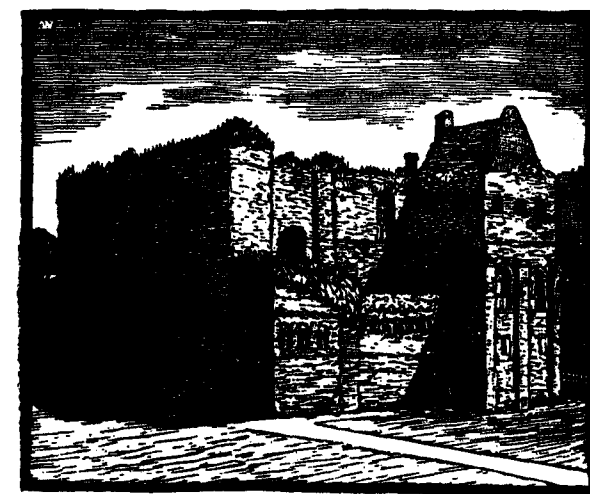
Capital, he argues, may be increased either by widening or by deepening, i.e. without or with an increase in the amount of capital per unit of output. Widening will take place when there is a prospect of increased sales without a reduction in prices and profits; it is what happens when new factories are built and old factories enlarged; deepening takes place when labour-saving machinery is introduced following a fall in the rate of interest. In the case of investment for production, yield is measured by cost-saving capacity; and, it is argued, the margin of error is such that this type of investment is sluggish and insensitive to changes in the (long-term) interest rate. Turning to working capital and the short-term rate, he admits that traders in seasonal products, and dealers in securities, are much more concerned with prospects of price-changes than with the rate of interest. But, he argues, genuine traders in manufactures—the most important element in the market—base their judgments not on future prices, but on present demand and present stocks. And, since such traders finance their stock-holdings from short-term loans, a small change in the interest rate is sufficient to cause an immediate change in the amounts of these holdings and, consequently, of their holdings of cash.

According to Mr Hawtrey, if costs of production, particularly wages, are fixed—as they are over short periods—the volume of output, and therefore the quantity of employment, is determined by the total money demand of final purchasers. Changes in this "general demand" are first felt as changes in the demand for consumption goods by consumers. This is the clue to trade fluctuations: if consumption-demand falls, traders will require smaller stocks, orders will contract and productive activity decline; and, as general demand is in turn derived from productive activity, a vicious circle of

deflation will result. Similarly, if consumption-demand rises, there will be an inflationary circle.

Mr Hawtrey is content to assume, without going deep into underlying motives, that changes in consumption-demand itself are due to changes in cash holdings, which can be counteracted by alterations in traders' loans from the banks. These changes frequently occur and from many sources; those originating in the investment market have no special significance and should not be allowed to affect trade through their purely monetary effects. Mr Hawtrey thus advocates a return to traditional Bank Rate policy with the banks refusing loans to borrowers to buy securities in "boom" periods.

The author begins his book by demanding a theory



Castle Rising, Norfolk.

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Virginia and no better brand than the
'Three Castles.'"

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THREE CASTLES
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10 FOR 8D
20 FOR 1/4
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Handmade
20 FOR 1/6
Also obtainable
in other packings

One expects to pay a little more
for a cigarette of such excellent Quality

* "Capital and Employment." By R. G. Hawtrey.
Longmans, 15s. net.

which gives due weight to all relevant circumstances. The criticisms which occupy the second half of the book are principally on this ground. Thus, the non-monetary approach of Professor Pigou is criticised for dealing less with epidemics of unemployment than with technological unemployment. Of the money approaches, Professor Hayek's is deemed most satisfactory. He has missed the special significance of working capital by not making it sufficiently distinct from instrumental capital, but, unlike Mr Keynes, he does not deny the susceptibility of working capital to movements in the interest rate. Mr Keynes is also criticised for abandoning the classical theory of interest: the demand for idle balances, to which he appeals in making the urge to liquidity the determinant of the rate of interest, does not in fact fluctuate very considerably. It may be suggested, however, that this criticism is based upon an error: it is not so much the amount of the balances that matters as the inducement needed to make a potential investor reduce them that determines the rate—and this can fluctuate a lot without being shown in any statistics. Mr Hawtrey also avers that both Mr Keynes and Mr Harrod err about the deepening of capital. The latter assumes that there is an immediate possibility of the process failing; the former appears to ignore it altogether.

Whether Mr Hawtrey himself passes his own test of reality will doubtless be disputed; and he himself suggests mutual criticism as the best means to agreement. Certainly his constant reference to actual institutions and events gives the book an appearance of reality and, if its substance be disputed, its lucidity of statement is a model to other economists.

Shorter Notices

"Manchester Makes." Survey of Lancashire Manufactures other than Cotton. Published by the Manchester Chamber of Commerce.

The Manchester Chamber of Commerce has recently done very valuable work in analysing the peculiar industrial problems of Lancashire. Its latest publication is called "Manchester Makes," and is extremely important because it surveys manufactures other than cotton. An article on "Metropolitan Manchester" was published in *The Economist* on February 6th last (p. 289), which pointed out that Manchester was far more than merely a cotton centre; it drew attention to the great diversity of industries with which the city was closely concerned. It is unlikely that the cotton textile industry will regain a very large share of its lost trade; and Lancashire, though still primarily interested in cotton manufacture must depend more and more for stability and progress on other trades.

The Chamber's survey gives a remarkably clear bird's-eye view of the achievements and possibilities in this direction. There are 18,000 factories and 8,000 workshops in Lancashire not concerned with textile manufacture; over 30 per cent. of the total workers in the United Kingdom engaged in the production of glass, oil, glue, soap, wire-netting, boxes and packing cases, wallpaper, rubber goods and oil-cloth work in Lancashire. The area is now holding its own with the south in the attraction of new industries; and the resultant balance and variety will have a national importance. These facts need to be known *pour encourager les autres*. There is a new outlook in Lancashire; and the Manchester Chamber must be highly commended for telling the world about it in this survey.

"The Paris Commune of 1871." By Frank Jellinek. Gollancz. 447 pages. 8s. 6d.

Mr Jellinek seeks to show that the Commune of 1871 was a continuation and a transformation of 1789 and 1848: that the bourgeois revolution was transformed into a revolution objectively socialist, though subjectively still Jacobin; and that the bourgeoisie, now openly counter-revolutionary, found its fitting representative in Thiers, "that monstrous gnome," as Marx called him.

He tells the story of the Commune from its origin amidst the ruins of the Second Empire to its bloody repression by the Versailles. Heroes, poltroons, eccentrics and grotesques, all were caught in the web of the Commune; Félix Pyat, the Commune's evil genius, the personification of Jacobinism run to seed; old Delescluze in top hat and frock coat calmly walking to his death on the barricades as though to embrace a friend; the obtuse Admiral Saisset; the small boy, Dufour, sitting on a powder-barrel in the fort at Issy

ready to blow up the fort and himself at the approach of the Versailles; the gallant Dombrowski.

Mr Jellinek succeeds in recreating the atmosphere of the Paris of those days, the horror of "those tragic nights which were to strike seven times," the confusion and fumbling of the Commune's beginning, the heroism of its end. An avowed Marxist, the author, has based his work on a study of all the available documents and has written a balanced, exact and careful history.

"The Economic System in a Socialist State." By R. L. Hall. Macmillan. Pages xv + 263. 7s. 6d. net.

Mr Hall first explains the nature of the economic problem as the rational adjustment of scarce means to ends. The competitive solution provided—imperfectly—by modern capitalism implies private ownership and use of resources, and results in great inequality of incomes, two things unacceptable to a Socialist State. Socialism therefore means that a Ministry of Production must control the economic activities of the community, to ensure complete employment and the equality of real incomes. The author argues that there is no great difficulty in maintaining a market for consumers' goods, since any Socialist State will have some indication of consumers' preferences to work on in the form of past experience under capitalism.

"Force or Reason." By Hans Kohn. Harvard. Humphrey Milford. 167 pages. 6s. 6.

Professor Kohn, with a brilliant array of literary and historical references, attempts to restate the aims of modern democracy. He is concerned with enduring ideas rather than transient facts, although his use of history is always illuminating. He paints the historical background of modern dictatorships in philosophical colours, and sheds a dry light on modern politics.

"The Stock Exchange Official Year Book, 1937." 3,600 pages. £3.

This completely indispensable volume continues to expand at an increasing rate without being unwieldy or in any way padded. This issue contains particulars of 59 more Government and municipal loans and 428 more companies. A useful new feature is a list of British statutory companies.

"Banking, Insurance and Financial Review (1936-1937)." Annual review published by *The Financial News*.

This valuable yearly survey outlines the main trends of the moment; banking and the developing boom; the credit needs of industrial recovery; and the finance of rearmament. An assessment is made of the consequences of gold *bloc* devaluation; and the past year in France is carefully examined. The Stock Exchange, building societies and insurance companies are significantly reviewed; and the survey ranges over the United States, South America, Australia, India and the Far East. An authoritative, critical and comprehensive review.

"Hitler's Drive to the East." By F. E. Jones. Gollancz. 126 pages. 12s. 6d.

Mr Jones draws a grim, brief and pointed picture of the growth of Fascist parties and the use of Fascist methods in the countries of South Eastern Europe. He relates this uprising to the nature and direction of Nazi ambitions, and has written a suggestive book.

Books Received

The Science of Social Adjustment. By Sir Josiah Stamp. (London) Macmillan and Company, Ltd. 174 pages. 7s. 6d. net.

Economic Essays. By C. J. Bullock. (London) H. Milford. 550 pages. 21s. net.

Armaments. By F. W. Hirst. (London) Cobden-Sanderson. 171 pages. 5s. net.

Rubber Producing Companies—1937. Official Guide for Investors in Rubber Shares. (London) Mincing Lane Tea and Rubber Share Brokers' Association, Mincing Lane, E.C.3. 583 pages. 7s. 6d. net.

Official Publications

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

Navy Estimates, 1937. 7s. 6d. net.

Statement of the First Lord of the Admiralty Explanatory of the Navy Estimates, 1937. Cmd. 5385. 4d. net.

Supplementary Estimates for the year ending 31st March, 1937: (a) Army. 2d. net. (b) Army (Royal Ordnance Factories). 1d. net.

MONEY AND BANKING

Who Owns an Insurance Company's Assets?

[The great strength of the British insurance market is a most valuable asset to this country. But it has one curious disadvantage. The finances of the great majority of the companies are so sound that nobody ever questions them or troubles to think what would happen if a failure occurred. The consequence is that few people bother themselves about the law which comes into play if an insurance company does fail. The following article is an attempt to sum up the law of insurance assets as it stands to-day—an attempt that has not, we believe (apart from a few judgments dealing with isolated points) ever been made before].

TWENTY-EIGHT years ago Parliament passed the Assurance Companies Act, 1909, which was meant to be, and still is, the composite insurance companies' bible. It defined the security that must be provided by a British insurance office; it provided forms of account in which annual returns must be made to the Board of Trade; and it determined the rights and relations not of all but of several different departments of a composite office.

Unfortunately, this bible was so ambiguously worded that before many years had passed the higher critics were forced to get to work on it; and though they have been at work now for some twenty-five years their labours are still unfinished. A measure of agreement has indeed been reached, but whether that agreement enshrines the true meaning of those who passed the Act or is only a gloss on the sacred truth—that will never be known.

The main source of the obscurity is Section 3 of the Assurance Companies Act, 1909, which makes three points. They are: (1) That every composite company must keep separate funds for life, fire, personal accident, employers' liability and bond investment; (2) that each fund shall be as absolutely the security of policyholders of the class to which it relates as though it belonged to a company carrying on no other class of business; and (3) that in spite of having to keep separate funds a company shall not be obliged to keep the investments of the various funds separate. What does the law mean when it says that a man must keep separate funds but need not keep separate investments?

To the normal man the word "funds" denotes assets. "My funds at the moment are low." "I hope shortly to be in funds." "How can I replenish my funds?" In all these sentences the word funds is practically interchangeable with the word assets. If the legislators of 1909 had been content to use the word funds without introducing that other word investments, then their meaning would probably never have been in dispute. But with the two words there, and each in opposition to the other, some meaning other than the ordinary meaning must be given to one or other of them; for, in the ordinary meaning of the words, the Act would simply say that it is necessary to keep separate assets for each department and unnecessary to keep separate investments—which is absurd. Clearly, to make sense of all this a major operation had to be performed on one or other of the words, and it was decided to operate on the word funds.

What the lawyers did was this: they decided that "fund" in this Act does not denote wealth. Mr Justice Bennett, in the *Hearts of Oak* case, expressed the generally accepted view in the words: "The word fund is merely an accounting term in this Act." If the Act, therefore, were to be re-written in plainer language it would run on these lines:—

A separate account shall be kept and the receipts shall form a separate fund (which word in this Act shall be merely an accounting term) and the fund (which as aforesaid is merely an accounting term) shall be as absolutely the

security of the policy-holders of that class as though it belonged to a company carrying on no other business.

It really is confusing and the life policyholders of those few companies which have failed, finding that their life's savings, instead of being set aside for them in segregated investments, have only been carried to an accounting term, might be inclined to say that the Act had done nothing for them. That complaint would be natural, but it would not be entirely accurate, because the Act, despite its obscurity, has done something for life policyholders, and that something has at times proved to be of considerable value.

To appreciate what the Act did it is necessary to read with some care the proviso about investments, which runs:—

Nothing shall require the investments of any fund to be kept separate from investments of any other fund.

That is not a statement that a separate fund shall not have separate investments; it is only a statement that it need not have them. The matter is left open to the managers of every insurance company. If they choose not to segregate investments, they need not do so; if they prefer to segregate them, they may. But if they segregate them—if they decide to maintain the company's assets in such a way that it is possible to trace a connection between any particular asset and one particular fund—then that asset is segregated.

When a liquidator is appointed, therefore, to wind up the affairs of a composite insurance company one of the things that he has to ask himself is: On the evidence presented to me from the books and records of the company, do I find that some of the investments were bought and maintained for the service of one of the funds? Or do I find that the investment policy of the company was indiscriminate, and that when the directors bought War Loan and lent money on mortgage they had in mind only the general liabilities of the company? On the answer that is given to that question depends the policy of the liquidator—whether he uses a particular group of investments for the payment of a particular group of creditors, or treats all the assets as in hotch-pot and recognises a rateable claim of all the creditors on all the assets. And in the liquidations which have been carried out since the Act was passed it has in some cases been decided that there was in the minds of the directors an intention to segregate the assets. In others it has been decided that there was no such intention. Everything depends on whether the investments are tied to a particular fund and whether the string that ties them is visible to the expert eye of the liquidator, the registrar and the judge. Whenever the string has been visible the creditors of the solvent departments have benefited. When it has not been visible they have suffered. Unfortunately, until liquidation takes place nobody knows whether the string is there, whether the investments have been segregated.

The value of the separate fund, as set up by the Act, comes out clearly when we consider the investments deposited with the Board of Trade in respect of a particular class of business. The Act stipulates that there must (subject to certain conditions) be a deposit for life, for fire, for personal accident, for employers' liability; and it sets up a separate fund for each of them, saying that the deposit shall be deemed to form part of the fund. How a deposit of £20,000 can form part of an accounting term, which has nothing to do with assets or investments, is not clear; but there it is—a separate fund with £20,000 of investments forming part of it, so that whatever else happens to a life policyholder when his company fails he does at least have his share of the £20,000 deposit.

Now let us compare the position of the motor policyholder under the Act of 1930. The Act of 1909 did not deal with motors, but the Road Traffic Act of 1930 did. It said that every company doing motor business must deposit £15,000 with the Board of Trade, and thus it appeared to put the policyholders in the motor department into the same position as regards £15,000 as the life policyholders were in as regards £20,000. But, in fact, it did not. And the reason that it did not was that the Road Traffic Act, 1930, did not constitute a fund, and there being no fund to tie the deposit to there was no segregation of the deposit. The deposit for motor insurance under the Road Traffic Act of 1930 went into hotch-pot because there was no fund. The deposit for life under the Act of 1909 did not go into hotch-pot because there was a fund.

We may proceed, therefore, to sum up the law as it stands, or is believed to stand:—

(1) Separate funds must be maintained, but they do not necessarily carry separate assets.

(2) Where there is a deposit as well as a fund, the deposit is in every case segregated.

(3) Where there is a deposit and no fund, the deposit is not segregated.

(4) A company is permitted to segregate assets to each fund but (apart from the deposit) is not bound to do so.

(5) Whether a company has in fact segregated or not is a question to be decided on a consideration of the books by those in control of the liquidation, and it is not known before liquidation begins.

The Clauson Committee recommended that the assets of all departments should be segregated. That is going too far; for the objections to segregation all round are grave indeed. But the life investments stand alone and the reform needed at present is to segregate them while the remaining assets are left in hotch-pot.

Financial Notes

The Bank of England.—This week Mr Montagu Norman was re-elected Governor of the Bank of England, and so entered upon his eighteenth year of office. Mr B. G. Catterns, who became Deputy-Governor a year ago, has also been re-elected. Among the directors elected for the coming year there were two new candidates, Mr E. T. Bunbury and Mr John Martin. Mr Bunbury was formerly general manager of the Indian house of Forbes, Forbes, Campbell and Company, and he also served on the Central Board of Governors of the Imperial Bank of India. Mr Martin has had gold-mining interests on the Rand, and was president of the Transvaal Chamber of Mines. These new appointments therefore strengthen the Bank of England's connections with the Empire. Hitherto the tendency has been for the links to work the other way; for the Bank has lent its own officers to the newly-established Empire central banks. While there are already precedents in the opposite direction, it is advantageous that the Bank should draw upon the Empire for some of its directors, thereby strengthening its own connections with the Dominions. Nor does this imply any sacrifice of their independence by the Dominion central banks, but on the contrary it helps to foster mutual co-operation between them and the Bank of England. For these reasons we welcome these two new appointments, and our welcome is based equally upon personal and public grounds.

The Floating Debt.—In the following table we show the composition of the floating debt at the end of the last two financial years and also at the normal peak period of each year, namely, December 31st immediately before the last quarter, when the bulk of the year's revenue is collected. Treasury bills are divided into those issued by tender to the banks, the discount market and other private applicants; and those issued through the tap to Government Departments and others.

Unfortunately, the position is always distorted at these particular dates, for on December 31st the total issue of Treasury bills tends to be low, while on March 31st it tends to be high. The reason is the market's reluctance to pay for bills at the end of December, contrasted with its eagerness to pay for bills at the end of March, but it makes it difficult to draw any conclusions from the movements during the last quarter of the financial year.

	Dec. 31, 1935	Mar. 31, 1936	Dec. 31, 1936	Mar. 31, 1937
	(£ millions)			
Treasury Bills:—				
(a) Tender	565.0	498.0	609.0	500.0
(b) Tap	300.9	265.1	157.2	174.6
Ways and Means Advances:—				
(a) Public Depts.	33.1	19.1	27.8	23.5
(b) Bank of England ..	37.0	...	57.0	...
Total Floating Debt ...	936.0	782.2	851.0	698.1
Floating Assets*	333.9	284.2	185.0	198.1

* The floating assets of the Departments, etc., i.e., tap Treasury bills plus Ways and Means Advances by Public Departments.

During the past financial year there was a reduction of £84 millions in the floating debt, due mainly to the Government's debt refunding operations. This reduction, however, was confined to the Departments' floating assets, while tender issues of Treasury bills are unchanged. The Exchange Equalisation Account's net gold purchases during the year are one explanation, but it also shows how the Departments have been supporting the two last Funding Loan issues.

The Bank Return.—Easter currency demands have raised the note circulation by a further £3.3 millions and have reduced the Reserve by the same amount.

	BANK OF ENGLAND				
	Apr. 1, 1936	Mar. 10, 1937	Mar. 17, 1937	Mar. 24, 1937	Mar. 31, 1937
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	200.8	313.7	313.7	313.7	313.7
Note circulation	413.0	464.5	463.8	470.5	473.8
Banking Department:—					
Reserve	48.6	50.1	50.8	44.1	40.8
Public deposits	9.7	17.0	22.8	27.9	52.2
Bankers' deposits	102.6	93.8	94.0	82.0	62.3
Other deposits	38.5	37.7	37.3	37.6	38.5
Government securities ..	95.9	90.1	94.9	94.5	100.5
Discounts and advances ..	10.1	4.2	3.8	4.8	7.1
Other securities	14.6	22.3	22.9	22.3	22.9
Proportion	32.2%	33.7%	32.9%	29.9%	26.6%

Special buying of early April bills to help the market over the end of March doubtless explains the fresh increase of £6 millions in Government securities. If so, there should be a big contraction here next week as the bills reach maturity. There is a temporary turnover of £20 millions from bankers' to public deposits, due to the heavy Treasury bill payments and the absence of maturities during the last two days of March.

The Money Market.—Heavy Treasury bill payments on the last two days of March and the absence of any maturities made money temporarily less plentiful. There was, however, no real stringency, and resort to the Bank was avoided. In addition to a big turnover from bankers' deposits to public deposits, there was further special buying of bills prior to March 31st, while on that day the market felt that special buying would be renewed if any real stringency developed. Meanwhile, there was a demand for Treasury bills of special dates in May and June, which helped the market, while the drop in bankers' deposits to £62.3 millions shows that the banks must have let their cash balances run temporarily very low. The payment of the 3½ per cent. Conversion Loan dividend on April 1st made money easier, but the heavy Treasury bill maturities on that day were of no assistance, as all those bills had been bought up by special quarters during the closing weeks of March with the object of supplying the market with cash at the end

of the month. All this suggests that the authorities are still determined to keep money easy.

	Mar. 11, 1937	Mar. 18, 1937	Mar. 24, 1937	Apr. 1, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	1	1	1	1
Short loan rate:—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	1	1	1	1
Discount rates:—				
Treasury bills	1	1	1	1
Three months' bank bills	1-1	1-1	1-1	1

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

Three months' bank bills are now quoted 1½ per cent. higher, as they have become the unpopular July maturity. Conversely, last week's Treasury bills, being the popular end-of-June maturity, went at a fraction under ½ per cent. The discount market tendered at just over ½ per cent., so that many of the bills must have been allotted elsewhere. Only £42 millions of bills were allotted out of the original offer of £45 millions.

The Foreign Exchanges.—The fact that payments for the French Defence Loan fell due on April 2nd created a demand for francs, which lasted up to March 31st. To meet this demand the Control sold francs for sterling at Frs. 106.32, but on April 1st the demand subsided and the rate broke away to Frs. 106.37. Forward francs moved in the reverse direction. Early in the week they were offered, as operators were selling forward francs against their spot purchases, but so soon as the demand for spot francs subsided forward francs were bid. The three months' rate in consequence came back on Thursday from Frs. 2 to Frs. 1½ discount. Other currencies have been weak against sterling, mainly because they were being sold against purchases of francs. Dollars have depreciated from \$4.88½ to \$4.89½, while Swiss francs were offered up to Frs. 21.47, belgas up to Bel. 29.05, and guilders up from Fl. 8.92½ to Fl. 8.93½. The payments for the French Defence Loan will take a lot of money off the market in Paris and may create conditions of some stringency.

The Eastern Exchange Banks.—The chairmen of the Eastern Exchange banks have had an encouraging tale to tell. Broadly speaking, the Far East has benefited greatly from the rise in primary products prices to remunerative levels. This has not only helped the trade balances of wide areas such as India, Malaya and China, but has also restored the purchasing power of countless individual cultivators in districts far removed from the ports. Both Lord Catto, at the Mercantile Bank of India meeting, and Mr Haskell, in his speech to the Eastern Bank shareholders, were able to point to last year's striking improvement in India's active trade balance. India is now able to meet her current external obligations without resort to gold exports, while Government had been able to acquire large sterling reserves. Mr Langford James, at the National Bank of India meeting, pointed out that between 1934 and 1936 Indian gold exports fell from £45.4 millions to £24.9 millions. Mr d'Anyers Willis, at the Chartered Bank of India, Australia and China meeting, said that in 1936 India became an importer of silver for the first time for several years. There are various problems outstanding, including the future of the jute industry and trade relations between India, Great Britain and Japan, but it is clear that the inauguration of India's new form of Government has happily coincided with a period of recovery. Turning to China, Mr Paterson, at the Hongkong and Shanghai Bank meeting, alluded to the stability of the Chinese currency since the monetary reforms of 1935. The immediate needs were the balancing of the budget and the reorganisation of the Chinese Central Bank. This last point was reinforced by Mr Willis. Mr Paterson also said that the new Hongkong

currency was working satisfactorily. Several of the chairmen spoke in encouraging terms of the revival in Malaya, fortified by the higher prices of rubber and tin.

We regret that in the advertisement of The Chartered Bank of India, Australia and China in our issue dated March 27th, several errors crept into the text in the early editions owing to confusion in connection with the correction of proofs. We repeat the corrected advertisement in this week's issue.

Employers' Liability Assurance.—The great bulk of the premium income of this Corporation is derived from casualty business in the United States of America. Thus its accounts are always of special interest as an indication of the probable experience of the large composite offices whose figures are not available until a considerably later date. Last year total premium income was much the same as in 1935, being £365,000 against £358,000 in the fire branch, £332,000 against £323,000 in the accident branch, and £6,208,000 compared with £6,212,000 in the general branch. Roughly one-third of the premiums in the general branch are on account of motor insurance. In view of the narrow margin of profit in American casualty business, the results are very satisfactory. Actually, claims in this branch fell, on substantially the same premium income, from £3,909,000 to £3,736,000, but almost the whole of this saving disappeared in increased expenses and commissions, which rose by £46,000 and £121,000, respectively. The average reserve for unexpired risk amounts to 34.8 per cent. of the total premium income of this branch. The underwriting results of the last two years are given below:—

	1935		1936	
	Amount	Percent- age of Premiums	Amount	Percent- age of Premiums
Fire	£ 33,224	9.0	£ 27,757	7.6
Accident	6,408	2.0	15,878	4.8
General	191,194	3.1	209,994	3.4
Exchange profits	4,433		2,529	
Profits from invest- ments, etc.	59,019		...	
Gross surplus	281,462		224,402	
Taxes	...		125,000	
Net trading surplus..	281,462		99,402	

On this occasion no transfer is made to general reserve, against £300,000 in 1935, but the amount carried forward in the appropriation account is increased from £89,000 to £234,000; in addition the amount set aside as provision for income tax is £125,000, against zero in 1935.

Taking the American exchange at \$4.86 to the £, the book value of the Stock Exchange securities on December 31, 1936, was £6,996,000, compared with market values of £7,134,000. This margin of £138,000 compares with a depreciation of £176,000 at the close of the previous year. Total assets amount to £10,958,000, and taking into account the above margin of £138,000 and converting the currency liabilities and assets other than investments at the rates ruling on December 31, 1936, there is a net surplus of £51,000; at the end of 1935 there was a corresponding deficit of £243,000. The Corporation owns all the shares of the Clerical, Medical and General, which are taken at the price paid for them in 1921, namely £486,000. Their true present value is very greatly in excess of this figure. The general reserve remains unaltered at £2,500,000. The dividend is the same as in each of the past two years, namely 70 per cent., and costs £207,000 compared with interest income of £252,000. The market quotation of the shares is always on a higher interest yield than for other British insurance companies, since the business transacted depends to a preponderating degree on workmen's compensation and motor insurance conditions in the United States. The balance sheet is strong, however, and the corporation can meet the dividend out of interest income alone.

THE STOCK EXCHANGE

Electric Supply Share Outlook

A YEAR ago we reviewed the results of electric supply companies over a seven-year period from 1929. The figures quoted on that occasion (see *The Economist* of March 28, 1936) showed remarkable stability of earnings over this period, and they bore the obvious investment moral that the main consideration affecting the shares of supply companies in the future would be the course of interest rates rather than any fundamental change in the industry itself. The movements of the principal electric supply shares during the last twelve months have substantiated this view. Of the seventeen companies whose results were then discussed, the shares of sixteen have registered a slight fall, averaging about 5 per cent. We have extended our analysis of earnings in the first table below, which incorporates the results of fifteen companies. These undertakings together account for approximately 80 per cent. of that part of the industry which is in company hands (about one-third of the total). Of the remaining 20 per cent., approximately one-half is represented by the Edmundson's group, whose results are not yet available.

Details are not available of the number of units sold by some of the companies surveyed, but a 75 per cent. sample of companies (including all 15 companies except North-Eastern and Clyde Valley), which disclose the number of units sold, shows an increase over the period from 1934 to 1936 of 32 per cent. A 45 per cent. sample, which reports both units sold and revenue received (excluding, in addition to North-Eastern and Clyde Valley, Lancashire, Midland Counties, North Metropolitan, Electrical Distribution of Yorkshire and Scottish Power), shows a 31½ per cent. increase in the number of units sold and an increase of 23½ per cent. in revenue received. Company undertakings over the last few years have increased their output more rapidly than public undertakings. There are two reasons for this. First, public undertakings have a proportionately greater share of the denser centres of population where, four years ago, they were already closer to saturation than private undertakings, operating to a greater extent in more scattered areas. Secondly, some sections of the industry have now adopted a progressive sales policy, whereas a few years ago they were unduly mindful of their rights.

What does this improvement in sales mean in terms of revenues? Taking the 45 per cent. sample of eight companies, it appears that costs have kept pace with the increase in units sold. The rate of increase in operating costs since 1934 is in fact 32.6 per cent., against 31.4 per cent. in the number of units sold. Consequently, with a reduction in the average price per unit from 1.13d. to 1.085d., the increase in net revenue of 16.4 per cent. is little more than half the increase in the number of units sold. The 16.6 per cent. increase in net revenue of the whole group of 15 companies concurs closely with this result.

Allocations to depreciation reserves have increased at a greater rate than net revenue. The actual increase in depreciation provisions over the period 1934-36 is 23.8 per cent., while the proportion of net revenue appropriated for this purpose has increased from 36 per cent. to just over 38 per cent. To some extent this is due to technical requirements, but to a larger extent to increased appropriations by certain companies, which formerly made rather inadequate provisions.

Debt interest and preference dividends together now take a relatively smaller share of available net revenue, and earnings for ordinary capital show a proportionate increase nearly as great as the percentage

advance in net revenue. The average earnings on the amount of ordinary capital outstanding have shown an increase from 8.2 per cent. in 1934 to 9 per cent. for 1936. The increase, however, has not been fully disbursed in dividends, for the ordinary distributions paid in 1936 represented 87 per cent. of the amount available, against 89 per cent. in 1934. Two significant points which emerge from these figures deserve emphasis. First, costs have increased proportionately to the number of units sold, and more than proportionately compared with the revenue received. Secondly, depreciation now absorbs an increasing proportion of net revenues.

The outlook for electric supply shares now depends largely upon the effect of legislation, which has been promised for the reorganisation of the industry. There is no reason to expect that any of the companies which are under discussion will disappear from the investor's ken. There may, however, be changes. It is possible that Electrical Distribution of Yorkshire may eventually

SALES AND REVENUES OF ELECTRICITY UNDERTAKINGS

	1934	1935	1936	Increase		
				1934-35	1935-36	1934-36
Sales of 13 Companies						
No. of units sold (mns.)	3,100	3,456	4,092	11.5	18.4	32.0
Sales and Revenues of 8 Companies						
No. of units sold (mns.)	1,871	2,117	2,459	13.2	16.1	31.4
Average price (d.)	1.13	1.095	1.085	...	...	...
Revenue	8,798,262	9,652,572	10,886,719	9.7	12.3	23.7
Net revenue	4,799,053	5,034,986	5,587,888	4.9	11.0	16.4
Costs	3,999,209	4,617,586	5,298,831	15.4	14.8	32.6
Revenues of 15 Companies						
Net revenue	8,134,747	8,557,023	9,487,081	5.2	10.9	16.6
Depreciation	2,923,672	3,218,912	3,616,787	10.1	12.4	23.8
(% of net revenue)	(36.0)	(37.6)	(38.1)	...	...	...
Deb. interest	952,656	949,348	1,083,490	-0.3	12.1	11.4
Prof. dividends	1,123,634	1,200,986	1,217,817	7.0	1.5	8.0
Earnings for Ord.	3,134,785	3,187,778	3,588,987	1.7	12.5	14.5
Ord. dividends paid	2,789,101	2,879,856	3,127,288	3.2	2.9	12.2
Surplus	345,684	307,922	461,699	-14.6	50.0	33.6
Surplus plus deprecn.	3,269,356	3,526,834	4,078,486	7.9	15.7	24.7
(% of net revenue)	(40.2)	(41.2)	(42.9)	...	...	...
Total Ord. capital (£)...	37,272,476	39,233,144	39,596,086	...	...	...
Rate earned (%)	8.2	8.1	9.0	...	...	...
Average Rate paid (%)	7.5	7.3	7.9	...	...	...

Note.—Fifteen companies include all concerns listed in second table. Thirteen companies reporting units sold exclude North-Eastern Electric and Clyde Valley. Eight companies reporting units sold and gross revenues includes: County of London, London Associated, Yorkshire Electric Power, Metropolitan Electric, British Power and Light, Northampton Electric, Mersey Power and Bournemouth and Poole.

merge with its associated company, Yorkshire Electric Power. Midland Counties may segregate its traction interests from its electric supply undertaking. Mersey Power might conceivably be amalgamated with the North Wales Power Company. Finally, British Power and Light may not retain the various subsidiary companies which it now owns and operates in various parts of the country, and the investor might well find himself instead a shareholder in its principal operating subsidiary, North Wales Power.

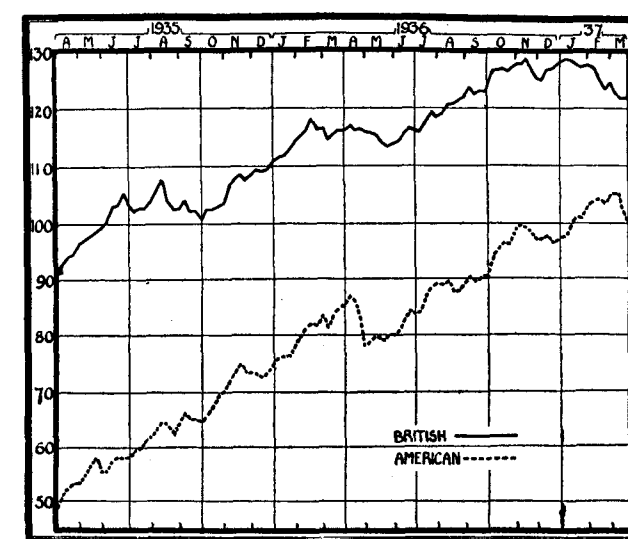
Apart from such possible changes, legislation would encourage the companies under review to absorb smaller undertakings operated by independent companies or municipalities in their areas, while they may also become subject to limitation of dividends under a sliding scale according to the prices charged. It is to be expected that basic dividends should approximate to the present rates of earnings, though there may well be some reduction where earnings arise substantially from under-

Investment and Company Notes

Course of Share Values.—The first quarter of 1937 has brought less happiness to the firesides of British investors than any since the markets began their long rise. Gilt-edged stocks have regained very little of the ground they lost in January and February. Commodity shares have benefited from the boom in wholesale prices, but the leading home industrial equities have trended almost uniformly downwards, as is shown by our customary chart on this page. The gradient, indeed, has been so steep that the index, at the moment, is very little higher than it was last August. Even Wall Street, which in January and February moved in counterpoint to London, has more recently declined in unison. Technically, both

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

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



markets are now showing signs of greater strength, but professional investors are still reluctant to commit themselves very far. In the past the introduction of a British Budget has occasionally been a signal for renewed investment buying. This year, the omens suggest that the taxpayer may escape more lightly than was at first feared. The market, indeed, has probably discounted an additional 3d. on the income tax with the thoroughness with which it has discounted higher industrial profits. But confidence in the maintenance of existing interest levels has not yet been restored, and to start a renewed buying movement the market needs something really big on the equity side to go for. And that something, unfortunately, it has not got.

* * *

Industrial Share Outlook.—This thought may sober those investors who had counted on a good market response to this week's bullish company news. But the prospects for industrial shares generally are still clouded. If a spectacular increase in earnings is required to offset the hardening tendency of interest rates, whence is it to come? From the examination of the industrial situation in our leading article on page one, three significant investment pointers may readily be drawn. First, rising costs are now making themselves increasingly felt. And there are obvious limits to the extent to which they may be passed on to the consumer. These limitations particularly apply to capital extensions which would normally be undertaken, but may be postponed without technical dislocation until

takings operated under a franchise with a very short period to run. Among the companies discussed here, Northampton Electric is most likely to be affected by such a reduction.

It is, therefore, of paramount importance that the investor should form a view as to the real earnings of each company. In this matter, the question of depreciation, which we have invariably stressed in these columns, becomes crucial. Some uniform basis may well be established—indeed, it may be observed that practice is becoming more uniform, and that divergences from the standard scale which we have adopted as a yardstick for measuring depreciation have become less frequent. In total, the allocations for depreciation made by the fifteen companies analysed slightly exceed the amount disclosed as available for ordinary dividend. The importance of depreciation provisions in relation to "true earnings" can hardly be over-stressed.

Accordingly, we set out below the earnings of the various companies after making adjustments, where necessary, between the companies' own provisions for depreciation and those suggested by our standard scale:—

SHARE PRICES AND YIELDS

	Earnings Disclosed	Earnings Adjusted	Dividend	Price	Yield on		
					Disclosed Earnings	Adjusted Earnings	Dividend
B'th & Poole...	19.1	...	15	72/-	5.3	...	4.2
Brit. Power & L.	8.5	8.7	6	28/-	6.1	6.2	4.3
Clyde Valley...	8.2	...	8	43/6	3.8	...	3.7
Co. of London...	13.8	...	10.5	51/6	5.3	...	4.1
Eastern Dist. of Yorks...	11.1	...	9	44/-	5.0	...	4.1
Lancs. E.L.	9.0	6.6	7½	35/-	5.1	3.7	4.2
London Assoc.	...	...	7	32/6	...	...	4.3
Mersey Power	8.2	12	7½	34/6	4.2	7.0	4.4
Met. Electric..	15.1	?	10	50/3	6.0	...	4.0
Mid. Counties	9.2	12	8	39/-	4.7	6.2	4.1
North Eastern	7.2	...	7	34/-	4.2	...	4.1
N. Metropolitan	12.1	...	10	51/6	4.7	...	3.9
Northampton Electric	13.7	...	10	48/6	5.7	...	4.1
Scottish Power	8.1	...	8	39/6	4.1	...	4.1
Yorks E.P.	8.8	13.4	8	43/6	4.0	6.2	3.7

Note.—Blanks in second column indicate that no adjustment is necessary.

The table of earnings throws an interesting light on the relative attractions of different shares. Lancashire Electric, for instance, ranks among the dearer shares, in relation to the adjusted earnings on our standard basis of depreciation. For the County of London and Metropolitan undertakings, the effect of the 1925 Acts introduces an element of uncertainty, and it is inappropriate to base any view on earnings yields in these cases. Mersey Power Company, on the adjusted figures, appears attractive, but this undertaking's load is subject to industrial fluctuations to a larger extent than most companies. Yorkshire Electric, Midland Counties and British Power and Light are more obviously interesting on these calculations. Midland Counties, it is true, depends upon its traction undertakings for an appreciable part of its revenue, but from the analytical point of view this is as attractive as any share in the list. The price of British Power and Light has apparently been depressed on the ground that, as a holding company, it may be prejudiced by legislation on the lines recommended by the McGowan Report, which drew critical attention to holding companies' profits made from contracting work carried out for subsidiaries. It is clear from the chairman's speeches in the past, however, that any such fear is unfounded.

Those investors who have bought electricity supply shares on their long-term dividend potentialities, in fact, may have to revise their reasoning. From every angle—costs and revenues, depreciation and legislation—there are powerful forces making for stability of dividends. Those companies which are still in the expanding stage may provide the incidental benefits of new share issues on bonus terms, although even here it is becoming fashionable to raise new money on prior charge. Altogether, investment in electricity supply shares—once regarded as the safest method of participating in industrial expansion—is in danger of becoming a negative art, calling for discrimination among the companies themselves on the lines indicated in this article, watching the legislature's next jump, and an unremitting eye on the rate of interest.

prices are somewhat lower. The field of electrical development may be an example of this sort. Secondly, additions to new capacity tend to be increasingly held up by the delayed delivery of essential equipment, while the news this week that the Lanarkshire Steel Works (acquired by Colvilles last year) has been compelled to shut down half the plant through lack of pig iron and scrap supplies reveals the extent of the prevailing shortage of basic materials. A regimentation of supplies for the rapid completion of the re-armament programme, moreover, cannot be ruled out. Thirdly, while the labour situation has not so far shown any marked deterioration, the Beardmore strike gives practical expression to a certain feeling of restiveness which is developing. Strikes have so far been sporadic and confined largely to the aircraft and light engineering trades. But the possibility—faint though it may appear at the moment—of a forward labour policy cannot be disregarded by any investor who imagines that the manna of capital appreciation falls eternally from the skies.

* * *

Foreign Bonds in March.—The trend in the foreign bond market last month was adverse. The index of bond prices calculated by the Municipal and General Securities Company shows a fall from 119.0 to 115.7, and only the Near and Far East group has improved during the month. The component indices follow:—

January-June 1934=100

	Europe	Near & Far East	Egypt	South and Central America			Complete Index	Un- faulted Bonds	De- faulted Bonds
				States	Pro- vinces	Total			
1936	(32)	(31)	(4)	(38)	(11)	(47)	(114)	(60)	(54)
March	95.1	109.9	99.2	100.2	85.9	96.7	100.0	103.7	95.3
April	97.6	110.0	98.7	101.2	87.9	98.0	100.8	104.7	96.5
May	96.1	106.5	99.2	101.3	88.6	98.1	99.8	104.3	95.0
June	96.3	104.4	99.4	100.2	89.2	97.5	99.1	102.8	95.1
July	94.7	110.6	100.9	99.1	88.2	96.7	99.8	104.4	95.0
August	95.1	113.2	100.7	99.3	89.8	97.0	100.7	105.7	95.3
Sept.	94.7	110.7	99.9	98.8	89.0	96.4	99.7	104.3	94.8
Oct.	95.2	111.7	99.7	105.3	93.0	102.3	102.5	104.3	100.6
Nov.	(31)	95.4	110.6	99.6	107.2	101.0	103.8	104.5	103.2
Dec.	97.7	114.0	99.7	120.2	110.0	117.8	110.3	105.8	115.3
1937									
Jan.	103.6	116.2	100.6	128.5	131.7	129.3	117.0	107.3	128.5
Feb.	(30)	102.9	120.0	99.6	131.8	131.8	118.0	108.1	131.4
Mar.	(29)	100.3	120.8	97.8	128.2	120.1	115.7	106.7	120.0

The setback is clearly attributable to the speculative sections of the market. The South American groups, in particular, have been unsettled by unauthenticated rumours of the Brazilian Government's intentions regarding the debt scheme. European issues have been unsettled by the Polish Government's threat of default and by the demand for "adjustment" from Danzig. The most consistent group, indeed, were Chinese defaulted issues, whose rise more than offset a reaction in Japanese bonds. The number of bonds in the Index is now 110.

* * *

Imperial Chemical Profits.—The preliminary statement from I.C.I. will not satisfy inveterate optimists who hoped for an extra $\frac{1}{2}$ per cent. in dividend, for the distribution is maintained at 8 per cent. But the disclosed profits are distinctly good. A new gross income record of £9,049,422 has been achieved, compared with £8,352,430 for 1935. From this total, central depreciation fund receives its annual quota of £1 million, and after providing for income tax and pension fund provision, earnings for the ordinary capital have increased from £4,965,801 to £5,462,591. The 8 per cent. dividend is thus covered with the larger margin of 4 per cent., which has been employed in raising the general reserve provision from £1 million to £1 $\frac{1}{2}$ million. The following table compares the results with those of the two previous years.

	1934	1935	1936*
Total income	7,965,038	8,352,430	9,049,422
Income tax	615,931	645,891	846,093
Central obsolescence and depreciation	1,000,000	1,000,000	1,000,000
Pension fund	Nil	150,000	150,000
Preference dividend	1,588,897	1,590,738	1,591,014
Ordinary			
{ Earned	4,194,462	4,965,801	5,462,315
{ Paid	3,500,531	3,935,512	3,935,912
{ Earned %	10.0	11.0	12.0
{ Paid %	8	8	8
Deferred			
{ Earned	565,748	...	...
{ Paid	214,367	...	...
{ Paid %	2	...	...
To general reserve	1,000,000	1,000,000	1,500,000
Total carried forward	608,451	638,740	665,142

* Preliminary figures.

The board's treatment of last year's increase in earnings suggests that it is not to be tempted from its avowed policy of holding the balance between customer, worker and shareholder by the results of a year which, in some respects, may have proved exceptionally favourable. Even the assembled forces of a £72 million company are not proof against rising costs, and the notion that I.C.I. has a re-armament equity which renders it proof against normal trade fluctuations cannot seriously be entertained. It is interested to a much larger extent in prosperity in the construction trades and in economic recovery in agricultural communities. At 38s. 7 $\frac{1}{2}$ d., I.C.I. ordinary are essentially a stable investment medium, yielding £4 2s. 9d. per cent. But the present margin between dividend and earnings, coupled with an advance in profits for the current year, suggests that the directors might be able to combine conservatism with a slightly higher payment a year hence.

* * *

Associated Electric Report.—The report of this company is rather more encouraging than the raising of the dividend from 8 per cent. to 10 per cent. Profits have increased by no less than 27 per cent., from £828,519 in 1935 to £1,055,624, but their treatment is again markedly conservative. The following table analyses developments for the last three years:—

	Years to December 31,		
	1934	1935	1936
Profits, after management expenses	586,882	828,519	1,055,624
Taxation	129,752	179,674	267,574
Depreciation	90,439	91,832	149,574
Debiture interest	41,454	124,790*	...
Preference dividend	76,449	76,449	77,473
Ordinary shares:—			
{ Earned	248,788	355,774	561,003
{ Paid	227,778	303,750	375,290
{ Earned (%)	6.6	9.4	14.9
{ Paid (%)	6	8	10
General reserve	10,289	Nil	175,000†
Carried forward	113,336	165,405	176,118

* Interest £21,155; premium on redemption £103,635.

† Including £75,000 written off patents and goodwill.

The consolidated balance sheet reveals a liquid position. Large advances are shown by debtors, loans, etc., from £3,633,422 to £4,550,868, and a comparable expansion in stocks from £3,517,945 to £4,146,380. The company is evidently doing good business, and its export trade and indirect re-armament interests hold good promise. The substantial rise in the value of stocks suggests that the rise in raw material prices is making itself felt, and it would, perhaps, be prudent to limit estimates of future increases in profits for this reason. The £1 ordinary stock at 51s. 6d. yields £4 1s., and is a good investment of its class rather than a medium for rapid appreciation and earnings expansion.

* * *

Lever Brothers' Report.—The accounts of Lever Brothers are among the least illuminating documents offered to investors. The company has a share capital of £61.7 millions, of which all but the £8 $\frac{1}{2}$ millions of

ordinary capital (held by Unilever) is in public hands. The accounts show that £65.7 millions out of £74 millions of total assets consist of interests in subsidiary and allied concerns, while the profit and loss account shows a bald figure for "balance of profit and loss." The profits are, however, based on the company's proportion of the subsidiary companies' profits, less losses. The latest profits, however, do not repeat the previous year's jump, for they have increased by only £97,675 to £7,048,862, although this is a record figure. In consequence, the *status quo* is maintained throughout the appropriation account. Dividends are unchanged, with an ordinary payment of 15 per cent. And the reserve allocations—including £250,000 each to contingencies and to general reserve as before, and £320,473 written off shares in allied companies against £300,000 for 1935—leave the balance carried forward about £150,000 higher at £547,521. As a pointer to the forthcoming results of Unilever, the Lever Brothers' report is inconclusive. Rising butter prices are commonly regarded as a bull point for the group's margarine business, and the advance in West African produce prices is another favourable pointer. But the results of Unilever N.V., with which Unilever is linked under the dividend arrangement, will reflect Holland's departure from the gold standard last autumn. On balance, the prospects for Unilever ordinary stock, which has risen from 29s. 3d. last year to the present price of 41s. 6d., are satisfactory. But it is, as yet, impossible to translate this generalisation into firm estimates of prospective earnings.

* * *

Heard from the Chair.—Anyone who doubts the existence of prosperity should read the speeches at this week's company meetings. Four of them are of special investment interest. At the Associated Portland Cement meeting, Sir Malcolm Stewart commented on record production and delivery of cement, and upon the return of 17 per cent. on investments in subsidiaries. This company has just acquired considerable new raw materials deposits in Kent. Costs of production are mounting with wages and the price of coal, but the directors' policy is to seek agreements with competing producers abroad, to keep prices down and to rely for profits upon increased turnover. Sir Malcolm made a stimulating comparison between the differing success of international agreements between statesmen and industrialists. Another concern in the constructional industries, General Refractories (manufacturers of heat-resisting and heat-insulating bricks), celebrated a cheerful year. Mr Frank Russell, the chairman, also had record sales, a multiplicity of new products, plant working to capacity, and new financial arrangements to describe. He gave an extremely interesting table analysing the growth of the concern, scouted any idea that it was becoming top-heavy, and stated that it would follow a policy of "preparedness" in coming months by accumulating stocks of imported raw materials.

* * *

Two metal concerns, which enjoy practical monopolies in their respective industries, have also added to the investor's rejoicings. The International Nickel Company of Canada has pursued a liberal price policy with outstanding success. At the meeting in Toronto, Mr R. C. Stanley described big measures of re-equipment, including the opening of a concession in Finland, and a rise in profits of nearly 50 per cent. This company lately reduced its prices of nickel when base metals were soaring. It finances energetic research in new uses for its products and takes considerable pains to promote its employees' welfare. The chairman gave a well-documented disproof of its alleged dependence upon armaments. Aluminium shares in the prosperity of nickel. Mr R. W. Cooper told shareholders at the British Aluminium meeting that profits had risen by nearly 25 per cent., and that the plant was fully occupied. Some £2,500,000 is to be raised to develop the Lochaber plant, and a subsidiary has been formed in Australia. Mr Cooper gave a long list of new and extended uses for aluminium in transport, and in the electrical and steel industries, in the first of which

it is being increasingly used as a substitute for copper. Consolidated accounts are to be presented shortly for the first time. Both for their interest and their encouraging news, these speeches should be read in detail by investors.

* * *

Shell Union Earnings.—The year 1936 has put Shell Union firmly on its feet. For 1935, net profits amounted to \$6,812,835, and no payment was made on the preferred stock, then 4 $\frac{1}{2}$ years in arrear. During 1936, these \$8 $\frac{1}{2}$ millions of arrears were paid off, the normal preferred dividends distributed, and 25 cents paid on the common stock, the first distribution since 1930. The net profits actually amount to \$22,494,364, including a net profit of \$2,839,503 on the sale of an investment (evidently the Flintkote Company). This net result is struck, as usual, after writing off all development expenditure, which last year totalled \$9,450,000. With the restoration of regular preferred dividends, special interest attaches to the increase in common earnings (after normal preferred requirements) from 37 cents to \$1.57 per share for 1936, for the Royal Dutch-Shell group holds 64 per cent. of the common stock of Shell Union. If these earnings had been fully distributed, first by Shell Union and again by the Royal Dutch group, they would have represented some 4 $\frac{1}{2}$ per cent. on Shell Transport ordinary. The Shell Union directors have decided to introduce half-yearly dividend payments on the common stock. Meanwhile, the cash position has been strengthened by the net proceeds of the \$60 millions 3 $\frac{1}{2}$ per cent. debenture issued a year ago, although the company again spent \$36 millions on capital expenditure last year. Although the accumulation of stocks has recently been causing some head-shaking in the American oil industry, more optimistic observers expect that supplies will be rapidly absorbed when the seasonal de-

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mand for gasoline increases this summer. The prospects for Shell Union, therefore, still seem promising. The 5½ per cent. preferred stock is quoted at 103½, and the common stock at 31½, against 15 last year.

* * *

United States Steel.—The full report of the United States Steel Corporation shows that last year's progress was due, not to rising prices, but to "a regularly advancing volume of orders." The increase in the rate of steel operations over the past two years is spectacular. Roughly 37 per cent. of capacity was in operation for the first nine months of 1935; in the next two quarters it rose to 47 per cent., and subsequently the rate exceeded 60 per cent. The payment of 14 per cent. on the preferred stock (the normal 7 per cent. for 1936 and 7 per cent. arrears) was declared two months ago, but the report shows that provisions were raised by the generous margin of \$9 millions, while taxes absorbed \$7.3 millions more. Preferred dividend arrears have now been reduced to 9½ per cent. Since these arrears total \$33,326,000, and the normal annual dividend requires \$25,220,000, a modest rise in net income (easily in sight for this year) would suffice to satisfy the preferred stockholders' claims. The results for the past two years are compared below:—

	Years to Dec. 31st (\$000)	
	1935	1936
Gross revenue.....	758,893	1,089,229
Depreciation, etc.	47,634	56,819
Operating income	4,392	62,054
Other income	6,030	5,117
Taxes	3,925	11,200
Interest and other deductions	5,351	5,387
Available for dividends	1,147	50,583
Preferred dividends	7,206(2%)	50,439*
Surplus for year	Dr. 6,059	144
Balance of earned surplus	252,517	252,661

* 7 per cent. for 1936, and 7 per cent. arrears.

The 1937 results, however, should be assisted by increased prices from January 1st to meet advancing costs for wages, materials and taxes. The effects of the wages increase were felt for only six weeks of last year, and they represent an addition to the pay-roll of \$34 millions annually. But even this formidable advance in costs does not seriously prejudice the prospects of the common stockholder. A more significant factor, perhaps, is the competition for pig iron and scrap from Europe. The current rate of operations, moreover, is probably close to efficient physical capacity. But economies from recent extensions should also be realised—some \$76½ millions was so spent last year, while ordinary repairs cost \$85 millions. The modernisation programme also contemplates an expenditure of \$157 millions. The current price of 122½ for the common stock, on which \$2.91 was earned last year, assuming normal preference dividends, is evidently a "blue-chip" valuation, but in all probability it does not exhaust the potentialities of the current year.

* * *

Westland Merger Surprise.—At the end of February the directors of Westland Aircraft announced the terms of the long-expected merger with British Marine Aircraft. The latter concern was to be acquired on the basis of one Westland 5s. share for one British Marine 10s. share. These terms, which appeared more closely related to the net assets position of the two companies than to their respective earnings prospects, were approved without dissent by Westland shareholders at an extraordinary general meeting as recently as March 22nd, although the managing director, Capt.

P. D. Acland, proposed an adjournment until this week, pending the clarification of a liability of British Marine under a management contract with British Aircraft Manufacturing Company. The chairman, Sir E. W. Petter, however, did not support this amendment, which was lost by nine votes to nineteen. Three days later, on the eve of the Easter holiday, the Westland directors announced that they had decided not to proceed with the merger. In a statement issued this week, the board declares that the *pro forma* balance sheet before the meeting "does not disclose the position as now existing." The Westland company understood that it would receive £115,781 cash, including a loan since repaid, subject to normal trading expenditure since January. Immediately after the extraordinary meeting, however, the board learned that British Marine had loaned £50,000 on January 14th to Aircraft Industries Corporation for four months, secured by the deposit of certain shares. The Westland directors declared that they had no knowledge of this transaction, and that they considered the security was not adequate. Having required the immediate repayment of this sum, they decided not to proceed with the merger on the ground that it had not been repaid.

* * *

On their part, the directors of British Marine declare that the company is in a position to carry out its part of the agreement and that no valid reason exists why the merger should not take place forthwith. It has since been reported that the board's solicitors have tendered a cheque for £50,000 to Westland, although this action does not necessarily imply that the merger will be completed. The behaviour of the market on this news was symptomatic of its attitude towards the scheme. On the report of the abandonment of the merger by the Westland directors, Westland shares rose from 8s. to 9s. 7½d., while British Marine were 2s. lower at a nominal quotation of 5s. 6d. Aircraft Industries Corporation, it will be recalled, acted as issuing house to the British Marine flotation, while British Aircraft Manufacturing appeared under the auspices of Yorkshire and Lancashire Corporation, of which Mr W. A. Phillips is also a director.

* * *

Other Company Results.—Our usual analysis of nearly 60 further profit and loss accounts appears on page 54. The full *Hudson's Bay* report is now available, and among the large companies' reports will be found *British Insulated Cable* and *John Dickinson and Company*. On page 52 the week's results are discussed under the heading "Shorter Company Comments."

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Bank of Australasia, Chartered Bank of India, Australia and China, National Bank of India, Banco di Roma, General Refractories, Associated Portland Cement, Telephone and General Trust, British Aluminium, International Nickel Company of Canada, and British Ropes. In a Note on page 27 will be found a discussion of statements made at the meetings of Associated Portland Cement, General Refractories, International Nickel Company of Canada, and British Aluminium. In connection with the meeting in Rome of the Banco di Roma, it was pointed out that the report showed an increase in deposits of roughly Lire 318 millions to Lire 982 millions. Sir Alexander Roger described the company's interests in the British West Indies at the Telephone and General Trust meeting. At the British Ropes meeting Mr Herbert Smith described extensions of his firm's manufactures in Canada and South Africa. Mr d'Anyers Willis reviewed the prospects for increased international trade in the East at the Chartered Bank of India meeting. A banker's view of recent New Zealand policy was given by Mr Livingstone-Learmonth at the Bank of Australasia meeting. At the National Bank of India meeting Mr Langford James surveyed the internal positions of India, Burma, Ceylon and East Africa.

Mining Notes

Anglo-American Corporation.—The accounts of the *Anglo-American Corporation* show a net profit of £1,161,640, compared with £819,820 for 1935. The sum of £1,500,000 received from share premiums is taken into the appropriation account, and £1,800,000 is transferred to reserve. After paying 30 per cent. on the ordinary shares, against 20 per cent., a somewhat increased balance of £154,730 is carried forward. The first report of the *Anglo-American Investment Trust*, to which the diamond interests of the group were transferred, shows an operating profit of £263,400. The 5 per cent. dividend absorbed £125,000, while £70,000 was reserved for taxation, £26,880 provided for preliminary expenses, and £18,750 for discount on debentures. The premiums received on the issue of 2,500,000 shares at 30s. have been taken to reserve fund. The company's principal interests are in De Beers Consolidated, Diamond Corporation, Cape Coast Exploration, Consolidated African Selection Trust and Société Minière de Beceka. These interests appear in the balance sheet below current values at £5,132,820. Market circles take a favourable view of this company's prospects.

* * *

Anglo-American Group Reports.—All the producing companies of the group milled record tonnages last year, but their financial results showed some variation. The following table summarises the results and the latest ore positions of the four constituent concerns:—

		Milled	Working Profit	Dividends	Ore Reserves		
		Tons	£	£	%	Tonnage	Dwt.
Brakpan	1934	1,479,000	1,321,850	596,750	52½	4,879,870	6-33
	1935	1,572,000	1,303,610	603,750	52½	5,857,170	6-29
	1936	1,631,000	1,319,200	661,250	57½	6,690,350	6-12
Daggafontein.....	1934	959,900	1,206,160	598,750	35	4,873,210	6-68
	1935	1,391,000	1,518,980	785,630	43½	6,401,200	6-60
	1936	1,524,000	1,558,410	853,130	48½	7,413,020	6-59
Springs	1934	1,077,700	1,835,800	806,250	53½	10,007,370	6-28
	1935	1,329,100	1,809,700	838,500	53½	10,110,960	6-07
	1936	1,660,300	2,008,820	819,000	52½	10,123,020	5-73
West Springs	1934	1,104,200	352,430	179,200	10	4,176,790	4-92
	1935	1,211,900	392,620	184,650	10	4,678,680	4-76
	1936	1,218,100	425,010	190,000	10	4,700,040	4-92

Brakpan derived benefit from the amended profit-sharing formula in connection with the acquisition of the Witpoort area and from the change in the basis of taxation. Taxation actually absorbed £473,730, compared with £490,100, and the Government's participation in profits required £133,270, as compared with £142,670. Capital expenditure at £44,260 was also somewhat lower. The company was thus able to increase the dividend by 5 per cent. and to carry forward a slightly increased balance. For *Daggafontein* the increased tonnage of higher grade ore was partly offset by higher costs, the average being 21s. 2d., compared with slightly under 20s. Both taxation and Government participation in profits required less than in 1935, and capital expenditure required £78,370, as against £132,940. After paying the increased 48½ per cent. dividend, £74,840 is carried forward, against £91,170 brought in.

* * *

Springs was the only company in the group which reduced its distribution. This resulted partly from a fall in revenue per ton milled from 46s. 6d. to 42s. 10d. and partly from substantially increased requirements for taxation and Government participation in profits. Last year's appropriations under these headings amounted to £449,150 and £638,280 respectively, as compared with £374,280 and £594,030 in 1935. No capital expenditure was reported for 1935, but last year some £97,200 was required. Despite the slight reduction in the dividend, the balance carried forward is about £9,000 down at £53,100. The consulting engineers state, however, that capital expenditure during 1937 will be considerably

less than last year. *West Springs* reported a small increase in tonnage crushed with a slight improvement in average grade. The small difference in profit, however, did not justify an increase in dividend. Capital expenditure amounted to £134,150, against a mere £2,440, but the current year's outlay should be less. This concern did not benefit from the new basis of taxation in 1936, and the Government's participation took nearly £165,000, against £128,400. The amount carried forward of £198,370 is consequently reduced by £15,000.

* * *

Of the two non-producing companies in the Anglo-American group, *East Daggafontein* shows somewhat improved development results, although the property still seems to be of only medium grade. The balance sheet shows cash in hand of £717,570, of which £502,120 represented subscriptions on account of £267,800 shares, taken up under option at 37s. 6d. The report of the *Western Reefs Exploration* gives a concise summary of the interests now owned and the results of drilling supplemented by a map. As already announced, a mining lease has been secured in respect of the Witkop area. At the end of the year the company's cash and cash assets totalled no less than £1,621,370.

* * *

The particulars of development results in the *South African Land and Exploration* report certainly appear to warrant optimistic views regarding the future of that company. Last year's footage amounted to 33,750, as against 14,260 in 1935. The footage sampled totalled 19,750, as against 8,110; the percentage of payability was 45.94, against 43.85; while the inch-dwts. are calculated at 479, as compared with 446 in 1935 and 438 in 1934. A further increase in the scale of operations is fore-shadowed during the current year. The ore reserve figures have, of course, already been published. Pre-

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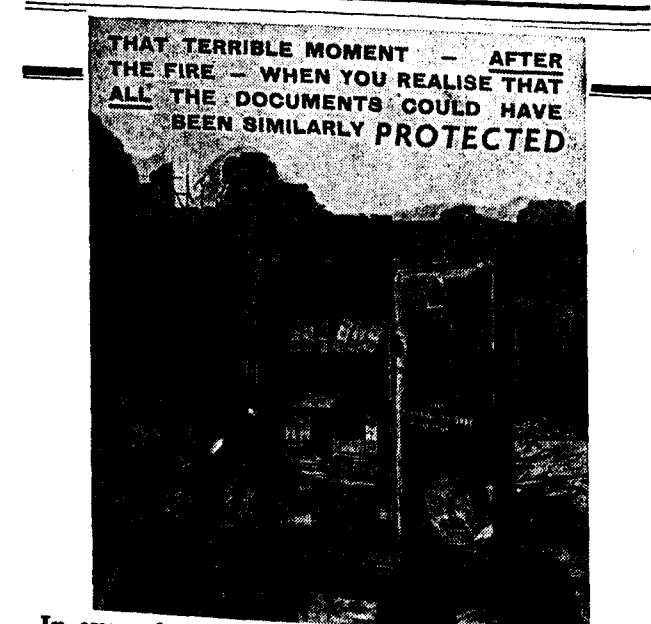
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parations for the installation of crushing and treatment plants have begun and the treatment equipment has been ordered. At the end of the year the company's cash assets amounted to nearly £700,000. A further block of 250,000 shares is to be issued to Brakpan Mines, whose holding will then be increased to 355,600 shares.

"Johnnies" Group Results.—Of the Rand gold mines in the "Johnnies" group, only *Randfontein* earned a larger operating profit last year, but two others also paid increased dividends. In the following table we set out the working profits, dividends and ore reserve positions for the constituent mines in the group:—

		Dividends		Ore Reserves	
		Working Profit	Amount	Per cent.	Tonnage
Government Areas	1934	4,131,570	1,750,000	125	11,782,000
	1935	3,873,250	1,680,000	120	11,457,000
	1936	3,343,570	1,540,000	110	11,024,000
Langlaagte Estates	1934	400,080	341,960	22½	1,383,000
	1935	353,950	304,000	20	1,230,000
	1936	313,960	227,970	15	1,205,000
New State Areas	1934	1,909,930	416,360	27½	4,212,000
	1935	1,891,370	378,510	25	4,114,000
	1936	1,842,450	454,210	30	4,190,000
Randfontein	1934	1,352,310	558,740	13½	13,007,000
	1935	1,581,500	812,710	20	14,895,000
	1936	1,789,380	1,015,890	25	14,057,000
Van Ryn Deep	1934	615,610	388,990	32½	3,384,000
	1935	584,220	359,070	30	3,443,000
	1936	561,300	299,220	25	3,430,000
Witwatersrand Gold	1934	139,010	70,440	15	1,204,000
	1935	150,680	93,930	20	1,471,000
	1936	137,420	105,660	22½	1,614,000

Taking the companies alphabetically, *Government Areas* carried out an increased development footage, but values showed some decline. The ore reserve estimate includes the increased quantity of 1,143,000 tons in the upper leaders showing the somewhat reduced value of 5 dwts. over 56 inches. It should be noted, incidentally, that the ore reserve estimates of all companies are again



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based on gold at 140s. per fine ounce (and current working costs), against 130s. in 1934. The Union Government's percentage of profits last year amounted to £1,928,700, compared with practically £2,200,000 in 1935, but capital expenditure was rather higher at £34,480. Despite the reduced dividend, the balance forward is £157,300 down at £35,500.

For *Langlaagte Estates* the payable footage averaged slightly under 54 per cent., compared with just over 56 per cent., the value being 8 dwts. over a channel width of 24 inches, as compared with 10.82 dwts. over about 20 inches. This accounts for the further decrease in the ore reserve values. The map suggests that the future of the company depends largely upon subsidiary development. In the case of *New State Areas*, although the Government's share of profits absorbed slightly less (£1,182,400), the amount is still nearly three times the total received by the shareholders. The company has paid an increased dividend, however, for capital expenditure last year required only £24,370, compared with £130,870 appropriated in 1935 for the same purpose, in conjunction with redemption of the balance of the debentures. The development footage was smaller than in 1936, while the payability (averaging 54.6 per cent. in place of 57.9 per cent.), average value and width were also lower.

Particular interest attaches to the explanation in the *Randfontein* report of the drop in quantity and value of the ore reserves estimated last December, which exerted an adverse effect upon the share market. The consulting engineers state that development work in the higher grade area was abnormally disturbed by faulting, so that the footage achieved failed to disclose a proportionate quantity of ore. Moreover, some of the blocks included in the 1935 estimate failed to give the expected results. The increased development footage gave 59 per cent. of payability in place of only 49 per cent. in 1935. Taxation took £568,000 in place of £452,430 in 1935. Using the additional plant, *Van Ryn Deep* last year crushed a larger tonnage; and a decline in average revenue was therefore largely offset, while working costs were also reduced. The development footage was somewhat lower, and the pay percentage fell from 47 per cent. to 46 per cent., the value being slightly lower and the channel width somewhat greater. The *Witwatersrand Gold Mining Company* increased its dividend, despite a decline in operating profits. The higher dividend follows a marked reduction in the amount required for taxation, last year's appropriation of £19,740 being £56,040 lower. The expansion in quantity and value of the ore reserves is the more significant since, of the tonnage mined last year, only 28 per cent. was obtained from ore included in the 1935 reserves.

De Beers Report.—Our mining correspondent writes:—The 1936 accounts of the De Beers Consolidated clearly indicate the arrival of new-found prosperity for the diamond industry. Revenue from diamonds amounted to £2,242,800, against £1,520,100 for 1935 and merely £900,300 in the preceding year. Interest and dividend receipts amounted to £843,850, compared with £619,100 in 1935, excluding a scrip bonus of £750,000. The great expansion in profits on investments realised—from £79,140 to £416,770—is attributable to sales made to provide payment of the preference dividend arrears. The balance available amounted to £4,529,350, from which £4 per preference share, absorbing £3,200,000, was paid. The carry-forward of £1,329,350 in fact represents rather more than the amount required to provide the further amount of £2 (expected to be paid in July) to bring the preference payments up to date. Allowing 30s. for the net amount of accrued dividend, the yield on De Beers preferred at £16 10s. would be approximately 6 per cent.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: APRIL 6 ACCOUNT: APRIL 8

THE aftermath of the holiday, the close of the long account, and the approach of Budget day induced very quiet conditions in this week's markets. The gilt-edged section showed a little firmness on the eve of publication of the full year's revenue figures, in the hope that the result would be better than anticipated. The figures were greeted with some disappointment, but gilt-edged were able to advance a little further. India stocks were depressed by the political developments in India at the zero hour of the new constitution, and there was a slight setback at first in Australian issues. Home Corporation issues attracted a little demand, particularly Bristol Threes.

In the foreign bond market, Potash Bonds made headway, and Roumanians were supported on the new debt proposals and the Council of Foreign Bondholders' advice. Brazil Funding issues rose in response to demand, and Japanese were slightly lower on the dissolution of the Diet. Elsewhere the foreign bond market was inclined to sag. Home rails were slightly depressed on fears of labour demands, and did not improve on the traffics, which compared moderately with those of Easter week last year. Foreign Railway issues remained very quiet.

Little business has been done over Easter in the Industrial market. The chief feature was a continued rise in almost all brewery shares following the quieting of fears of further taxation and the February beer production figures. Iron and steel recovered in the last two or three days, after considerable earlier dullness. Indian iron was a particularly bright spot on local buying.

Conditions were also quiet in the oil market. There was a recrudescence of French selling of international counters towards the end of the week, but prices remained more or less stationary. The main exception was the firmness of Trinidad Leaseholds and Apex, and the weakness of Mexican Eagle.

In the rubber market the boom continues. Some profit-taking last week was followed by a sharp recovery in sympathy with the new post-depression record of the commodity. There is a tendency for purchases to become less discriminating. Improvement in the tea market continues, and the biggest business for many months has been recorded, Indian and Ceylon issues being equally attractive.

Mining shares enjoyed on the whole a good week. Paris realisations appear to have stopped and substantial buying was reported from the Cape. Kaffirs have gone ahead steadily, the market taking a favourable view of reports published or yet to come. Rhodesians have recovered, with Rhokanas and Roans once more in the lead. West Africans have on the whole been firm; and among base metals, tin shares have moved in sympathy with the metal.

"FINANCIAL NEWS" MARKET INDICATORS

	Mar. 23	Mar. 24	Mar. 25	Mar. 30	Mar. 31	Apr. 1
Approximate total of bargains recorded in S.E. List	9,985	9,785	9,420	11,440	10,085	10,840
Corres. day 1936.....	7,845	7,468	8,216	7,324	8,023	8,335
SECURITIES MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100).....	117.5	117.4	117.4	117.6	117.7	118.2
Index of 20 Fixed Interest Securities (1928=100).....	127.2	127.2	127.3	127.2	127.4	127.6
Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).						
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).						
Highest 1937: Ordinary Shares 124.9 (Jan. 4); Fixed Interest 136.6 (Jan. 4).						
Lowest 1937: Ordinary Shares 116.8 (Mar. 16); Fixed Interest 126.5 (Feb. 28).						

ACTUARIES' INVESTMENT INDEX

The Actuaries' Index of 178 industrial ordinary shares stood at 86.5 on Tuesday last. A month ago it was 87.1 and a year ago 82.8. The corresponding yields are 4.09 per cent., 3.95 per cent., and 3.66 per cent. The usual monthly table of fixed interest securities and a selection of the component indices of the ordinary shares index is given below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yield (%)		
	Year ago (Mar. 31, 1936)	Month ago (Feb. 23, 1937)	This week (Mar. 30, 1937)	Year ago (Mar. 31, 1936)	Month ago (Feb. 23, 1937)	This week (Mar. 30, 1937)
Fixed Interest:						
2½% Consols.....	151.0	133.4	136.9	2.95	3.34	3.27
4% Victory Bonds.....	121.9	115.2	115.8	...	...	...
3½% Conversion and 4% Consol Loans.....	133.5	125.7	126.4	...	...	...
Misc. Indust. Debs. (20).....	125.5	122.4	120.5	3.98	4.05	4.12
Misc. Indust. Preference (47).....	120.4	115.6	114.2	4.29	4.50	4.55
Ordinary:						
Insurance companies (24).....	101.5	121.8	125.4	3.22	3.51	3.41
Building materials (5).....	98.8	100.7	97.1	4.90	4.99	5.47
Coal (7).....	98.8	127.5	119.9	4.11	3.14	3.18
Iron and steel (12).....	71.4	82.8	79.3	3.14	3.82	4.25
Oil (8).....	82.0	105.2	103.5	2.68	2.84	4.58
Shipping (4).....	16.9	25.9	27.5	0.24	1.17	1.09
Breweries and distilleries (21).....	143.3	138.2	144.8	4.00	4.62	4.41

OVERSEAS STOCK EXCHANGES

NEW YORK

MARKETS re-opened after the Easter holiday without any improvement from the dullness which has prevailed for some time. The rulings of the Supreme Court on the Railway Labour Act and the Washington Minimum Wage Act did not influence the markets to any noticeable extent, although they came as a shock to Wall Street expectations. Irregular conditions were maintained until the last hour of trading on Tuesday when a sharp rally was staged, ostensibly on the excellence of business reports. Steel, railroad and rubber issues were in the lead, and commodity issues generally were strong, mainly in sympathy with world conditions. Metal and oil issues improved throughout the week, but in mid-week industrials were generally lower. Government obligations have been weak in the bond market, on the general expectation of higher interest rates, and on the report that Washington had exhausted its funds available for supporting Treasury issues. The steel industry has advanced to further heights; *Iron Age* estimates steel mill activity for this week at 91 per cent. of capacity with no signs of any reduction in the immediate future. Electricity output for the week of March 27th was 18.1 per cent. higher than for the corresponding week of last year. But the excellence of business reports is obscured for the time being by the uncertain monetary and budget outlook, and by the continuance of strikes, which are now threatening the soft coal industry.

	Mar. 17, 1937 (Close)	Mar. 31, 1937 (Close)	Apr. 1, 1937 (Latest)		Mar. 17, 1937 (Close)	Mar. 31, 1937 (Close)	Apr. 1, 1937 (Latest)
1. Rails & Transport				4. Manufacturing			
Atchafalpa.....	85½	82½	82½	Briggs.....	49½	49½	48½
Balt. and Ohio.....	40	38½	38	Chrysler.....	127½	124½	122½
B.M.T.....	43½	42½	42½	Electric Autolite.....	41½	40½	...
Can. Pacific.....	15½	15½	14½	General Motors.....	64½	62½	61
Ches. and Ohio.....	63½	59½	59½	Hudson Motor Car.....	21½	21½	21½
Gt. Nthn. Ry. Pl.....	53½	51½	51	Murray Corp.....	17½	17½	16½
Illinois Central.....	37½	34½	34½	Nash Kelvinox.....	22½	22½	22
N.Y. Central.....	35½	31½	31½	Packard Motor Car.....	11½	10½	10½
Nor. Pac.....	35½	32½	32½	Bendix Aviation.....	26	25½	25½
Pennsylvania R.R.....	49½	47½	47½	Boeing Airplane.....	46	41½	41½
Southern Pac.....	65	61½	61	Douglas Aircraft.....	64½	62	61
Southern Ry.....	43½	41½	40½	United Aircraft.....	33½	31½	30½
Union Pac.....	147½	145½	145½	Air Reduction.....	74½	73½	72½
Greyhound Cp. New	15½	14½	14½	Allied Cheml. xd.....	243	245	244
2. Utilities and Communications				Col. Carbon.....	123	125	125½
Am. Waterworks.....	24½	22½	22½	Comm. Solvents.....	19	18½	18½
C. & S. Edison.....	3½	3	3	Dupont.....	167	159½	159½
Cons. Gas of N.Y.....	41	40½	40½	Union Carbide.....	106	104	103½
Edison.....	16½	15½	15½	U.S. Ind. Alcohol.....	39½	40½	40½
Elec. Bond & Share.....	23½	21½	21½	Allis Chalmers.....	67½	68½	67½
Nat. Pwr. and Lt.....	11½	11½	11½	General Electric.....	58½	58½	57½
North American.....	26½	25½	25½	Westinghouse.....	145½	149½	141½
Pac. Gas & Electric.....	31½	32	32	American Can.....	108½	108½	108½
Pac. Lighting.....	45	44½	44½	Addressograph.....	33	32½	...
Pub. Service N.J.....	44½	45	45	Caterpillar.....	96	94	83½
Stan. Gas & Elec.....	12	11½	11½	Cont. Can.....	60	60	60
United Corp.....	6½	6½	6½	Ingersoll Rand.....	139	135½	135½
United Gas Imp.....	14½	14½	14½	Int'l. Harvester.....	106½	104	104
Am. Tel. & Tel.....	173½	171½	171	Johns Manville.....	147	143½	142½
Int. Tel. and Tel.....	12½	12½	12½	Am. Radiator.....	28½	25½	25½
Western Union.....	75½	74½	74	Corn Products.....	69	67½	66½
Radio.....	11½	11½	11½	J. I. Case and Co.....	158½	158	159½
Radio B. Pref. New	77½	76½	...	Glidden.....	47½	47½	46½
3. Extractive and Metal Industries				Gen. Am. Transp.....	79½	79	...
Am. Rolling Mills.....	39½	41½	40½	Allied Mills.....	27½	18½	18½
Beth. Steel.....	98½	98	98½	Celanese of America.....	34½	33½	34½
Beth. Steel Pref. xd.....	124½	124	...	Ind. Rayon New.....	39½	39½	41½
Republic Steel.....	44½	45½	44½	Colgate Palmolive.....	24½	24½	24½
U.S. Steel.....	121½	121½	118½	Eastman Kodak xd.....	164½	164	162½
U.S. Steel Pref.....	147½	145½	145½	Gillette xd.....	18	17½	17½
Alaska Juneau xd.....	14½	14½	14½	Lambert Co.....	21½	21	20½
American Metal.....	64½	63	63	Loews xd.....	78	79½	79½
American Smelting.....	99½	98	97	20th Century Fox.....	39	38½	38½
Anacosta.....	65½	64	64	5. Retail Trade and Food			
Bohm Aluminium.....	44	44½	44	Montgomery Ward.....	67	62½	61½
Cerro de Pasco.....	80	81½	79½	J. C. Penney Co.....	102½	99½	100
Int. Nickel.....	70½	69½	68½	Sears Roebuck xd.....	94	91	91½
Kennecott xd.....	66	65½	65	United Drug.....	15½	14½	15
Patito Mines.....	21	20½	20	Walgreen xd.....	32½	30½	30
Texas Gulf Sulph.....	39½	42½	42	Woolworth.....	52½	55	54
U.S. Smelt xd.....	99½	100	98½	Borden.....	27	26½	26½
Vanadium Corp.....	36½	36	35½	Gen. Foods.....	42½	42	42½
Atlantic Refining.....	34½	34½	34½	Kroger Grocery.....	23	22½	22½
Phillips Petroleum.....	56½	57	56½	Nat. Biscuit xd.....	31	29½	29½
Shell Union Pref.....	103½	103½	103½	Nat. Dairy.....	24½	24½	24½
Shell Union Pref.....	103½	103½	103½	Standard Brands.....	15½	15	14½
Socoy Vacuum.....	18½	19	18½	Am. Tobacco B.....	82½	84½	84
Stand. Oil Calif.....	47½	47	46½	Liggett Myers B.....	102	102½	102½
Stand. Oil N.J.....	72½	72½	71½	Lorillard.....	24½	24	24
Texas Corp.....	57½	61½	61½	Reynolds Tob. B. x.....	32½	32½	32½
6. Finance				National Distillers.....	34½	34	34
Commercial Credit.....	60½	60½	60	Schenley Distillers.....	50½	48½	48½
Atas Corp.....	18½	17½	17½	7. Miscellaneous			
Com. Invest. Trust.....	70½	68½	68½	...	...	...	...

OVER ONE HUNDRED AND TEN YEARS OF SERVICE
SCOTTISH UNION & NATIONAL
INSURANCE COMPANY
ASSETS - EXCEED £16,000,000
FIRE LIFE ACCIDENT MARINE

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

	1936		1937		Be- ginning of Year 1937	Mar. 17, 1937	Mar. 24, 1937	Mar. 31, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Jan. 6	Highest Mar. 10				
347 Industrials ...	112.7	145.9	143.2	155.7	143.2	151.8	147.9	150.3
32 Rails	42.8	60.2(5)	54.6	64.5(4)	54.6	64.5	61.0	61.8
40 Utilities	91.2	111.0(6)	102.5(2)	116.4(4)	111.7	105.0	102.8	102.5
Total, 419 Stocks	97.7	125.4	123.5	132.4	123.5	129.5	126.0	127.6
Average yield*.....	4.50% High (c)	2.65% Low (a)	3.53% High	3.20% Low (s)	3.53%	3.41%	3.52%	3.39%

* 50 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 23rd
(d) March 31st. (e) December 2nd. (f) March 17th. (g) February 10th. (h) January 13th.

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

Highest*	Lowest†	Mar. 17	Mar. 18	Mar. 19	Mar. 20	Mar. 22	Mar. 23	Mar. 24
180.3	161.8	174.3	170.4	170.3	170.1	165.5	168.3	170.5
* March 6th. † January 4th.								
Mar. 25	Mar. 26	Mar. 27	Mar. 29	Mar. 30	Mar. 31			
170.6	(a) Closed	171.3	170.0	173.4	173.2			

(a) Good Friday.

TOTAL DEALINGS IN NEW YORK

	March 18	March 19	March 20*	March 22	March 23	March 24
Stock Exchange— Shares (No. Thous.) ...	2,280	1,740	710	2,030	1,590	1,430
Bonds (Thous. \$) ...	19,570	18,550	10,900	18,960	20,180	17,520
Curb— Shares (Thous.)	536	432	253	545	365	332
	March 25	March 26	March 27*	March 29	March 30	March 31
Stock Exchange— Shares (No. Thous.) ...	1,250	(a)	530	870	1,220	1,660
Bonds (Thous. \$) ...	10,180	(a)	5,140	8,940	11,670	14,180
Curb— Shares (Thous.)	324	Closed	218	396	654	429

(a) Good Friday.

* Two-hour session.

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THE WALL STREET JOURNAL

62, Cannon St., London, E. C. 4

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PARIS

THE Bourse spent most of the month digesting the successful defence loan. The new financial programme came rather as a surprise after a somewhat uncompromising speech by M. Blum at the beginning of the month. But it was given a reasonably kind welcome, and prices rose considerably. Indeed, the substantial selling of international counters by French investors anxious to take up the loan seems to have produced its depressing effect almost entirely in other markets. After the completion of the awkward readjustments needed for so large an issue, however, the Bourse has remained nervous, and highly sensitive to political events. A big set-back was caused by the Clichy riots, and persisted until the Government had successfully faced the Chamber on the issue. Despite the subsequent recovery, some time seems likely to elapse, given political calm and continued economic recovery, before the market can return to normal conditions.

	Mar. 3, 1937	Mar. 15, 1937	Mar. 31, 1937	Mar. 3, 1937	Mar. 15, 1937	Mar. 31, 1937
3% Perp. Rentes	70.95	73.60	71.25	Royal Dutch	53,030	50,900
4% Rentes 1917	68.65	73.40	71.45	Wagons Lits	122½	127
Banque de France	7,900	8,795	8,320	Mexican Eagle	153½	133
Credit Lyonnais	1,539	1,775	1,692	"Chartered"	266	247½
Suez Canal	27,100	24,250	24,375	Ford	95	101
Chargeurs Réunis	507	580	545	De Beers	2,542	2,370
Rio Tinto	3,240	3,291	2,955	"Johnnies"	488	470

BERLIN

WHILE fixed-interest securities continued their advance in March, the general level of shares hardly changed. Early in the month a slight stimulus was provided by the official announcement that excess dividends impounded under the Loan Stock Law would be paid out to shareholders after the first three-years' term, and certain of the shares concerned rose sharply. But later uncertainty regarding the method of payment reduced even this group to inertia. Private railways and textiles were in occasional demand, and also certain specialties in the rubber, department store and non-ferrous metals groups. Bank shares were steady to firm, particularly mortgage banks. Standard industrials in the steel, engineering, and electrical groups were mainly quiet. Little interest was shown in colonials, an exception being Otavi on the announcement that mining would be resumed. Foreign-currency securities were unquoted, the only sales being to the Reichsbank, at prices generally corresponding to the last quotations of February. In certificated dollar bonds little business was done, but there was a decline in quotations owing to the deduction of coupons in connection with the issue of dollar funding loans by the Conversion Fund. Later in the month converted dollar bonds were firm. The official shares index (1926 = 100) for February was 108.14 as against 106.59 for January; bonds index 97.37 against 96.67.

	Mar. 3, 1937	Mar. 15, 1937	Mar. 31, 1937		Mar. 3, 1937	Mar. 15, 1937	Mar. 31, 1937
Reichsbank	190.25	205.25	195.75	A. E. G.	38.75	38.60	41.50
D.D. Bank	118.50	119.50	120.00	Siemens & Halske	195.25	199.00	192.75
Dresdner	105.00	106.00	103.00	Vereingte Stahlwerke (New)	119.75	119.60	114.75
I.G. Farben	169.10	169.40	165.60	Hamburg-Amer.	17.00	16.50	16.10
Norddeutscher Lloyd (New)	17.50	17.75	16.25				

AMSTERDAM

NEAR-BOOM conditions have been experienced throughout March. Rubber shares took the lead during the first week of the month, but sugar and metal shares followed, and the advance was little retarded by French liquidation. A bout of profit-taking and news of possible "boom-braking" measures in America later caused a fairly serious reaction. But in the last few days fears were forgotten, and industrials joined in a general advance. It seems, however, that more balanced views of the rubber situation in circulation in this market may tend to prevent the recurrence of a further bout of excited dealing in the shares.

	Mar. 3, 1937	Mar. 15, 1937	Mar. 31, 1937		Mar. 3, 1937	Mar. 15, 1937	Mar. 31, 1937
2½% Dutch Loan	79½	79½	77½	Steel Common	89½	91½	91
5½% German	33½	30½	30½	A. K. U.	72½	71½	78½
Unilever N.V.	177	145½	168½	Ford Motor	284½	282½	280½
Philips Lamps	338½	347½	352½	Deli Batavia Tob.	285	312	287½
Netherlands Ship Union	125½	139	141½	Royal Dutch	445	430½	422½
				Handels Ams	523½	533½	526½

* With transfer certificate.

CANADA

THE Canadian stock markets have recently been strong. Brokers' loans in Montreal reached \$40,680,541 in February, the highest point since October, 1931, and more than double the figure for February, 1935. The main factor was the upswing in base metal prices; stocks of steel and equipment companies and of base metal producers were heavily bought. The general market remained firm, during the opening days of March, but has since reacted. Some "shake-out" was overdue, but it was not carried very far. By mid-month the recession was checked, and most stocks are again moving upward. Gold stocks have steadily lost ground, owing to the diversion of interest to base metal stocks. Bonds continue weak; for the week ending March 11th the Bureau's index of long-term Dominion bond prices fell to 113.3, as compared

with 113.9 in the previous week. The drop this year is 5.1 points. The Bureau's "Investors" Index for the week ending March 11th was 149.5, as compared with a weekly average of 139.5 for February. The London Stock Exchange associated itself closely with the new Toronto Exchange on March 30th. In the presence of the High Commissioner for Canada, Mr R. B. Pearson, chairman of the London Stock Exchange Committee, officially inaugurated trading on the new Toronto floor, by pressing a button in the Committee Room.

	Price, Mar. 3, 1937	Price, Mar. 31, 1937	Mar. 31, 1937 Eng. Equiv.†		Price, Mar. 3, 1937	Price, Mar. 31, 1937	Mar. 31, 1937 Eng. Equiv.†
Bell Telephone	162½	164½	160½	Cockshutt Plow	18½	22½	21½
Canadian Car and Foundry	17½	18½	17½	Dominion Glass	115	114½	112
Do. pref.	27½	28½	28	International Petro- leum	39½	37½	36½
Power Corporation	28½	27½	26½	Brazil Traction	29½	27½	26½
Dome Mines	46	46½	45½	British Columbia Power "A"	38½	37½	36½
Hollinger	14½	14½	13½	Do. "B"	10½	9½	9
McIntyre	40	39½	40½	Canada Cement	18½	20½	21½
Bank of Canada	58½	58	59½	International Nickel	72	69½	70½
Bank of Montreal	211	228	233½	Massey Harris Com.	14½	15½	15½
Bank of Nova Scotia	342½	335	342½	Montreal Light	31½	30½	30½
Royal Bank of Canada	225½	217	222½	Ogilvie Flour Mills	28½	28½	28½
Canadian Bank of Commerce	200½	199	203½	Quebec Power	21½	20	20½
Canadian Pacific Ry.	17	15½	16	Shawinigan Water	29½	28½	29½
				Steel Co. of Canada	90	90½	92½

† 84.89 to £.

CAPITAL ISSUES

TOTALS OF CAPITAL ISSUES DURING WEEK

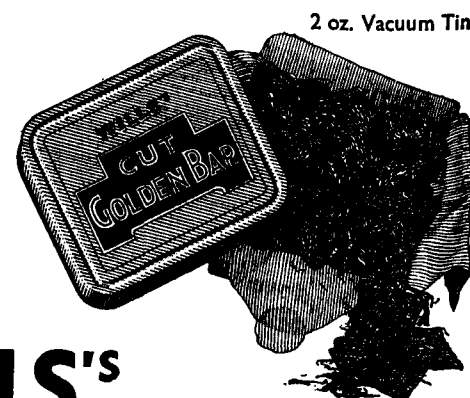
Net Sales of National Savings Certificates, eleven days ended March 31, 1937, Dr. £50,000

	Nominal Capital	Conversions	New Money	
To the Public	Nil	£	Nil	
To Shareholders only	2,291,639	250,000	3,468,528	
By Stock Exchange Introduction	186,816	...	305,046	
By Permission to Deal	377,480	...	975,097	
Total Capital Raised—				
	Including Conversions	Excluding Conversions	Total offered for Subscription—	
			Including Conversions	
			Excluding Conversions	
			£	
1937 (New Basis) ...	151,130,183	119,543,641	Whole Year (New Basis)—	
1937 (Old Basis) ...	75,253,021	46,391,379	1936 ...	642,017,245
1936 (New Basis) ...	148,728,324	103,362,985	1935 ...	698,313,125
1936 (Old Basis) ...	110,011,600	64,546,261	Whole Year (Old Basis)—	
January 1 to date (Old Basis)—			1936 ...	402,470,003
1935	97,717,712	28,492,005	1935 ...	548,351,393
1934	210,335,661	62,076,353	1934 ...	410,980,300
1928	...	174,069,000	1933 ...	467,921,500
			1928 ...	683,000,056

GOLDEN MOMENTS

The Cup Final

Just on time he takes the ball in his stride and slams it into the net—the winning goal. What a Golden Moment for him as he receives the coveted Cup. But even he cannot buy a better tobacco than "Cut Golden Bar" at a shilling an ounce. But it must be Wills's.



WILLS'S

CUT GOLDEN BAR

READY RUBBED
In 2 oz. Pocket Vacuum Tins and 1 oz. Airtight Tins
FLAKE FORM
In 2 oz. Vacuum Tins and 1 oz. Packets

1/- AN OUNCE

Made by the Imperial Tobacco Co. Ltd. (London and Bristol, Eng.)



(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Yield worked on a 80 per cent. basis. (e) Annas per share. (f) Includes a Special Jubilee bonus of 24 per cent. free of tax. (g) Based on current annual dividend rate \$2-00 per share. (h) Including bonus of 5% free of tax. (i) Calculated on basis of 124 annas per share of Rs. 9. Taken at 16 annas to one rupee. (j) Worked on a 60 per cent. dividend basis. † Free of Income Tax. (k) Yield worked on a 55% basis. (l) Special Jubilee bonus. (m) Yield worked on a basis of £10 5s. 7d. per cent. less tax. (n) Yield worked on a 124% basis.

(Continued from page 33)

A. Reyrolle and Company.—Issue of 195,000 £1 ordinary shares at 25s. to holders on April 12th, in proportion of one new share for three held.

Stothert and Pitt.—Issue of 58,415 £1 ordinary shares at 28s., in proportion of one for four held.

Switchgear and Cows.—Issue of 80,000 5s. ordinary shares at 16s. to holders on March 1st, in proportion of one new share for five held.

Van Dyk Consolidated Mines.—Issue of 290,998 10s. shares at par, in proportion of seven shares for 100 held.

West Gloucestershire Power.—Issue of 68,500 £1 ordinary shares at par and 68,500 6½ per cent. £1 preference shares at 26s., in proportion of one preference and one ordinary for every £10 held.

CONVERSIONS AND REPAYMENTS

Barrow Hæmatite Steel.—Issue of £250,000 5 per cent. first mortgage debenture stock at par to holders of 6 per cent. debenture stock, to be redeemed at 102½ per cent. on July 30, 1937.

John Cotton.—It is proposed to extinguish the present preference shares and reduce the capital, by paying on the preference £1 per share with interest; holders may participate in an issue of £40,000 7 per cent. debenture stock.

ISSUE WITHDRAWN

Trafalgar Engineering.—In view of the small response to the offer for sale of 725,000 2s. ordinary shares at 3s. 6d. each, the directors have decided not to proceed to allotment. Subscriptions have been returned.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Mar. 17, 1937	Mar. 31, 1937
Baber (Chas. H.) Ord. 2/6.....	5/-	5/-	...	4/9-5/-
Do. 6% Pref. 10/-.....	10/6	10/6	...	10/-10/6
Bennett (I.) 5/-.....	5/9	5/9	...	4/10-5/1½
Coventry Machine 4/-.....	5/6	5/6	...	5/3-5/6
Doxford (Wm.) Ord. 20/-.....	...	...	57/0-57/6	56/3-56/9
Do. 5% Pref. £1.....	...	...	21/3-21/9	21/3-21/9
Gilbert (D. M.) 4/-.....	7/6	7/6	6/0-6/6	6/0-6/6
Hammerton (Chas.) Ord. 10/-.....	...	...	22/3-22/9	22/9-23/3
Do. 5% Pref. 20/-.....	...	...	20/3-20/9	20/6-21/-
Hoover 5½% Pref. £1.....	21/6	11/6	44d-74d pm	12/4-12/10½
Houndsditch Warehouse 5/-.....	15/-	15/-	12/6-13/-	12/4-12/10½
Do. 5% Pref. £1.....	20/-	20/-	18/6-19/-	19/1-19/7½
Lake George Mining 10/-.....	92½	92½	21-2 dis	17-17/9
London Electric Transport 2½% Deb.	...	...	6/11-6/4½	21-1½ dis
Masson Scott 4/-.....	...	...	6/11-6/4½	21-1½ dis
Midhurst Whites 2/-.....	2/6	2/6	2/11-2/4½	2/11-2/4½
Peerless Kitchen Cabinet Ord. 2/-.....	6/-	6/-	5/3-5/9	5/3-5/9
Do. do. 6% Pref. 10/-.....	10/6	10/6	9/3-9/9	9/3-9/9
Premier Metal (S.A.) 2/-.....	3/-	3/-	2/3-2/6	2/3-2/6
Pullin (R. B.) 2/-.....	4/-	4/-	4/-4/3	3/10-4/1½
Rhodesia Railways 4½% Debts.....	98	65	41-3½ dis	41-3½ dis
Riverview Rubber 2/-.....	...	...	5/7-5/10½	9/3-9/9
Royal Mail Lines Ord. £1.....	...	...	9/-9/3	26/4-26/10½
Smith and Nephew Ord. 4/-.....	8/6	8/6	9/-9/3	9/3-9/9
Thomas (Richard) 4½% 1st Debts.....	99½	25	5½-5 dis	5½-4½ dis
Wilson (G.) Ord. 4/-.....	9/-	9/-	7/9-8/3	7/9-8/3
Do. 5½% Pref. 10/-.....	10/-	10/-	9/3-9/9	9/3-9/9

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Mar. 28, 1937. (c) Week ended Mar. 27, 1937.	Miles Open	Gross Receipts, week ended Mar. 28, 1937 (£'000)					Aggregate Gross Receipts, compared with 1936 (12 weeks) (£'000)				
		Passenger, etc.	Merchandise, etc.	Coal and Coke	Total	Total Receipts	Passenger, etc.	Merchandise, etc.	Coal and Coke	Total	Total Receipts
Great Western 1937	3,738	288	183	112	295	563	2,014	2,303	1,410	3,713	5,727
(c) L. & N. 1937	2,748	187	200	98	298	465	1,880	2,259	1,345	3,604	5,484
Eastern 1937	6,330	381	303	224	527	908	3,179	3,921	3,129	7,050	10,229
L. M. & S. 1937	6,377	637	428	256	824	1,441	2,864	3,900	3,147	7,047	10,031
Scottish 1937	6,899	420	488	236	724	1,444	4,485	5,647	3,374	9,208	14,038
Southern 1937	2,153	392	52	31	84	476	3,131	678	412	1,090	4,221
1936	2,154	256	64	31	95	351	2,896	719	445	1,164	4,060
Total 1937	19,098	1,678	986	623	1,590	3,268	13,154	12,642	8,418	21,061	34,215
1936	19,132	1,108	1,103	596	1,699	2,807	12,245	12,525	8,311	20,836	33,081
(b) Belfast & Co. Down 1937	80	1-7	...	...	0-5	2-2	20-0	...	...	6-1	26-1
(b) Great Eastern 1937	543	10-2	...	...	0-8	2-4	21-8	...	...	6-8	28-7
North 1937	543	7-3	...	...	11-9	19-2	94-7	...	...	112-0	218-7
(b) Great Southern 1937	2,076	32-2	...	...	44-1	76-3	321-3	...	...	499-1	820-4
1936	2,124	26-4	...	...	47-7	74-1	323-3	...	...	507-3	830-6

COMPARISONS WITH CORRESPONDING PERIODS, 1935 and 1936 (000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1936, compared with first half-year, 1935: Gross increase or decrease.....	+ 263	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935: Gross increase or decrease.....	+ 491	+ 1,575	+ 751	+ 378
First half-year 1937, compared with first half-year, 1936: 12 weeks to March 27, 1937 ...	+ 243	+ 532	+ 198	+ 161
Weekly average first half 1937 Latest week 1937 compared with 1936.....	+ 20½	+ 44½	+ 16½	+ 13½
	+ 98	+ 177	+ 61	+ 125

LONDON TRANSPORT

Week ending March 27, 1937	• Takings (before pooling)	Compared with corresponding period of last year
Aggregate 39 weeks to March 27, 1937	£21,770,100	+ £542,900
		+ £603,100

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

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1937	+ or -
				1937	+ or -

INDIAN

	1937	Ra.	Ra.	Ra.	Ra.
Assam Bengal	49	Feb. 28	1,330	\$4,15,100	+ 43,750
Barsi L. Ry.	49	Mar. 28	292	\$35,200	+ 13,100
Bengal & N. Western	25	Mar. 10	2,107	\$13,93,376	+ 2,52,902
Bengal-Nagpur	50	10	3,268	\$28,06,000	+ 3,08,602
Bombay, Bar. & C.I.	51	20	3,072	\$39,89,000	+ 2,94,000
Madras & S. Mahr.	49	Feb. 28	3,229	\$15,94,000	+ 2,29,438
Rohilk'd & Kumaon	25	Mar. 10	3,572	\$2,57,727	+ 8,921
South Indian	49	Feb. 28	2,532	\$12,46,456	+ 1,09,085

CANADIAN

	1937	\$	\$	\$	\$
Canadian National ..	11	Mar. 21	23566	3,614,905	+ 381,190
Canadian Pacific	11	21	17223	2,585,000	+ 224,000

SOUTH AMERICAN

	1937				
Antofagasta (Chili and Bolivia)	13	Mar. 28	834	\$18,110	+ 5,020
Argentine N.E.	39	27	753	\$135,200	+ 12,600
B.A. and Pacific	39	27	2,880	\$28,387	+ 1,184
B.A. Central	38	6	...	\$125,248	+ 290,000
B.A. Gt. Southern ..	39	27	5,084	\$144,900	+ 50,862
B.A. Western	39	27	1,930	\$13,105,000	+ 408,000
Central Argentine ...	39	27	3,700	\$192,618	+ 34,040
Central Uruguayan ..	38	20	273	\$11,958	+ 588
C. Urg. (East Ext.) ..	38	20	311	\$2,848	+ 322
C. Urg. (N. Ext.)	38	20	185	\$1,701	+ 69
C. Urg. (W. Ext.)	38	20	211	\$966	+ 183
Cordoba Central	39	27	1,218	\$424,000	+ 12,000
Entre Rios	39	27	810	\$26,300	+ 2,090
G. Westn. of Brazil ..	13	27	1,082	\$175,300	+ 34,400
Leopoldina	13	27	1,918	\$10,875	+ 2,597
Leopoldina Ternm. ...	13	27	...	\$518,000	+ 129,000
Nitrate	11	15	397	\$22,688	+ 3,768
Paraguay Central ...	39	27	274	\$320,000	+ 17,000
Salvador	38	20	100	\$4,108,000	+ 197,400
San Paulo	12	21	153½	\$31,183	+ 6,599
United of Havana	39	27	1,353	\$58,389	+ 13,762

• Converted at average official rate during week ended Mar. 27, 1937, 16-12 pesos to the £.
• Free market rate. † Receipts in Argentine pesos. † Fortnight.
• Converted at official rate. • Converted at "controlled free" rate.
† Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

	1937				
Egyptian Delta Light Railways	49	Mar. 10	621	\$7,269	+ 1,071
Egyptian Markets	12	25	...	1,654	+ 280
Gr. Southn. of Spain	34	Aug. 29	104	Ps. 14,208	+ 62,848
Mexican Railway ...	12	Mar. 21	483	\$386,100	+ 106,500

SUEZ CANAL RECEIPTS

	1937				
Suez Canal	13	Mar. 20	...	\$372,800	+ 18,900

TRAMWAYS WEEKLY GROSS RECEIPTS

	1937				
Anglo-Argentine	12	Mar. 25	825	\$820,005	+ 23,359
B. Aires Lacroze	36	7	...	\$73,544	+ 2,210
Burnley, Colne and Nelson Jt. Trstpt.	12	27	76	\$5,524	+ 531
Calcutta Tramways ..	10	27	...	\$10,660	+ 571
Isle of Thanet Elec. ...	12	10	...	\$2,960	+ 159
Liverpool Corp.	51	24	...	\$31,114	+ 1,840
Madras Electric	11	15	...	\$52,505	+ 338

† Fortnight.

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1937	+ or -
				1937	+ or -
Canadian National ..	2	Feb. 28	Gross Net	\$14,301,856	+ 1,235,346
Canadian Pacific	2	Feb. 28	Gross Net	\$471,894	+ 760,354
			Gross	\$9,725,000	+ 444,000
			Net	\$991,000	+ 123,000

COMPANY MEETINGS

GENERAL REFRACTORIES, LIMITED

Manufacturers of Heat-Resisting and Heat-Insulating Materials, Sheffield

ANOTHER YEAR OF RECORD PROGRESS AND PROFITS

PRODUCTS IN EVER-INCREASING DEMAND

DIVIDEND INCREASED TO 16 PER CENT.

MR FRANK S. RUSSELL'S SPEECH

The thirty-seventh annual general meeting of General Refractories, Limited (manufacturers of heat-resisting and heat-insulating materials), was held, on the 31st ultimo, in Sheffield.

Mr Frank S. Russell (the chairman) presided.

The Chairman said that the year under review had been one of continued expansion, enlarged output and increased employment, the latter being a cause of considerable satisfaction to the board. The annual growth of the figures of the wages lists of the group was rather impressive, and he was very glad that the improvement in trade, which had followed the wise and brilliant policy of the National Government, had permitted the company to increase the number of its employees, and thereby ensure comfort and happiness to many households in which care and penury had previously existed. During the year the internal organisation had been strengthened and a portion of the selling arrangements had been decentralised into branch offices under efficient managers.

After offering thanks to his co-directors, the staff, and the employees generally for their co-operation, and announcing the establishment of a pension fund—to which the company had contributed £5,000—he said:—When we met here last year I said I trusted we should meet again twelve months later to celebrate still another record year. This hope has been fulfilled, and as you will have noted from the report our sales in the year are more than half as much again as they were in the previous year, and our profit is far in advance of any figure it has ever reached before. Our own operations alone, without dividends on our holding of ordinary shares in subsidiary companies, yielded us £66,741, as against the £55,392 realised in 1935, and which was the total of our own earnings added to the dividends mentioned.

The Genefax Group is now a very substantial combination for producing both refractories and profits. A close estimate of the gross profits earned by the other members of the group during last year (apart from our own) is in the neighbourhood of £79,000, subject to interest charges of about £9,000 and depreciation allocations totalling possibly £10,000. To the substantial bulk of the balance we are entitled by virtue of the proportion of the shares we hold, added to which there is, of course, an accumulation of substantial value standing to the credit of profit and loss accounts.

FINAL DIVIDEND

The board recommends the payment of a final dividend of 10 per cent. (less income tax), making, with the interim dividend of 6 per cent. (less tax) paid on August 17th last, 16 per cent. for the year (as against 15 per cent. for last year).

In order to save expense and trouble it is intended to post the dividend warrants along with this report and the provisional allotments of the new share capital, if the issue of the latter be sanctioned at the meeting which follows.

CONSOLIDATED ACCOUNTS OF THE SUBSIDIARY COMPANIES

Instructions have been given to our auditors to prepare a consolidated balance sheet as at March 31st from the accounts of the subsidiary companies which are being made up to that date, and this we hope to include with the progress report we intend to distribute early in August next along with the interim dividend.

This non-inclusion of the subsidiary dividends in current year's profits means that we can now always have a year of their dividends in hand. These provide a fund from which our own interim dividend can be paid and, in addition, the new system leaves plenty of time in which to prepare the accounts of the subsidiaries, hold their meetings, and declare their dividends—a strong and conservative position which I know you will approve. We look forward with considerable confidence to the combined profits of the other members of the group being well in excess of

our own, and feel we are entitled to expect this in return for our extension, improvement and reorganisation of their means of production.

On the advice of eminent accountants we are placing the audits of our principal English subsidiaries in the hands of our own auditors, and the Scottish audits in the hands of one firm of high standing there.

THE ACCOUNTS

Turning to the accounts there seems to be little for me to say because of the simple form in which they are presented. The capital was increased to £475,000 and has fully justified itself. The creditors are higher, but the debtors are proportionately higher still.

The total reserves are now within measurable distance of the total of the issued capital and may be equal to it next year. The credit balance carried forward to next year is only £8,000 less than it was last year, though this year's profits do not include the dividends I have mentioned, and we have put £3,000 more to income-tax reserve, £1,000 more to depreciation reserve, and have paid and are paying out in dividends nearly £20,000 more than last year. The value of our assets in the way of land, buildings, plant, etc., at cost, is £70,000 more than it was last year, and our holdings in other companies are worth £220,000 more than they were. Our stock-in-trade is higher by £25,000, and as against our creditor accounts of not more than £200,000 (including taxation) we have assets of over £1,000,000. The value of our stocks of raw materials has increased considerably since we acquired them.

NATIONAL VALUE OF HEAVIER STOCKS OF IMPORTED MATERIALS

With regard to this matter of stocks, it is our intention (for which we have already made arrangements) still further to increase the size of these stocks in order that our group may, in the event of a serious European disturbance, be independent of foreign supplies for many months to come. This is a measure of wise precaution which constitutes "preparedness" in accord with national policy, and works hand in hand with the national re-armament programme. As the cost of these materials is high, there is a considerable sum involved in financing them, and it is partly for this purpose that our new issue of capital is being made.

The country learned a lesson about stocks in 1914, and here I would emphasise to all parties concerned the value in any time of national emergency of a group such as our own, under one control, with its productive resources expanded, strengthened and mechanised during times of peace and prosperity, ready for the worst that may happen, whether it be the "rainy day" which many recent speakers appear to regard as inevitable, or an international conflict.

"HOW LONG WILL IT LAST?"

In mentioning the idea of a "rainy day" and being prepared for it, I am inevitably reminded of the "how-long-will-it-last?" query, which seems to epitomise the attitude of some who sit in high places. I have long pondered over the reason for this, and have after protracted thought arrived at the conclusion that such speakers and writers were so much impressed by the not far distant slump from which we have now happily emerged, that they began to regard it as a normal state of affairs, and are at this moment timorously counting the hours that it seems to them must elapse before they are once again plunged into despair. I cannot find that this pessimism is in any way justified. Looking back at figures extending over many long years of the past, I do not find the slump conditions of 1930, 1931 and 1932 to be normal at all but, on the other hand, definitely abnormal, and I

see no reason why (re-armament or no re-armament) we cannot with the added wisdom that our sufferings have taught us, continue indefinitely with that steady yet progressive "going on" which was accepted to be our due in Victorian years. What is known as "Prosperity" can easily be defined by such people as ourselves to mean "a demand for our goods." That demand arises from a demand for the goods of the consumer of our own products. The demand in its turn arises from other demands which can be shown to be born ultimately of a feeling of confidence in the future on the part of those with money to spend. This means that when those who hold the money bags are willing to adventure their wealth there is a larger demand for our products, our overheads cease to absorb the profits, and we become "prosperous." Because of the fact that they risk so much to gain so little, it is obvious that the inhabitants of the world of finance must necessarily be cautious, not to say timid, in their whole outlook. A breath of wind will ruffle the financial sea and it is only when those who navigate it feel certain that there is a reasonable expectation of calm weather that they will launch their golden argosies upon its somewhat treacherous bosom. It is important that their apprehensions be not aroused needlessly.

"THERE IS NOTHING TO FEAR BUT FEAR ITSELF"

The man who asks how long it will last is showing fear and thus tending to undermine confidence. "Good trade" is nothing more or less than the result of our being willing to spend our money because we feel reasonable confidence that conditions will be such as to permit us to earn some more money to take the place of what we spend—just the contrary to the thought that we must not indulge in cake for fear the money might be wanted for bread—in a phrase, "Prosperity is the daughter of Confidence."

The vast national expenditure on armaments cannot do other than create confidence. Armaments cannot be made without refractories (and neither can war), so for this industry at least it would seem that the future holds nothing in the way of cause for immediate despondency.

MILLION SALES

For the ensuing twelve months, we have set our hearts and minds on achieving the sale of a million pounds' worth of goods, and I see no reason why we should not succeed—in fact, I feel very certain that we shall do so, as our sales organisation is being strengthened and extended, our existing branch offices will have got better into their strides, new ones (Birmingham, Middlesbrough and Cardiff) are being put into commission, many of the works are being extended and their output increased, the demand continues unabated and is increasing, and the strength we derive from our combination grows daily more apparent in the way in which the large contracts tend to gravitate to our group.

I am looking forward with confidence to being able, at the silver jubilee celebration banquet, which the company intends to offer to its staff on April 1 next year, to make the announcement that this one more milestone has been passed. We increased our sales by nearly a quarter of a million pounds this year, and expect to achieve a still more important increase in 1937.

RECORDS AND STATISTICS—A MEASURE OF PROGRESS DURING RECENT YEARS

At Date of Report of	1934	1935	1936
The number of shareholders was.....	1,409	2,037	3,002
With an average shareholding of	327	328	344
The Group's annual output capacity of firebricks of all kinds, in millions	23	47	87
The number of works, mines and quarries, etc., in the group	41	68	105
Group expenditure on railway carriage during the year	£73,246	£102,330	£142,769

The number of super refractory bricks, such as magnesite, diazite, saxpyre and spinella, produced during the year at our now entirely mechanised model works at Worksop (probably the best equipped of its kind in Europe) was 41 per cent. greater than in 1935, which latter was 33 per cent. above 1934, which was 27 per cent. above 1933, which was 35 per cent. over 1932.

During the year the productive capacity of these works, which has been severely strained to keep pace with the demand, has been doubled, and they are now being additionally equipped by a hydraulic press at least equal to the most powerful in Europe, and certainly the most modern.

Record outputs of high-grade refractory bricks of quality still further improved are expected to follow.

NEW PRODUCTS

In the sales of new products the year has been chiefly remarkable for the increase in the output of "Saxpyre" bricks, which have definitely proved their value and reliability for use in basic open hearth furnaces, and have been sold in increasingly large quantities both in Great Britain and on the Continent.

The knowledge gained in the evolution of this brick has led to a close study of the whole question of "spalling" (by which is meant the destruction of the brick as a result of its surface peeling and cracking and flying off following exposure to heat). Its causes have been investigated and its cure discovered, and as a result we have placed on the market the non-spalling

"SPINELLA BRICK"

a compound of the spinels of magnesite, chromite, and alumina. The brick has successfully met the competition of a Continental brick of the same type which has made a certain amount of headway in this country in recent years, and those who have tried it report its superiority in every respect. There is an immense future before this type of brick, and we look forward to selling it freely in this country and abroad.

THE DOLOMAX BRICK—A BRICK BASED ON BRITISH DOLOMITE

Some two years ago we produced a basic brick consisting almost entirely of dolomite, a highly refractory mineral which may be freely obtained in our own country but which has ordinarily the defect of being subject to hydration. We evolved processes for its partial or complete stabilisation, but the demand for this class of brick being then uncertain, we did not put it on the market. Now, however, that so much interest is being shown in refractories which tend to render us independent of imported goods, we have done so, and with very encouraging results indeed.

We are pressing this introduction intensively, and though we are convinced that the field of application of any brick based on dolomite is limited, we shall explore that field to the fullest possible extent.

EXPORT TRADE

From time to time during the year British commercial leaders (and particularly Lord Riverdale) have emphasised the importance of this country developing its sales overseas (despite the intense home demand), because of its dependence upon imported food-stuffs. To this point of view we have fully subscribed, and we have by such means as are within our power developed our sales abroad.

The sales of this department of our business were, during the year, greatly in excess of those of the previous year, and arrangements we have completed point to a considerable further expansion during the current year, the sales for the month of February for example being twice those of February, 1936.

Our group is now building up a large export trade, based entirely on high quality, but so efficient are our processes becoming that we have little difficulty in competing in point of price also.

INSULATION AGAINST HEAT LOSSES THE EASIEST WAY OF SAVING MONEY

You will recollect the formation of International Diatomite, Limited, and its issue being subscribed 16 times over. You will remember also that it acquired the majority shares in Moler Products, Limited, and that we were to transfer the manufacture of our own Diatomite Heat Insulating bricks to the Colchester works of the last-named and take over from them the manufacture of refractory insulating bricks and the sales of both classes of bricks.

This has been duly effected, the whole of the selling arrangements have been rearranged, and the new sales campaign is in full swing.

The protection of furnace brickwork against the loss of heat is becoming every day more and more a matter of course, and the whole subject is becoming better understood.

Every shareholder can help in spreading the knowledge of the value of heat insulation, because of its universal application, an application which includes houses, shops, flats, refrigerators, firebricks, ovens, kilns, furnaces, and boilers, because Insulite and Economite bricks resist the passage of heat and keep it out just as well as they keep it in.

PROGRESS OF THE SUBSIDIARIES

The matter of their re-equipment and enlargement is being partially dealt with in the paragraph that follows, but you will be interested to hear that our Belgian works is now in full pro-

duction on the execution of important orders, with a plant which is second to none of its type.

In our last progress report I mentioned that one of our subsidiary companies was being enlarged to act as a holding company, to hold the shares of our subsidiary and associated companies. This has now been put into effect and the British Refractories Corporation, Limited, which has its own organisation under our own control, is already proving of considerable service in the simplification of the affairs with which we have to deal, and particularly in various types of joint action for the benefit of the group as a whole.

It is our ultimate aim to have only one subsidiary company whose accounts affect our own, and the arrangement whereby the year's dividends of the subsidiaries are being kept in hand is very helpful in this direction.

COMPANY'S POLICY

In reviewing the position of our company, which is that of the controlling unit of a combine consisting of a matter of 35 companies, I would say a few words to those who seem from time to time to express a little fear lest our group become too large. I find that such thoughts emanate mainly from individualists whose own businesses have never expanded, but reviewing the combines whose names are household words to-day, both for their importance and for the success of their operations, and whose size pales our own insignificance, I note "Allied Ironfounders" with a capital of over two and a half millions, "Associated Portland Cement Manufacturers" with six millions, "Calico Printers Association" with over five millions, "I.C.I." with 72 millions, "Lever Brothers" with 61 millions, "Radiation" with over three millions, and "Wall Paper Manufacturers" with over five millions. I feel we can safely follow where these and such as these have led.

Our own policy in this matter has been so successful (though only in its infancy) that it needs no defence, but in the *Financial Times* I find a paragraph referring to rubber companies, headed "That blessed word amalgamation," from which I quote some extracts:—

"What the boom did clearly demonstrate was the needless labour and expense involved in there being such a multiplicity of companies, when, by a process of amalgamation, the industry could be so materially benefited and shareholders financially advantaged. The policy of amalgamation, to the 'common-or-garden' mind, seems no more than sensible and obvious. Who there should be scores of different companies, each of them paying London and other office expenses, and giving rise to innumerable difficulties . . . it is hard to understand."

This is precisely what we have done with a proportion of the British refractories industry, and we are now settling down to a policy of peaceful development of its interests, of exploitation of its mineral and other resources, and a general concentration, simplification and consolidation of its activities.

"GENERAL REFRACTORIES" AND "REFRACTORIES GENERALLY"

Almost from the first inception of the company it has been the aim and policy of those who control it to arrange that its name should be a true description of its functions and position, that is to say, that General Refractories shall deal in refractories generally, and not merely one section of that industry. This is a policy that has been steadily pursued for the last 24 years, by the addition of first one branch and then another branch of manufacture to the company's activities.

No one class of firebrick or type of refractory material works can meet the need of every section of users or every user, or be able to supply a consumer with all he requires.

Even during our earlier years our expansion was mainly in the direction of the acquirement of interests in existing plants, and we have always been averse to the idea of entering a field in direct competition to those already existing in it.

We are now heavily interested in the exceedingly important firebrick industries of Scotland and Stourbridge. We have acquired almost inexhaustible reserves of high-grade fireclay in both areas. It would have been easy for us to have erected extensive modern works near them, but we preferred rather to take the line of least resistance and enter the field by the purchasing of existing interests, as, for instance, Glenboig, Turnbills, Castlecary and Stevens.

WORLD-RENOWNED "GLENBOIG" FIREBRICKS

Another advantage of this policy is that we thus acquire an existing connection and perhaps (as in the case of Glenboig) a brand held in high respect throughout the entire world.

Our expansion cannot be complete until our organisation is rounded off, and by your control of a supply of refractories of every known type and for every industrial purpose, and there are still left a few departments with which we are not closely enough in touch (notably glass, cement and refractory hollowware) and with which we must make alliances and provision therefor in our capital structure.

THE CENTRAL LABORATORY

Research is so essential a feature of our industry, which must ever be in advance of the needs of its customers, that there is no need for me to emphasise the advisability of our being second to none in Europe in our scientific equipment. Nothing will give our customers more confidence than this decision.

SILICA BRICKS—FAMOUS "LOWOOD" AND "MELTHAM" BRAND

The shortage of scrap iron makes the use of more pig iron imperative. To produce pig iron it is necessary to consume coke, and coke means coke ovens. The output of the famous Meltham silica bricks must therefore be expanded to help the country's re-armament programme (if for no other reason), and at the Lowood Works, where the insistent demand (based entirely on the quality of the brick produced from the unique Deepcar Black Ganister) calls for an output at least twice that of the past, the output is being doubled by ultra-modern plant.

We have undertaken to supply "refractories generally." We have secured an alliance with the makers of many of the best-known and most highly trusted brands, and we cannot sit with folded hands and say to our customers "Our output is limited to so much, and you must go elsewhere for the rest." This would be not only unpatriotic but in direct contrast to our policy, which has not been unsuccessful through the years, and we cannot consider its adoption, nor do we think that our shareholders would wish us to do so.

THE NEW ISSUE OF SHARES

All this, however, costs money, but so long as the money can be fully and adequately employed and earn a remunerative rate of return, this again is what the country needs to provide employment and prosperity.

This has a direct bearing on the meeting which follows, and whose purpose it is to authorise the increase in the company's capital. We have thought it wise, while conditions are favourable, so to equip ourselves financially that we may be in a strong position of independence, that we may be able to meet the conditions which may arise in less prosperous times, and, moreover, so to fortify our position (and that of your capital) that we may be able to resist all attacks upon it by way of either new refractories or new combinations of interest.

THE OUTLOOK

With regard to the future, I have learned not to pretend to be a prophet, and I am not prophesying now, but I do think that the extent to which new methods, reorganisation, modern machinery, and labour and fuel saving plant can increase earning capability is hardly thoroughly realised even by ourselves, nor the advantages we gain through our interests covering every field of our industry.

Our sales for the month of March are nearly twice those of last March. For much of our output of the cheaper grades of refractories we are obtaining a sorely needed advance in price. We shall have an increasing output to sell, and, on the whole, I shall be surprised if 1937 does not yield results very gratifying to all concerned.

I think that, between us, we have built up something with a high-survival value, something based on a sound economic plan, and something worthy to endure through the years that are to come.

The report and accounts were adopted, and at the extraordinary general meeting which followed the resolution to increase the capital by the creation and issue of a further 300,000 ten shilling ordinary shares was carried unanimously.

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

THE BANK OF AUSTRALASIA

A YEAR OF GENERAL PROGRESS

INCREASED PROFIT

MR LIVINGSTONE-LEARMONTH'S SURVEY

The 103rd annual general meeting of the Proprietors of the Bank of Australasia was held, on the 1st instant, at the office of the Corporation, No. 4 Threadneedle Street, London, E.C., Mr Frederick V. C. Livingstone-Learmonth, D.S.O. (the chairman), presiding.

The manager (Mr Edmund Godward) having read the notice convening the meeting,

The Chairman said: Ladies and gentlemen, At our last annual meeting, the chairman, in his speech to you, expressed on your behalf the bank's sorrow occasioned through the death of King George V, and I may therefore be permitted to express in this Coronation year our fervent hopes for a long and prosperous reign to King George VI and Queen Elizabeth.

You will all have received the report and the accounts for the year ending on October 12, 1936, and I presume that, as usual, you will take them as read. (Agreed.)

CHANGES ON THE BOARD

Before dealing with the balance sheet and accounts, I have to record with very deep regret the death, since our last annual meeting, of two members of the court of directors, Lord Aldenham, the senior director, who was elected in 1887, and Mr Charles Edward Barnett, who was elected in 1907. Both these gentlemen served you faithfully for a great number of years, and they were well known to many of you. We as their colleagues have felt their loss very deeply.

I have also to announce that the directors have appointed the Hon. Geoffrey Cokayne Gibbs to fill the vacancy on the board occasioned by the death of the late Mr Harold Nelson, and to fill the vacancy caused by the death of the late Lord Aldenham the directors have appointed Mr Edmund Godward to be a director of the bank. Mr Godward, as you know, is our London manager, and has been for some fourteen years. Later on I shall ask you to confirm these appointments.

BETTER PRICES

The year under review has been one of general progress in Australia, and although parts of that continent have suffered drought conditions, yet the prices of its production in overseas markets have materially appreciated, with a result that it has been possible for the Federal Government to give substantial relief in taxation to the encouragement of trade and enterprise.

Wool, which is Australia's staple product, after a difficult time in the previous year, has regained its position with regard to price. This has been partly accomplished owing to a shortage in the commodity, but it also reflects the greater buoyancy in the world's trade. You are aware that for some considerable time there had been a complete stoppage of our wool sales to Japan, one of our best customers, but I am glad to say that, after lengthy conversations between the Australian and Japanese Governments, the dispute has now been amicably settled and the Japanese buyers have now recommenced purchases, and the markets in Australia have become increasingly active.

Gold production in Western Australia in 1936 was more than double that of 1929. In 1929 it was 377,176 fine ounces, in 1936 it was 848,208 ounces, valued at £7,373,000 Australian. In New South Wales, a much smaller producer, the increase was even more remarkable, viz., from 7,496 ounces in 1929 to 60,739 ounces in 1936. Victoria's gold production last year was 113,940 ounces, and Queensland's 115,550 ounces.

The final official figure for wheat production in the Commonwealth is 137,400,000 bushels, which is very much below the average owing to drought conditions. Prices, however, are considerably higher than in recent years.

OVERSEAS TRADE EXPANSION

Australia's overseas trade for 1936 shows a considerable improvement over 1935, and the favourable balance of £24,500,000 compares with one of £21,508,800 for 1935. Exports were £113,600,000, against £101,000,000 in 1935, and imports of £89,000,000, compared with £79,500,000. Her favourable trade balance with the United

Kingdom amounted to £20,276,000, as against £18,629,000 in the preceding year.

If trade expansion had been met by a corresponding increase in currency, our balance sheet figures would probably have shown some increase, but apparently the responsible authorities, being apprehensive of boom conditions, were anxious to avoid inflation, with a result that, while our funds enabled us to meet legitimate demands for advances, speculation was checked and money was able to command somewhat higher rates of interest.

To emphasise the confidence felt by the Australian public in the trading Banks, it is only necessary to compare the rate of interest allowed by the banks upon a two-year Fixed Deposit, and that obtainable upon an investment in a Government short-dated loan with approximately a two-year currency. Three per cent. is the Bank rate, but on the 3 per cent. and 4 per cent. Government issues falling due in 1938, allowing for accrued interest and redemption, the yield on the former is some £3 9s. per cent., and on the 4 per cent. it is £3 10s. per cent., also on the Government investment the investor would be exempt from State income tax and sundry other taxes payable on interest received from Bank deposits. These facts are well known and the maintenance and stability of the volume of Bank deposits in such circumstances is somewhat remarkable.

Commonwealth finances for the year to June 30, 1936, showed revenue £66,640,000 and expenditure £46,050,000, exclusive of amounts distributed to States, £17,023,000; thus showing a surplus of £3,567,000. This surplus it is proposed to appropriate as follows: £500,000 to further assistance to the States, £2,000,000 towards the Defence programme, and the balance of £1,067,000 goes in reduction of the accumulated deficit of £17,000,000. This reduction is, if belated, very welcome; leaving the deficit undealt with in the past has raised the question whether that was in accordance with sound finance.

BALANCE SHEET

You will not find much to comment upon in the balance sheet, the total of which is some £100,000 lower than that of 1935. The only items that seem to call for explanation are cash balances, which are some £100,000 less, and Australian Investments, which are some £1,100,000 lower than in 1935. Naturally, when trade improves the demand for advances increases, and our liquid resources have naturally to be drawn upon to meet the requirements of our customers for increased accommodation. You will see that advances have increased by nearly £1,000,000. I will deal with the profit and loss account figures later on.

Money rates in Australia are tightening, and the last two Government issues there have not been so successful as the flotation of former loans, and it was suggested in certain quarters in Australia that it might be an opportune time to float a loan in London. It is understood that the Commonwealth advisers in London advised that it would not be wise to attempt such an operation at the present time, and I think that those in touch with Stock Exchange conditions here would have no hesitation in endorsing their judgment.

NEW ZEALAND

With regard to New Zealand, you were told by your chairman last year that a Labour Government had been recently put into power by an overwhelming majority of votes, and they have been in office for some 16 months. Their very laudable desire to better the living conditions of their countrymen, which should indeed be shared by all Governments irrespective of colour, has led them into experimental channels which it is hoped they will fully explore before developing. It is difficult to see how the price paid to a producer can be artificially maintained above world market prices without creating unbearable internal burdens in taxation and raising internal prices to levels which will counteract any advantage accruing to the producer.

The Government's first step has been the socialisation of the dairying industry and, having paid the producer a fixed price, they have proceeded to sell the output in overseas markets with the

result that the banks have ceased to handle the homeward exchange. Only that portion of the proceeds of the sales not required to finance Government undertakings and debts will be available for the financing of imports into New Zealand. This must result in a diminution of the already slender profits made at some of our New Zealand branches, but we have some hope that we shall receive more equitable treatment from the present Labour Government than we have had from their predecessors in the matter of taxation which, hitherto, as applied to banks, has been levied on a hypothetical profit which largely exceeds the actual one. The inequity of the present method, which applies solely to banks, has been admitted by more than one National Government in New Zealand, but has not been remedied. We have a promise that it will be looked into by those now in power.

AN IMPORTANT ACT

An important Act passed in New Zealand during the year and one which must affect banking interests and, indeed, the whole business community as it affects the viability of contract, is the Mortgagees and Lessees Rehabilitation Act. This Act provides for the adjustment of all rural mortgages on the basis of the capitalised figure of the productive value of the land over the last eight or ten years. Urban mortgages are also to be readjusted on present day valuations. The Court will have wide powers, and may order the reduction of the mortgages, the postponement, reduction or remission of interest, and can assess the basic value of any lands for the purpose of enforcing any of the adjustments. It is understood that over 30,000 applications for adjustment have been lodged.

Large sums are being expended by the Government on public works and the erection of large public buildings—their building programme aggregating £5,000,000. Expenditure for 1936–37 is estimated at £31,000,000 as against some £26,000,000 for the preceding year. The public debt of the Dominion at March 31, 1936 was £282,561,000, as against £280,581,000 at March, 1935. The population of New Zealand, excluding Maoris, was on April 1, 1936, 1,491,484, as against 1,485,046 on April 1, 1935, an increase of 6,438. The Maori population of 82,326 increased 7,748 during the year.

PROFIT AND LOSS ACCOUNT

Now, turning to the profit and loss account, it will be seen that we are showing an increase in gross profit of £72,700, a quite appreciable amount, but charges of management in the way of salaries and general expenses have increased by over £40,000 and rates and taxes by over £5,000. So far as salaries are concerned, the bulk of our staff is subject to awards; that is to say, the rates of pay are fixed by Arbitration Courts, but in addition to increases caused through higher awards, we have thought it right in consequence of the better times and prospects to let our senior officers participate in the general increase in rates of pay. I am sure the proprietors approve of our action.

We are always anxious that our London staff should keep in close touch with our staff across the seas, and with that object in view, Mr Cowan, our secretary, has only recently returned from a long visit to both Australia and New Zealand, where he took the opportunity of meeting all the senior officers of the bank and visiting most of our branches, besides making himself familiar with the conditions in both those countries, which will stand him in good stead in the future.

GOOD SEASONAL CONDITIONS

With regard to seasonal reports which have reached us recently, I may say that they are most encouraging. Through the greater part of Australia good rains have fallen since the beginning of this year, and especially in some districts which, until recently, had been suffering from partial drought conditions. I will conclude my remarks by reading a cable which the superintendent sends to give us the latest seasonal information: "Season's conditions Australia and New Zealand are good."

I now beg to move that the report be adopted, and I will ask Mr Hamilton to second that resolution.

Mr C. Gipps Hamilton seconded the resolution, and it was carried unanimously.

The election of the Hon. Geoffrey Cokayne Gibbs and Mr Edmund Godward as directors was confirmed; the retiring directors, the Hon. Geoffrey Cokayne Gibbs, Mr Kenneth Goschen and Mr Horace Peel were re-elected, and the auditors, Messrs Deloitte, Plender, Griffiths and Company, were reappointed.

The Chairman then moved a vote of thanks to all their officers in Australia, New Zealand and London, which was carried unanimously.

A vote of thanks to the Chairman and court of directors, which was unanimously accorded, terminated the proceedings.

INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED

RECORD SALES

Mr Robert C. Stanley, chairman and president of the International Nickel Company of Canada, Limited, addressing the shareholders at the annual meeting of the company in Toronto, on March 30th, said that since 1932 metal industries the world over had been gradually recovering from a very serious trade depression. The improvement generally had been progressive, not only in volume of sales but in market prices as well, with the result that in many instances deficits had given place to substantial profits. The nickel industry, in which this company occupied a predominant position, recovered somewhat in advance of other basic industries. The reasons for this early and gratifying progress he believed to be twofold. In the first place, research and sales activities were continued and even augmented during the years of depression, with the result that nickel had been introduced into diversified fields and had taken its place as an essential industrial metal. Secondly, the installation of modern facilities throughout all of the company's properties had widened the range and improved the quality of products.

From the financial viewpoint the company was in the strongest position in its history, since it had no interest-bearing indebtedness and the balance sheet as of December 31, 1936, showed cash and Government bonds in the amount of \$47,113,426.32 as compared with \$32,720,024.06 a year ago.

INCREASED NET PROFIT

The net profit of \$36,865,526.11 shown on the profit and loss statement compared with \$26,086,527.47 reported for the previous year. This satisfactory increase was due in large measure to a greater volume of sales and to an improvement in prices of copper and platinum. The amount paid as common dividends was \$18,951,619.70, as compared with \$10,933,626.75 in 1935. The rate had again been increased this quarter, and \$7,289,084.50, or 50 cents per share, would be disbursed on the following day. Capital expenditure in 1936 aggregated \$11,202,265.71, as compared with \$3,206,642.40 in 1935. Of the foregoing total \$9,965,885.62 was used in Canada for necessary additions to mining, smelting and refining plants.

On the commercial side 1936 was outstanding in that the company sold more nickel, copper and platinum metals than in any previous year. Sales of nickel totalled 168,927,980 lb., as compared with 129,850,207 lb. in 1935, the previous record year of consumption. It was of interest to note that 54 per cent. of the company's sales of nickel were in the United States and Canada and the balance distributed over the rest of the world. Consumption in the United States and Canada increased 35 per cent. over the preceding year and consumption elsewhere increased 25 per cent. These figures were significant in that they refuted the suggestion, sometimes made, that the prosperity and development of the company were based upon military expenditures.

SECURITY TO EMPLOYEES

A plan designed to provide security to employees, affording old age and disability pensions and benefit payments in the case of death, had been in operation since 1928. The plan had been financed entirely by the company without contribution by employees. As against liabilities under the plan, a reserve, which at December 31, 1936, amounted to \$6,772,957.26, had been set up out of annual appropriations and appeared as a liability on the company's balance sheet. Since the benefit payments under the plan related back and took into account periods of service prior to the plan having been put into effect, there was an initial "accrued liability" which was scheduled for amortisation over a period of years. This "accrued liability" had not yet been fully amortised, the amount remaining for amortisation approximating \$4,300,000.

The new research laboratory in Birmingham, which was opened on October 21 last, was one of the largest laboratories in Europe erected by a single company and devoted solely to metallurgical research. The work of this laboratory would enable a further expansion throughout Europe of the company's technical services furnished the users of materials containing nickel. The Canadian research laboratory now being erected at Copper Cliff would be completed shortly. Plans for this building were extended to include the general chemical laboratory and a geological laboratory in addition to the facilities originally contemplated.

In conclusion, the Chairman said that the company's further progress depended upon world trade, which was currently improving, and hence, barring any serious political disturbances, it would seem that the outlook to-day was as favourable as at any time in recent years.

NATIONAL BANK OF INDIA, LIMITED

AGRICULTURAL AND TRADE PROGRESS

MR LANGFORD JAMES'S ADDRESS

The ordinary general meeting of the National Bank of India, Limited, was held, on the 31st ultimo, at the Wesleyan Hall, Bishopsgate, London, Mr R. Langford James (the Chairman) presiding.

The general manager (Mr E. H. Lawrence) having read the notice convening the meeting and the auditors' report,

The Chairman, in the course of his speech, said: The net profits for the year amounted to £456,286 6s. 3d., and are slightly less than those of 1935. With the sum of £247,668 12s. 7d. brought forward from the previous year the amount available is £703,954 18s. 10d. An interim dividend at the rate of 18 per cent. per annum, less income tax, was declared in September last, and we now recommend the payment of a final dividend at the same rate. These dividends will absorb £360,000, and we propose to add £50,000 to the staff pension fund, to place £50,000 to contingencies account, carrying forward £243,954 18s. 10d. All bad and doubtful debts are provided for in full.

FUTURE DIVIDENDS

You may have observed that while there has been little variation in the net profits of the bank during the past few years less satisfactory results would have been achieved had we not been able to effect considerable reductions in the expenses of management. Such economies, however, appear now to have reached a point beyond which, in the interests of efficient administration, they cannot be expected to go. The board have hitherto held the view that during the difficult times through which we have been passing—and by "we" I mean the general body of shareholders—as large a share of the profits as possible should be distributed, but unless an improvement in trading conditions takes place, with a concomitant increase in our earning power, it may be in the best interests of the bank to recommend a slightly smaller distribution of profits, especially in view of the desirability of making more regular allocations to such purposes as writing down our premises account, etc.

The Bank rate in India was stationary throughout the year at 3 per cent., as against an average rate during 1935 of 3.45 per cent. Easy conditions prevailed in the money market, and it was difficult to find profitable outlets for our resources. India's favourable trade balance has been maintained and has actually increased from Rs. 72 crores in 1935 to Rs. 80 crores for 1936.

A GOOD MONSOON

Generally speaking, the 1936 monsoon was a good one and, with the upward trend of produce prices, the purchasing power of the Indian cultivator has improved. So far as this country is concerned any benefit is likely to be reflected to a smaller extent than would have been the case some years ago. Nationalism is, naturally, of no less interest to India than it is to other countries, and considerable progress is being made in the domestic manufacture of products and articles that have hitherto been imported. The great firm of Tata Bros., of Bombay, were the first to point the way in this respect with their now famous iron and steel works.

The remarkable developments in the cotton mill and sugar industries are other "pointers" and the progress generally of India towards self support, backed as it is by the growing of immense quantities of produce for sale to less fortunate countries, cannot but make for strength, more particularly when, as is now the case, her customers can afford to pay remunerative prices. Unless anything unforeseen occurs, therefore, trade prospects generally in India are promising, although some of her leading industries are experiencing difficulties. For the first time for some seven or eight years the railway budget forecasts a surplus in the coming financial year—all of which, it should be noted, is expected to be derived from goods and not from passenger traffic—and this in itself is an index of the improvement in trade.

JUTE AND COTTON

The jute manufacturing industry in Bengal has been and still is passing through an anxious time. The Jute Mills Association having failed to come to terms with the outside or "mushroom"

mills as to working hours, all restrictions have been removed from mills within the association and manufacturers are now free to fix the working hours most suitable to each mill. Jute goods continue cheap, and this, coupled with the improved purchasing power of buyers at centres where there has been a rise in commodity prices, has led to an increased demand and to a tendency to lay in stocks of bags. Consequently although profits of the mills have fallen away considerably there is still some margin over costs. If and when, however, competition for orders increases, even that small margin may disappear and prospects before the industry are not bright. It has been obvious for some time past that, with Government declining to intervene for the protection of the established mills, the outcome was bound to be a straight fight between them and the outside mills. Now that this situation has arisen it may well be that the ordinary laws of supply and demand will eventually settle the troubles of this important industry. Such settlement, however, is only likely to be achieved through the elimination of some of the less efficient producers.

Exports of raw and manufactured cotton amounted to Rs. 43,84,00,505, showing a very considerable increase in value of Rs. 9 crores, whereas imports of raw cotton into India were on a considerably reduced scale, 300,496 bales being imported as against 487,508 bales in 1935. As regards cotton piece-goods and yarns there was a further substantial decline in imports, the figures for 1936 being Rs. 18,82,67,000, against Rs. 21,86,31,000 for the previous year. Imports from Great Britain were lower by Rs. 2,32,20,000 and from Japan by Rs. 16,51,000. The Bombay mill industry is still in a somewhat struggling condition although an improvement has been noticeable during the past year and Japan has ceased to be so prominent a competitor. Up-country mills, who buy the raw cotton at their doors and have a local market for the disposal of their manufactures, are not faring too badly. Some of the Indian mills which have turned their attention to fine counts are now manufacturing very attractive goods, and this can hardly fail to mean a further replacing of Lancashire goods.

TEA AND RUBBER

As regards tea, the fifth and final year of the present Regulation Scheme for the control of exports begins on April 1st and the International Tea Committee have advised the Governments concerned to retain the exportable quota at 82½ per cent. of the standard. There has been a progressive reduction in bonded stocks in this country during the past 11 months, the figure at the end of February being 206,000,000 lb. as compared with 262,000,000 lb. a year ago. Consumption in the United Kingdom is steady at last year's figure and the heavy clearances from bond in January and February of this year are considered to be due to fear of a Budget increase in the duty. Prices have shown a slightly better tendency throughout the year and at present are on a scale remunerative to practically all growers, except perhaps those in Darjeeling. Negotiations, I understand, are in progress with the Governments concerned for a renewal of the control scheme for a further five years, while in the meantime a combined campaign by producers to increase the consumption of tea throughout the world is in active operation. India exported 309,815,118 lb. and Ceylon 217,982,639 lb. during 1936, against 321,078,609 and 211,252,607 respectively in 1935.

The plantation rubber industry is passing through an interesting phase. In 1933, the year prior to the inception of control, the average price for standard rubber was 3½d. per lb. The regulation scheme came into operation on June 1, 1934, and the average price in that year was 6½d. per lb., in 1935 6d., and in 1936 7½d. During the past few months there has been a sharp rise in price to over 18s. per lb., but, taking the whole period of regulation, it can be said that prices have not been forced up unduly. World absorption is on the up-grade. It advanced from 937,461 tons in 1935 to 1,113,348 tons in 1936, and the recent decision to increase the exportable percentage of quotas this year should provide for anticipated requirements. The International Committee would appear to be carrying out its work with due regard to the interests of both producer and consumer. Exports have been adjusted to meet varying circumstances, and the prospects

for the future are encouraging. Southern India and Ceylon along with other rubber producing areas will undoubtedly benefit by the higher prices and increased crops. The important manufacturing industry which is springing up in India is further assisting growers in that country. The total export of rubber from all Eastern ports last year was 832,000 tons, compared with 855,000 tons in 1935 and 1,003,000 tons in 1934.

SUGAR

It had been foreseen for some time past that the boom in Indian sugar, brought about by a heavy protective tariff, would result in the erection of mills with a producing capacity in excess of the country's requirements. This has now come about, and the price of sugar has fallen to a level where only a few of the factories can be showing profitable working. The Excise duty was raised in the recent Budget by 11 annas per cwt., from Rs. 1-5-0 to Rs. 2, while the import duty was increased at the same time by only 3 annas. So far the additional Excise duty has not been fully reflected in the price of sugar and, for the time being, manufacturers are worse off than ever. Sir James Grigg, the Finance Member, in his Budget speech, appeared to indicate that in his opinion the sugar industry should look to improved efficiency for any betterment in its condition. While this is a hard doctrine for an industry which has been existing in comfort behind tariff walls to assimilate, it may be sound advice when it is considered that in the near future India may be offering surplus sugar in the world markets and thereby entering into direct competition with countries that at present produce at a much lower figure than she does.

BURMA AND CEYLON

Total exports of rice from Burma during last year amounted to 3,122,000 tons, or 182,000 tons less than the total for the previous year. India took 1,728,000 tons, an increase of 163,000 tons on the previous year. Exports to Europe were slightly less than in 1935 at 535,000 tons. Other markets took in the aggregate 279,000 tons less than in 1935, but the bulk of this decline is attributable to China, which took only 22,000 tons, as against 209,000 tons the previous year. The price for paddy opened at about Rs. 90/ and fluctuated within narrow limits during the year. Supplies practically had ceased by the end of November, when the price was about Rs. 103/. The trade agreement between India and Burma, referred to last year, has, I am glad to say, recently been ratified by an Order in Council, and so comes into force for a period of three years as from to-morrow, concurrently with the political separation of the two countries. As Burma is practically entirely a primary producer, the recent general rise in commodity prices has meant a steady improvement in the economic condition of the country, and this is reflected in a steadily improving balance of trade. Relatively, however, rice prices still lag considerably behind those of other grains.

Prospects in Ceylon, in view of the improved conditions of her three principal industries—viz. tea, rubber, and coconut products—are, I am pleased to say, brighter than for some years past, and it is to be hoped that the island's recuperative powers will now manifest themselves in a return of prosperity.

EAST AFRICA

The general rise in the price of produce is having a marked effect on the fortunes of East Africa, the advance in the price of sisal being particularly noticeable. The efforts of the gold-mining industry have not effected any spectacular improvement in the finances of these territories up to date, but progress is being shown and hopes are expressed that these fields may yet become of substantial importance. A quite appreciable quantity of tea is now being exported from the very fertile estates in the Kericho district of Kenya, and it is meeting with a good reception from London buyers.

A banking institution such as ours does not concern itself directly with politics, but meeting as we do on the last day of the old regime it is not inappropriate for me, before closing, to make a brief reference to the momentous change in the Constitution of British India which comes into existence to-morrow, when the Provinces commence their autonomous life. In spite of the somewhat bewildering news that is being received from some of the Provinces I feel confident that it will not be long before we see India's responsible legislators applying their undoubted gifts to the working of the Constitution and the general good of the country. In those circumstances they will have the good will and the good wishes of us all.

The report and accounts were unanimously adopted, and the formal business having been transacted, a cordial vote of thanks to the chairman, directors, general manager, and staff terminated the proceedings.

BANCO DI ROMA

LARGE INCREASE IN PROFITS

The general meeting of the Banco di Roma was held in Rome on March 26th. The report shows that, during the past year, the bank has continued its great activity in all branches of banking business, and has created a large organisation in Italian East Africa, where no less than nine flourishing branches are already working: Addis Ababa, Dessiè, Harar, Asmara, Massaua, Assab, Mogadiscio, Lechemti and Gondar.

The report shows that the constant increase in the business of the Banco di Roma has been intensified, and that there has been a very large increase in almost every item in the balance sheet. Deposits on current account and savings account have increased to Lire 982,348,882.83, being an increase of no less than Lire 317,619,430.01; balances due by correspondents amount to Lire 2,245,670,371.57, being an increase of Lire 402,142,291.53; circular cheques have risen by Lire 33,701,965.15 to Lire 141,801,117.51; cash and funds with the central bank amount to Lire 360,980,845.42, being an increase of Lire 59,953,009.86, and funds with other banks have also increased by Lire 14,133,827.19 to Lire 174,224,138.11. The Portfolio has also risen to Lire 1,471,052,780.56, an increase of Lire 267,027,412.95, and contangos at Lire 109,801,283.25 have more than doubled. The same applies to balances due to correspondents, which have risen to Lire 1,012,400,505.06, being an increase of Lire 304,036,432.03, and guaranteed current accounts which have risen to Lire 260,547,067.75 (an increase of 27,058,613.60) and guarantees for third parties which have risen by Lire 63,572,703.23 to Lire 172,003,824.17. The total of the balance sheet items has increased from Lire 3,171,570,254.95 to Lire 3,977,631,628.56, being an increase of Lire 806,061,373.61.

The year closed with a profit of Lire 9,773,328.29, as against Lire 5,139,039.70 in the previous year. The meeting decided not to proceed to the distribution of any dividend from the available profits which, including the balance of undistributed profits brought forward from the previous year, amount to Lire 15,469,683.43, and it was decided to transfer Lire 12,000,000 to internal reserves, and to carry forward Lire 3,469,683.43.

BRITISH ROPES LIMITED

INCREASED PROFITS

FAVOURABLE OUTLOOK

The fifteenth ordinary general meeting of British Ropes, Limited, was held, on the 31st ultimo, at the Abchurch Rooms, Bishopsgate, London.

Mr Herbert Smith (the chairman) said:—The profits for the year showed a further increase as compared with the previous year and, before providing for income tax, amounted to £231,575, which was considered satisfactory in view of the disastrous fire which practically destroyed the works of the company's very extensive hemp factory at Leith.

The improved profits have been brought about by the general improvement in trade within this country coupled with the extensive programme of reorganisation which was commenced in 1929, embracing not only the actual works of the company but, also, the commercial and selling organisations.

There is little doubt that the time and consideration given to the reorganisation and re-equipment of the company has been well worth while, and in the event of any serious setback in trade its position will be very much stronger than when the last period of adversity had to be faced.

The home trade has shown considerably greater expansion than the export trade and, to some extent, the re-armament programme of the Government must be regarded as having given a stimulus to the home market.

The company had considerable manufacturing interests in the Dominion of Canada, and it had been decided to proceed with the erection of an up-to-date wire mill and wire ropery at Germiston, South Africa, close to the big consuming district of the Rand.

The outlook at the present time was very favourable, and he had every hope that the progress which the company had made during the last two years would be more than maintained during 1937.

A dividend at the rate of 25 per cent. per annum, less tax, on the ordinary shares was approved and a further £25,000 placed to general reserve.

The report was unanimously adopted.

THE CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA

IMPORTANCE OF OVERSEAS TRADE

MR A. D'ANYERS WILLIS'S REVIEW OF CONDITIONS IN INDIA AND THE EAST

The eighty-third ordinary general meeting of the shareholders of The Chartered Bank of India, Australia and China was held, on the 31st ultimo, at the bank's premises, 38 Bishopsgate, London, Mr A. d'Anyers Willis (the chairman) presiding.

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

The Chairman, in the course of his speech, said:—Before proceeding to review the various aspects of world trade as affecting this bank, I propose to draw your attention very briefly to the more striking changes in our balance sheet figures, as compared with a year ago. Upon the liabilities side you will observe an increase of £3,141,786 in the total of our current and other accounts—a reflection of the large amount of funds seeking employment all over the world, and is partly due to the improvement in the rubber and tin industries in which your bank is so largely interested. Fixed deposits, on the other hand, show a decrease of approximately £943,000. Another increase, which is very welcome, is shown in acceptances on account of customers of about £1,063,000, indicating greater participation in the movement of certain commodities, which in parts of the East employ this method of finance. Loans payable, with an increase of just over £2,000,000, reverse the decrease shown last year, and are now rather above the figure in our 1934 balance sheet. As explained on previous occasions, these loans necessarily fluctuate considerably, and, generally speaking, represent temporary loans to finance exchange or other operations at a profit to the bank. These items account for the increase of almost £5,000,000 shown in the sterling total of the balance sheet.

ASSETS

Turning now to the assets, cash in hand and at bankers shows a slight increase of £413,000 at £4,834,863, whilst bullion on hand and in transit shows a comparatively large increase of nearly £1,000,000 from £249,861 to £1,230,534. Bills discounted and loans with a decrease of just over £500,000 and bills of exchange, including Treasury bills of about £700,000, illustrate only too pointedly the difficulty, to which I have referred in former years, of finding a profitable outlet for our funds. With an increase of over £3,000,000 in current accounts, deposits, and the decrease in loans and bills of exchange just referred to, we have been compelled to seek an outlet in the only other direction available—viz. Government securities, which have increased by approximately £3,700,000. I should perhaps add that a very large proportion of the bank's investments is in short-dated securities.

Other changes being of a minor character, I now turn to what is, I think, to both directors and shareholders alike, the most interesting part of our report—the profit and loss account. As compared with 1935, our net profits of £496,682 for the year show a small decrease of £1,961. After paying the usual interim dividend last September, we have available for distribution £467,719 18s. 10d., and we propose, subject to your approval, to pay a final dividend at the rate of 14 per cent. per annum for the half-year, absorbing £210,000; to add £35,000 to the officers' pension fund; to set aside £40,000 on account of contingencies, and to carry forward to this year the balance of £182,719 18s. 10d.

OVERSEAS TRADE

From this chair I have, as you know, been consistent in advocating that Great Britain's overseas trade should be fostered by every available means. It has been our policy, in the field in which we operate, to render every assistance, when approached, towards the culmination of business proposals which have appealed to industrial and manufacturing interests in this country, provided, of course, they carry with them sound principles of finance, making them a reasonable banking risk.

Since the slump of 1931, a great shrinkage has taken place in the volume and value of British export trade. This shrinkage has been mainly due to the effects of "Economic Nationalism" which has resulted in the establishment in most foreign countries of quotas and exchange restrictions, preventing the free movement of manufactured and capital goods. The increased prices now

being obtained for primary products, in most foreign countries in which we are interested, have produced a greater purchasing power. Resulting from this prosperity, it may be inferred there will be a tendency for a new or an increased demand for these very goods, the supply of which, hitherto, has been the mainstay of our overseas trade. Doubtless, in this connection, I must take into consideration the manner in which our home trade continues to expand and how the consumption of domestic goods and purchasing power go on increasing; also how industrial expansion is proceeding at a great pace all over the country, due, without a doubt, directly or indirectly, to the Government re-armament scheme. No matter how much we realise, on peace grounds alone, the necessity for our re-armament programme, it does not follow that the industrial structure, which has been created as the result of it, need be on a healthy business basis nor its durability extend beyond the life expected of it.

It is natural that export trade should seem less important when domestic trade is expanding, but for the above reasons I wish to emphasise the desirability of serious attention being devoted to overseas orders, especially as, should they be neglected now, they may not be available when the present abnormal domestic conditions have disappeared. I still hope at least when the overseas demand is not in actual conflict with domestic trade, it will not be entirely ignored, and that every effort will be made to retain a fair proportion of our pre-War supremacy in this direction. Bearing on the subject of the extension of foreign trade, the Ottawa Agreements, which expire in August this year, are shortly coming up for review. If, beyond the limits of the Empire, the scope of overseas trade can be widened by inviting other countries desiring freer trade to negotiate for a reciprocal lowering of the existing barriers, something definite may be achieved in furnishing a definite impetus to the volume of the world's commerce.

INDIA

Under the new Constitution, which becomes effective to-morrow, it is to be hoped that responsible Indian opinion will move along the line of effective co-operation, and in the end justify the responsibility which our Indian friends have now attained in the Government of their country.

India has given notice of terminating the Ottawa Pact, and a new trade agreement between her and Great Britain is now under discussion. Incidentally, the Japanese Government is also negotiating a fresh agreement, to take the place of the existing one, which expires this month. The result is of great importance to Lancashire with regard to her export of textiles.

An analysis shows that whereas in 1929 the United Kingdom exported 1,374 million square yards of cotton piece-goods to British India and Burma, the quantity had fallen to 485 million square yards in 1933, while the figure for 1936 had dropped to 416 million square yards.

Recent statistics indicate that 80 per cent. of the total piece-goods consumed in India are now produced by Indian mills and handlooms, and the balance of 20 per cent. is imported from Lancashire and Japan.

The high level of Indian protective duties continues to give Indian-made goods an overwhelming advantage over those manufactured in Lancashire, and, so far as the better qualities are concerned, current prices are beyond the range of prospective consumers.

It is to be hoped that, in view of Lancashire meeting India in the matter of increased purchases of her raw cotton, and taking into consideration a connection extending over a large number of years, with a complete understanding of local conditions, India will yield to the British market terms which Manchester will consider fair and reasonable.

India's export business is rapidly improving at higher price levels, due to the steady and increasing world demand for her products. It is interesting to note that the total imports were the lowest since 1930, with the exception of 1933, when they had declined to Rs. 116 crores. On the other hand, the exports are the highest during the last seven years, except in 1930, when they amounted to Rs. 257 crores.

CEYLON AND BRITISH MALAYA

Exports from Ceylon indicate a definite improvement in the last three months of 1936. Tea and rubber from the Customs return of 1936 show an increased valuation over the 1935 figures, but in comparison, the quantity of rubber exported is down by 3,864 tons last year. Coconut prices were generally higher, but the total yield from the produce was nearly Rs. 20 lacs less, owing to shortage of crop. Generally speaking, the trade outlook is favourable.

In British Malaya a general all-round improvement has taken place there during the past year. The ill-effects of the slump have now all but disappeared, and with rising prices of all her commodities there is an air of prosperity and a feeling of optimism for the future, which is in distinct contrast to the gloom of the past five years. Both the Straits Settlements and the Federated Malay States have large accumulated surpluses, and their Budgets continue to be framed with great caution. I am sure we all welcome the return to prosperity of the Dutch East Indies, which shared to the full the ill-effects of the recent depression.

CHINA

In happenings in China, which have made the greatest impression on the Western banking world in the last year or so, probably that of the change in China to a managed currency stands out relatively as the most important. In last year's speech, misgivings were expressed regarding the ability of the Chinese Government to maintain a managed currency. So far the arrangements have been successful, and if aided by a healthy export trade, and provided that no major political upheaval takes place to challenge the authority of the Central Government, there seems no reason why they should not continue to be a success.

The note issues of the three Chinese Government banks which at the moment constitute legal tender circulate freely in most parts of the country controlled from Nanking. No doubt the right to issue notes by other banks in certain parts of China will be withdrawn in due course. I have every reason to believe that the Government reserves of foreign funds, built to a great extent, I should say, from sales of bullion, are intact and have not been depleted in any way by the events of the year, which is all to the advantage of the currency control. According to Customs returns during 1936 net shipments of silver were \$249.6 millions, while gold shipments stood at \$40.6 millions.

To refer briefly to trade, I am very pleased to note that during and since the last quarter of 1936 a growing demand has arisen for China's products at enhanced prices, which, aided by a steady exchange, has made an encouraging change in the outlook for China generally. With a shortage of crops in other parts of the world, China has benefited and we begin to realise her advantage on the estimate that her crops, harvested last year, are worth \$3,000 millions more than the crops of 1935.

The returns of China's foreign trade for the year 1936 show imports valued at \$941 millions and exports at \$706 millions, compared with \$919 millions and \$595 millions respectively in 1935. The excess of imports thus amounted to \$235 millions in 1936, compared with \$324 millions in 1935. Making allowances for differences in exchange, etc., I find an important improvement has taken place in China's trade position since our last meeting.

It is gratifying to observe that the Export Credits Guarantee Department of the Department of Overseas Trade has recently sent to China a representative to explore and report upon commercial opportunities for British manufacturers. For some time to come, China is likely to be an important market for capital goods, and in particular, for machinery, to equip the new industrial plants that are being created under the supervision of the Ministry of Industries. A great deal of industrial progress is being made under the ægis of nationalised and semi-nationalised corporations.

JAPAN

Japan has had a difficult year, both from the political and economic point of view. The higher prices of the raw materials she imports for her manufacturing industries have recently put a strain on the exchange value of the yen. There is necessarily a time-lag before the higher value of her exports adjusts the position. I am glad to see that she is arranging for part of her gold reserves to be shipped abroad to strengthen her exchanges. This is a wise step, as, after all, reserves are of little value unless brought into front line defences when necessity arises.

The Finance Minister stated in Tokyo last month that the value of the gold reserve of the Bank of Japan was 1,700 million yen (say 100 million pounds), as against a note issue of 1,400 million yen. The annual production of gold in the Japanese Empire is stated to be about 100 million yen.

The report was adopted.

TELEPHONE AND GENERAL TRUST, LIMITED

STRONG FINANCIAL POSITION

The eleventh ordinary general meeting of this company was held, on the 31st ultimo, in London.

Sir Alexander Roger (the chairman) said that the profit for the year remained practically unaltered at £108,996, compared with £108,834. The Trust's investments at £1,535,029 showed a net increase of approximately £124,000. A valuation of the Trust's quoted investments at the end of the year showed that their market value in the aggregate was in excess of the figure shown in the balance sheet—without the help of the reserves—and, as regarded the unquoted investments, the directors considered they were conservatively valued.

WEST INDIES

The board had been urging forward the provision of a complete system of telephony and radiotelephony in the British West Indies, and to that end the Trust now held substantial interests in the telephone companies in Jamaica, Trinidad and Barbados, in addition to their large interest in Venezuela. He had just returned from a tour embracing all those properties, and he had noticed with great interest that, as compared with five years ago when he last visited that region, a large measure of prosperity had taken the place of depression. The greater activity in business merely emphasised the necessity for cheap and rapid communication which they were doing everything possible to further. In Jamaica the installation of automatic telephones had been completed in the area which they administered, viz. Kingston, but there was still no public telephone communication between Kingston and the rest of the island.

With regard to Trinidad, the company in which they were interested was doing well and, given an extension of the franchise on mutually equitable terms, the board could see the opportunity of spending at once probably £100,000 on extensions and improvements. In Barbados they were carrying out their policy of installing the latest form of Strowger automatic telephones. The companies in which they were interested in the West Indies represented a total capital expenditure of approximately £485,000, and, given reasonable conditions, they could see the expenditure of a further £500,000 which could be undertaken.

VENEZUELA

In regard to Venezuela it was again five years since he had been there, and in contrast to the feeling of repression which had been apparent to a visitor under the late regime, there was a more cheerful and hopeful feeling everywhere and a marked improvement in general business conditions. The Nacional Company, in which they had a large interest, had reduced its tariffs on January 1st last by arrangement with the Government beyond a point which the board considered to be an economic level. They had recovered nearly all of the telephone subscribers they had lost during the years of depression.

He had been most cordially received by the President, General Eleazar Lopez Contreras, and, in addition, he had met several of the Ministers and many of the other important people in the country. He had formed the view that Venezuela had a future before it of recuperation and even prosperity.

He expressed the hope and belief that their accounts for 1937 would be at least as good as those now submitted for the shareholders' approval.

The report was unanimously adopted.

OFFER TO READERS

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

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ASSOCIATED PORTLAND CEMENT MANUFACTURERS, LIMITED

FURTHER RECORDS ESTABLISHED

SIR MALCOLM STEWART'S SPEECH

The thirty-eighth ordinary general meeting of the Associated Portland Cement Manufacturers, Limited, was held, on the 31st ultimo, at River Plate House, London, E.C.

Sir P. Malcolm Stewart, Bt. (chairman and managing director), said that the profit on trading at £1,149,494, compared with £1,041,694, an increase of £107,800, but in the previous year they had charged through the trading account £62,500 for contingencies reserve, so that the relative increase in the trading profits was £45,300, which was accounted for by an improved turnover. The total revenue for the year, at £1,687,350, once more established a record for the company, and was £106,594 more than in the previous year. In addition to the usual charges for debenture stock interest and redemption and the same provision for general and barge depreciation, etc., they had set aside a reserve for contingencies amounting to £87,500, as against £62,500 debited to trading account in the previous year. They had also thought it wise to write down one of their investments in a subsidiary company by £10,000. There remained a balance of £929,617, which compared with £857,729 in the previous year. In addition to paying the dividend on the preference stock, they recommended a final dividend of 15 per cent. on the ordinary stock, making 22½ per cent. for the year. There would remain £4,617 to be added to the carry-forward, which would then stand at £196,665.

GRATIFYING RETURN FROM INVESTMENTS

If the trade and liquid investments were added together, they gave a total of £3,172,635. The income from that sum was last year £536,468, equal to nearly 17 per cent., which was a gratifying return. It was, of course, considerably influenced by the increased dividend on their investment in the ordinary stock of the British Portland Cement Manufacturers, but important contributions had also been made from their investments in overseas cement companies.

Those overseas cement works had been extended or modernised in recent years or were in course of extension. The consequent increased production and that of their competitors had so far been absorbed by the higher demand, but there were signs of possible over-production in some countries. That might apply particularly to South Africa in the near future.

A feature of the accounts which added strength to the balance sheet was the allocation of £87,500 to their contingencies fund, bringing the total of that reserve, together with that for taxation, up to £370,000. They had steadily built up that reserve without having to check the provision of generous sums for depreciation reserve. The long-continued application of that policy had resulted in the elimination of over-valuation and, although the figure at which their fixed assets stood in the books was to-day sound, the time was not yet come for relaxing their efforts with regard to depreciation.

Their production and deliveries of cement both constituted records. The net average selling price realised on the total deliveries was approximately the same as in the previous year. It was again adversely affected by the low prices ruling in many of the export markets in which they did business. Happily there was a prospect of obtaining improved export prices as the result of negotiations undertaken with the principal European exporters of Portland cement.

INDUSTRIALISTS AND PEACE

It was remarkable that industrialists of many nations of widely differing circumstances and outlook could come to agreement over issues affecting their particular commercial interests, issues fraught with many difficulties and much complexity, yet, on the all-important question of limitation of armaments and the procuring of an enduring peace, which were vital to every citizen of every country, no satisfactory solution was forthcoming. Success was achieved for material interests, but the translation of the ideal of peace into practice met with relative failure, despite the horrors experienced in the last war and the certainty of increased terrors in any war to come. For long we did not rearm so as to help forward the cause of peace; now re-armament was regarded as strengthening the possibilities of its attainment. The cost was

endured with complacency because we were conscious we could no longer face the risks of unpreparedness.

He was not challenging the policy, but it was amazing to find that material objectives could be secured while the cause of peace was not voiced with a sufficient effectiveness or unanimity to provide a sure foundation even for commerce, irrespective of the far greater and outstanding need of the citizens of so many nations for the security and happiness which could only be found in freedom from the fear of war. Where was there to be found a better rallying ground for peace than the League of Nations?

TRADING PROFITS

The increased trading profits were due to the increased deliveries which they had made during the past year and had been earned despite the advance in manufacturing costs. Their productive capacity of cement was substantially increased last year and would be further increased during the current year. Owing to the strength of their financial resources those extensions and improvements at works were being effected without the necessity of increasing their issued capital. The quality of their products, greatly improved in recent years, continued to receive their unremitting attention. The work of the research department had led to valuable economies and improvements in the technique of manufacture, and further progress was being made.

SUCCESSFUL MARKETING ORGANISATION

Having referred to the good work of their technical department, he would like to add a few words regarding their selling organisation, the Cement Marketing Company, Limited, particularly for the benefit of stockholders of recent standing. When many years ago they had established with the British Portland Cement Manufacturers, Limited, the principle of joint selling, it was decided that that could best be accomplished by the formation of the Cement Marketing Company, Limited. It marketed their well-known Blue Circle products and it had proved successful.

The company was purely a selling organisation which did not operate for profit or dividends, but rendered to the manufacturing companies the net prices it received on all sales effected after deduction of its duly authorised selling and administrative expenses. It paid no direct remuneration to the managing directors, but bore a proportion of the emoluments paid to those responsible for their sales organisation.

CURRENT YEAR'S PROSPECTS

Regarding the prospects for the current year, the demand continued good, notwithstanding some change in its character, due chiefly to a marked growth in the requirements of larger constructional work, which was likely to expand further. They therefore looked for an increased demand and had anticipated that by the substantial extensions now operating and in course of construction.

It was only right, however, that he should express a warning, not only to their stockholders, but to their customers, that costs of production had increased and were continuing to increase. Coal, which vitally entered into the cost of the manufacture of cement, one half-ton of coal approximately being required to make one ton of cement, cost them more last year and would cost them considerably more this year. All other commodities which entered into the cost of making cement were higher, including packages both for the home and export trades. Their labour costs were also higher.

On two occasions during 1935 advances in wages were granted to their works' employees and a further increase was made at the beginning of the present year. It was desirable that those facts should be impressed upon the shareholders, but he would add that they had always favoured a policy of fair prices and had no intention of supporting any advance in the same unless circumstances fully justified its application. However, if their turnover increased as to-day appeared likely to be the case he felt they might look forward with confidence to showing satisfactory results when they had the pleasure of meeting the shareholders again next year.

The report was unanimously adopted.

BRITISH ALUMINIUM COMPANY, LIMITED

LARGER TONNAGE SOLD — CAPITAL INCREASE APPROVED

The ordinary general meeting of the British Aluminium Company, Limited, was held, on the 31st ultimo, in London.

Mr R. W. Cooper, M.C., J.P. (the chairman), in moving the adoption of the report and accounts, said that conditions at the commencement of the year were favourable, and as the year progressed the requirements of the users of their products had increased, resulting in their disposing of a larger tonnage of aluminium. The growth of the use of aluminium had been world-wide, and the year 1936 marked the highest peak so far reached. They now found themselves in the position which they had foreseen a number of years ago, when they had undertaken the completion of the second stage of the civil engineering development of their Lochaber Scheme, and they were engaged in making extensions of plant and buildings at Lochaber and in providing plant for the production of the necessary additional supplies of the raw materials, alumina and carbon electrodes. When those various extensions were completed the output capacity of aluminium at their Lochaber works would be doubled. Further money would be required to finance those extensions, and they were proposing to create £2,500,000 additional ordinary share capital to provide for the present programme and to give them flexibility for future expansion of the company's business, which might arise in years to come.

To the profit for the year 1936, amounting to £597,180, fell to be added the carry-forward of £62,227 from 1935, and, after providing for debenture interest, reserves and other charges, there remained a disposable balance of £361,158. Of that sum £90,000 was required for the payment of dividend on the preference share capital, and they recommended the payment of a dividend of 10 per cent. on the ordinary share capital.

They had commenced the year with a satisfactory order book, and the outlook for the immediate future was distinctly favourable, although labour and other costs had been increased.

The report was unanimously adopted and the increase of capital was approved.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the 11 days ended March 31, 1937, amounted to £30,317,000, against ordinary expenditure of £18,693,000. After allowing for an increase in Exchequer Balances of £129,603, the operations for the period, as shown below, decreased the gross National Debt by £9,939,000, to approximately £7,910 millions.†

(000's omitted)			
Treasury Bills.....	+ 2,917	Public Department Advances ...	— 15,880
P.O. and Teleg. (Money) Acts..	+ 3,300	National Savings Certificates ...	— 50
		National Savings Bonds	— 64
		Other debt (War Loan Acts) ...	— 89
		Tithe Act, 1936	— 73
	+ 6,217		— 16,156

† Including £375 millions on Account of Exchange Equalisation Fund. An analysis of the approximate position of the National Debt as at March 31, 1937, appears below.

NATIONAL DEBT—(Million £)

	Aug. 1, 1914	Dec. 31, 1919	Sept. 30, 1925	Dec. 31, 1929	Mar. 31, 1933	June 30, 1936	Sept. 30, 1936†	Dec. 31, 1936†	Mar. 31, 1937†
2½% and 2½% Consols	573	300	300	300	300	300	300	300	300
Term Annuities	30	20	12	12	12	12	12	12	12
4% Consolidated Loan	...	...	401	401	401	401	401	401	401
3½% Conversion Loan	...	...	740	740	740	740	740	740	740
Other Funded Debt ...	15	15	14	14	14	14	14	14	14
4½% Conversion Loan	...	...	375	375	369	369	369	369	369
5% Conversion Loan	...	...	323	323	323	323	323	323	323
3% Conversion Loan	...	...	302	302	302	302	302	302	302
2½% Conversion Loan	...	...	204	204	206	206	206	206	206
3½% War Stock	...	...	63	...	...	...	...	...	...
4½% War Stock, 1932	...	...	13	1,914	1,914	1,913	1,913	1,913	1,913
5% War Stock	...	...	2,047	...	...	...	...	...	...
National War Bonds	...	...	1,509	...	...	...	...	...	...
4% Funding Loan	...	...	409	361	361	356	356	356	356
3% Funding Loan	...	...	...	149	149	147	147	147	147
2½% Funding Loan	...	...	...	...	31	126	198	198	198
4% Funding Loan	...	...	...	...	...	...	...	...	...
4½% Victory Bonds	...	...	360	204	204	201	201	201	201
Treasury Bonds	...	...	...	224	224	172	190	190	190
Exchequer Bonds	...	...	...	...	...	...	...	...	...
National Savings Certs.	...	...	267	396	395	395	394	394	394
Other Debt*	...	...	1,306	1,037	1,037	1,036	1,036	1,036	1,032
American Loan (Anglo-French)	...	...	...	...	...	...	...	...	...
Treasury Bills	...	...	15	1,107	899	866	765	853	786
Temporary Advances	...	...	1	248	8	19	62	11	23
Other Capital Liabilities	...	...	654	8,033	7,863	7,921	7,796	7,870	7,908
Total Liabilities	...	...	711	8,079	7,965	8,023	7,975	8,008	8,047

* Includes American debt.
† Estimates: Sinking Fund allocations excluded.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		Year ending Mar. 31, 1936	Year ending Mar. 31, 1937	10 days ended Mar. 31, 1936	11 days ended Mar. 31, 1937
ORDINARY REVENUE	£	£	£	£	£
Inland Revenue—					
Income Tax	259,000,000	238,074,000	257,237,000	7,873,000	9,738,000
Sur-tax	56,500,000	51,020,000	53,540,000	3,190,000	3,790,000
Estate, etc., Duties	89,000,000	87,920,000	87,990,000	2,440,000	3,790,000
Stamps	27,000,000	25,800,000	29,140,000	2,150,000	1,530,000
Excess Profits Duty and Corporation Profits Tax	750,000	1,300,000	1,000,000	300,000	...
Land Tax and Mineral Rights Duty	750,000	785,000	730,000	65,000	60,000
Total Inland Revenue	433,000,000	404,899,000	429,637,000	16,018,000	18,908,000
Customs and Excise—					
Customs	207,525,000	196,642,000	211,282,000	4,614,000	5,285,000
Excise	110,000,000	108,700,000	109,500,000	800,000	800,000
Total Customs and Excise	317,525,000	305,342,000	320,782,000	5,414,000	6,085,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	4,977,000	5,300,000	...	150,000
Post Office (Net Receipt)	11,256,000	11,670,000	10,970,000	Dr1030000	Dr1880000
Post Office Fund	1,350,000	1,360,000	1,350,000	100,000	100,000
Crown Lands	5,000,000	4,933,938	4,549,641	40,000	30,000
Receipts from Sundry Loans	25,250,000	21,738,208	24,800,553	4,206,861	6,944,346
Miscellaneous Receipts	798,381,000	752,920,144	797,289,194	24,848,961	30,317,946
Total Ordinary Revenue	896,825,000	844,775,144	896,598,194	27,204,861	34,135,346
SELF-BALANCING REVENUE					
Post Office	71,944,000	68,080,000	71,880,000	2,380,000	3,580,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	25,775,000	27,427,000	176,000	238,000
Total Self-balancing Revenue	98,444,000	91,855,000	99,307,000	2,556,000	3,818,000
Total	896,825,000	844,775,144	896,598,194	27,204,861	34,135,346

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		Year ending Mar. 31, 1936	Year ending Mar. 31, 1937	10 days ended Mar. 31, 1936	11 days ended Mar. 31, 1937
ORDINARY EXPENDITURE	£	£	£	£	£
Interest and Management of National Debt	224,000,000	211,533,776	210,872,730	1,713,712	1,625,228
Payments to Northern Ireland Exchequer	7,500,000	7,204,550	7,996,353	1,519,976	1,340,214
Other Consolidated Fund Services	3,200,000	5,648,075	3,239,503	2,612,271	313,745
Post Office Fund	600,000	1,126,817	420,529	...	...
Total	235,300,000	225,513,218	222,529,115	5,845,959	3,279,182
Total Supply Services (excluding Post Office)	578,088,000	512,000,000	567,230,000	7,549,856	15,413,878
Total Ordinary Expenditure†	813,388,000†	737,513,218	789,759,115	13,395,815	18,693,060
New Sinking Fund (1928) (Finance Acts, 1928 and 1936)	...	12,466,224	13,127,270†	515,831	1,555,250
Total (excluding Self-Balancing Expenditure)	813,388,000†	749,979,442	802,886,385	13,911,646	20,248,310
SELF-BALANCING EXPENDITURE					
Post Office	71,944,000	68,080,000	71,880,000	2,380,000	3,580,000
Road Fund	26,500,000	25,775,000	27,427,000	176,000	238,000
Total Self-balancing Expenditure	98,444,000	91,855,000	99,307,000	2,556,000	3,818,000
Total	...	841,834,442	902,193,385	16,467,646	24,066,310

† Estimated Expenditure as per Financial Statement (H.C. 77) ... 797,997,000
Add:—
Supplementary Estimates

The aggregate revenue for the financial year to March 31, 1937, is shown below. In order to show the Old Sinking Fund separately, its amount has been added back to gross borrowing.

(000's omitted)			
Expenditure	789,759	Revenue	797,289
Gross borrowing	8,508	Decrease in balances	30
Less:— New Sinking Fund	13,127		
Old Sinking Fund	2,941		
Net repayment of debt	7,560		
	797,319		797,319

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding:	Mar. 31, '36		Mar. 31, '37		Movement 11 days ended Mar. 31, '37
	£		£		
Advances by Bank of England	19,055,000		23,535,000		— 15,880,000
Advances by Public Departments	763,115,000		674,595,000*		+ 2,966,000
Treasury Bills outstanding	782,170,000		698,130,000		— 12,915,000
Total Floating Debt	1,644,340,000		1,596,260,000		— 48,080,000

* Includes £49,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on March 25, 1937. The amount applied for was £70,505,000. Tenders were accepted for Treasury bills at three months dated Tuesday at £99 17s. 6d., about 77 per cent. and above in full; Wednesday to Saturday at £99 17s. 6d. and above in full. The average rate per cent. was 9s. 11.36d. The amount allotted was £42,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1.64
July 5, 1935	40,000,000	60,805,000	40,000,000	0 12 4.32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10.72
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5.63
March 19, 1937	45,000,000	91,205,000	45,000,000	0 10 0.93
March 25, 1937	45,000,000	70,505,000	42,000,000	0 9 11.36

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended March 6, 1937	708,702	£ 531,526
Week ended March 13, 1937	687,458	£ 500,593
February, 1937, to March 13, 1937	1,288,091,288	£ 1,012,506,289

At the end of January, 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,340,230.

The OCEAN

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

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,
MARCH 24, 1937

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

ISSUE DEPARTMENT

Notes Issued	£	Notes in Circulation	£
Government Debt	11,015,100	Government Debt	11,015,100
Other Government Securities	187,153,814	Other Government Securities	187,153,814
Other Securities	1,822,727	Other Securities	1,822,727
Silver Coin	8,359	Silver Coin	8,359
Amount of Fiduciary Issue	200,000,000	Amount of Fiduciary Issue	200,000,000
Gold Coin and Bullion	313,661,924	Gold Coin and Bullion	313,661,924
	513,661,924		513,661,924

BANKING DEPARTMENT

Proprietors' Capital	£	Reserve	£
Public Deposits*	14,553,000	Public Deposits*	14,553,000
Other Deposits	3,733,228	Other Deposits	3,733,228
Bankers	27,908,416	Bankers	27,908,416
Other Accounts	£81,986,129	Other Accounts	£81,986,129
	£37,567,747		£37,567,747
	165,748,518		165,748,518

RETURN FOR WEEK ENDED WEDNESDAY,
MARCH 31, 1937

ISSUE DEPARTMENT

Notes Issued	£	Notes in Circulation	£
Government Debt	11,015,100	Government Debt	11,015,100
Other Government Securities	186,961,687	Other Government Securities	186,961,687
Other Securities	2,012,805	Other Securities	2,012,805
Silver Coin	10,628	Silver Coin	10,628
Amount of Fiduciary Issue	200,000,000	Amount of Fiduciary Issue	200,000,000
Gold Coin and Bullion	313,661,924	Gold Coin and Bullion	313,661,924
	513,661,924		513,661,924

BANKING DEPARTMENT

Proprietors' Capital	£	Reserve	£
Public Deposits*	14,553,000	Public Deposits*	14,553,000
Other Deposits	3,733,228	Other Deposits	3,733,228
Bankers	27,908,416	Bankers	27,908,416
Other Accounts	£81,986,129	Other Accounts	£81,986,129
	£37,567,747		£37,567,747
	165,748,518		165,748,518

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

Both Departments	Amount, Mar. 31, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	473,836,780	+ 3,310,442	+ 60,818,730
Public deposits	52,246,279	+ 24,337,863	+ 42,509,885
Bankers' deposits	62,346,594	+ 19,639,535	+ 40,301,320
Other deposits	38,462,366	+ 894,619	+ 7,082
Total outside liabilities	626,891,999	+ 8,903,889	+ 63,022,076
Capital and rest.	18,905,137	+ 18,911	+ 23,585
Government debt and securities	298,506,067	+ 5,787,853	+ 55,475,223
Discounts and advances	7,138,513	+ 2,382,275	+ 2,969,780
Other securities	24,896,168	+ 723,082	+ 9,396,515
Silver coin in issue department	10,628	+ 2,269	+ 968,258
Coin and bullion (bank's reserves)	314,645,780	+ 26,821	+ 113,011,394
Reserves of notes and coin in banking department	40,809,000	+ 3,283,621	+ 7,807,336
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	27.7%	- 3.3%	- 4.5%
(b) Gold stocks to deposits and notes ("reserve ratio")	50.3%	- 0.6%	+ 14.5%

(000's omitted)

Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	Gold in or out of Bank	Bank Rate
1937							
Mar. 10	513,661	464,475	16,957	93,827	37,667	Nil	2
" 17	513,661	463,815	22,846	93,969	37,257	Nil	2
" 24	513,662	470,526	27,908	91,986	37,568	Nil	2
" 31	513,662	473,837	52,246	82,347	38,462	Nil	2

(000's omitted)

Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"
1937							
Mar. 10	198,026	1,965	314,574	51%	90,074	4,246	50,099
" 17	198,091	1,900	314,617	50%	94,854	3,765	50,802
" 24	198,169	1,823	314,619	50%	94,549	4,756	50,093
" 31	197,977	2,013	314,646	50%	100,529	7,139	40,809

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1937				
January 1 to March 17	8,397,690	477,955	831,202	9,706,847
Week ended March 24	772,572	42,788	66,097	881,457
5 days ended March 31	564,232	31,286	50,187	645,685
Total to date, 1937	9,734,494	552,009	947,486	11,233,989
Total to date, 1936	8,078,199	495,203	848,806	9,422,208
Increase or decrease in 1937	+ 1,656,295	+ 56,806	+ 108,680	+ 1,821,781
	= 20.5%	= 11.5%	= 12.8%	= 19.2%
Total for year 1936	35,039,356	2,039,620	3,537,568	40,616,544
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Increase or decrease in 1936	+ 2,595,781	+ 152,508	+ 308,504	+ 3,056,793
	= 8.0%	= 8.1%	= 9.6%	= 8.2%

PROVINCIAL

(000's omitted)

	Week ended March 27		Month of February			Aggregate Total January 1 to March 27	
	1936	1937	1936	1937	Inc. or Dec.	1936	1937
No. of working days :	£	£	25	24	%	£	£
BIRMINGHAM	2,291	2,432	11,877	12,312	+ 4.5	34,540	36,849
BRADFORD	1,253	1,107	4,417	4,580	+ 3.2	13,191	13,807
BRISTOL	1,277	1,104	5,729	5,517	- 3.7	16,631	16,244
DUBLIN	4,569	4,799	...	...	...	73,038	75,697
HULL	743	759	3,459	4,089	+ 18.2	10,493	12,085
LEEDS	774	1,139	4,162	4,396	+ 5.6	12,414	14,341
LEICESTER	719	772	3,075	3,288	+ 6.9	9,697	9,936
LIVERPOOL	6,088	6,560	26,048	30,420	+ 16.7	80,505	95,523
MANCHESTER	9,883	10,889	43,798	47,425	+ 8.2	131,375	142,250
NEWCASTLE	1,289	1,508	5,747	6,159	+ 7.1	16,854	18,254
NOTTINGHAM	463	506	2,463	2,255	- 8.4	6,814	6,569
SHEFFIELD	814	751	4,379	4,910	+ 12.1	12,937	14,299
	30,163	32,326	114,954	125,231	+ 8.9	418,389	456,173

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Spain appeared in *The Economist* for August 15. Portugal, in February 6. Argentina, in March 6. Denmark, International Settlements, in March 13. Estonia, Sweden, in March 20. Lithuania, Bulgaria, Danzig, Finland, Japan, Latvia, Norway, Turkey and Federal Reserve Reporting Member in March 27.

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

U.S.F.R. BANKS	Apr. 2, 1936	Mar. 11, 1937	Mar. 18, 1937	Mar. 25, 1937	Apr. 1, 1937
RESOURCES					
Gold Certificates on hand and due from the Treasury	7,665,340	8,846,410	8,844,420	8,844,380	8,844,400
Total reserves	8,030,250	9,120,630	9,122,800	9,126,890	9,140,800
Total cash reserves	350,040	263,020	265,860	270,410	285,030
Total bills discounted	7,250	4,920	4,330	7,690	12,010
Bills bought in open market	4,670	3,080	3,080	3,310	3,340
Total bills on hand	11,920	8,000	7,410	11,000	15,350
Industrial advances	30,360	23,040	22,670	22,670	22,340
Total U.S. Govt. securities	2,430,230	2,430,230	2,430,230	2,430,230	2,430,230
Total bills and securities	2,472,710	2,461,270	2,460,290	2,463,890	2,467,920
Total resources	11,164,390	12,264,290	12,495,720	12,317,730	12,339,500
LIABILITIES					
Federal Reserve notes in actual circulation	3,772,020	4,169,470	4,172,760	4,166,730	4,174,230
Aggregate of excess member bank reserves over requirements	2,310,000	1,380,000	1,450,000	1,270,000	1,400,000
Deposits—Member bank reserve account	5,077,080	6,749,100	6,578,580	6,578,280	6,639,080
Government deposits	1,085,690	186,380	86,540	278,660	310,950
Total deposits	6,493,380	7,173,900	7,159,560	7,183,160	7,185,580
Capital paid in and surplus	302,730	305,620	305,580	305,580	305,580
Total liabilities	11,164,390	12,264,290	12,495,720	12,317,730	12,339,500
Ratio of total reserves to deposit and F.R. note liabilities combined	78.2%	80.4%	80.5%	80.4%	80.5%
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock	10,185,000	11,484,000	11,515,000	11,541,000	11,574,000
Treasury and National Bank Currency	2,504,000	2,537,000	2,538,000	2,537,000	2,542,000
LIABILITIES					
Money in Circulation	5,884,000	6,376,000	6,385,000	6,375,000	6,377,000
Treasury Cash and Deposits with Federal Reserve Banks	3,614,000	2,858,000	2,784,000	3,002,000	3,063,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s

(000's omitted)

	Apr. 2, 1936	Mar. 11, 1937	Mar. 18, 1937	Mar. 25, 1937	Apr. 1, 1937
Total gold reserves	3,237,050	3,431,700	3,556,880	3,430,710	3,581,970
Total bills discounted	3,980	2,950	2,250	3,550	4,030
Bills bought in open market	1,740	1,090	1,090	1,320	1,330
Total U.S. Govt. securities	729,380	652,260	652,260	652,260	652,260
Total bills and securities	742,770	662,110	661,410	662,950	663,090
Deposits—Member bank reserve account	2,404,940	2,961,690	3,020,900	2,892,080	3,029,400
Ratio of total res. to dep. and Federal Res. note liabilities combined	83.0%	85.7%	86.3%	85.8%	86.3%

AUSTRALIAN COMMONWEALTH BANK.

In £'s (000's omitted)

ASSETS	Mar. 30, 1936	Mar. 1, 1937	Mar. 8, 1937	Mar. 15, 1937	Mar. 22, 1937	Mar. 29, 1937
Gold and English sterling	16,003	16,011	16,011	16,011	16,011	16,011
Other coin, bullion and cash	5,871	5,734	5,899	5,613	5,853	5,181
Money at short call—London	19,257	23,021	23,353	23,849	26,380	26,299
Short-term loans	3,207	7,892	7,236	7,205	6,589	5,941
Securities	75,008	76,811	76,811	76,811	77,558	78,056
Discounts and advances	7,919	9,154	8,992	9,152	8,979	9,196
LIABILITIES						
Notes issued	47,044	47,038	47,038	47,038	47,789	48,288
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	70,880	76,225	75,540	75,900	78,243	76,486

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

ASSETS	Mar. 23, 1936	Mar. 1, 1937	Mar. 8, 1937	Mar. 15, 1937	Mar. 22, 1937
Gold	2,801	2,801	2,801	2,801	2,801
Sterling exchange	25,147	17,458	17,674	18,289	18,865
Advances to State		8,514	8,185	7,918	6,852
Investments	1,821	2,453	2,453	2,453	2,453
LIABILITIES					
Bank notes	9,979	12,719	13,025	13,045	

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

ASSETS	Mar. 23, 1936	Feb. 28, 1937	Mar. 7, 1937	Mar. 15, 1937	Mar. 23, 1937
Cash reserve—					
Gold coin and bullion	242,544	242,826	242,826	242,831	242,841
Other foreign exchange	81,078	95,905	99,469	97,746	97,232
Bills discounted	216,931	200,891	193,193	199,232	196,647
Federal debt	624,444	620,152	620,152	620,152	620,152
LIABILITIES					
Notes in circulation	848,156	892,522	847,806	840,626	810,012
Deposits	316,074	241,359	290,783	293,700	328,593

† 5,976-26 schillings = 1 kg. fine gold, Dec. 31, 1936, and after.

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

ASSETS	Mar. 23, 1936	Feb. 28, 1937	Mar. 7, 1937	Mar. 15, 1937	Mar. 23, 1937
Metal reserve—					
Gold coin and bullion	78,936	84,056	84,056	84,055	84,056
Foreign exchange	32,251	46,576	47,474	47,785	47,407
Token money	13,900	10,190	9,788	10,394	11,017
Inland bills, warrants and securities	474,269	461,757	448,882	429,139	428,862
Advances to Treasury	80,496	101,382	102,338	102,338	102,338
LIABILITIES					
Notes in circulation	333,460	418,256	394,224	375,634	360,882
Current accounts, deposits, etc.	148,177	202,380	216,631	219,615	236,214
Cash certificates	104,298	92,901	92,901	92,901	92,901
Other liabilities	166,532	147,117	149,591	149,392	148,020

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted)

ASSETS	Mar. 23, 1936	Feb. 28, 1937	Mar. 7, 1937	Mar. 15, 1937	Mar. 23, 1937
Gold	2,692,135	2,586,898	2,586,000	2,583,470	2,583,189
Reserves abroad and foreign currency	48,846	277,136	224,637	192,752	162,597
Discounts and advances	1,295,264	1,884,506	2,080,184	2,027,137	1,860,254
State notes debt balance	2,040,103	2,019,131	2,018,805	2,018,383	2,018,282
LIABILITIES					
Bank notes in circulation	5,091,459	5,787,045	5,703,764	5,490,207	5,288,393
Deposits	972,843	415,089	628,586	775,955	788,655

* First return showing effects of devaluation, October 15, 1936.

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

ASSETS	Mar. 22, 1936	Mar. 8, 1937	Mar. 15, 1937	Mar. 22, 1937
Cash reserve:				
Gold at home and abroad	10,897,159	1,489,892	1,648,724	1,648,589
Other foreign exchange	295,823	856,675	634,980	646,324
Bills and advances against security	1,637,506	1,697,073	1,691,586	1,692,575
Government advances	1,671,894	1,648,854	1,648,901	1,648,952
LIABILITIES				
Notes in circulation	4,822,866	5,359,413	5,322,609	5,269,360
Sight deposits	1,586,094	1,944,077	1,989,266	2,078,694
Time deposits	80,700	50,000	50,000	50,000

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

ASSETS	Mar. 14, 1936	Feb. 20, 1937	Feb. 27, 1937	Mar. 6, 1937	Mar. 13, 1937
Gold and gold exchange	10,897,159	15,657,059	15,707,710	15,707,718	15,714,343
Commercial bills	5,237,707	5,949,085	5,937,735	5,921,961	5,928,875
Agric. and urban advances	2,624,225	2,429,981	2,431,722	2,426,941	2,426,588
Treasury bills issued against losses on credit	5,500,975	5,929,949	5,930,309	5,932,683	5,933,425
State debt and advances to Treasury	5,638,745	5,924,386	4,624,386	4,624,386	4,624,386
LIABILITIES					
Notes in circulation	22,571,099	25,014,730	24,960,938	25,298,224	25,397,542
Other sight liabilities	8,076,465	10,756,516	11,755,354	12,182,204	12,111,878
Long-term liabilities	4,707,586	4,805,289	4,878,785	4,846,305	4,731,584

† First return after decree of November 7, 1936, was November 14th.

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

ASSETS	Mar. 15, 1936	Feb. 23, 1937	Feb. 28, 1937	Mar. 7, 1937	Mar. 15, 1937
Gold and gold exchange	3,295,366	3,376,556	3,388,891	3,397,947	3,404,248
State Gold Bonds	567,202	552,238	552,238	548,948	548,948
Bills discounted	290,718	482,122	499,138	512,771	525,610
Advances	4,801,795	2,460,920	2,458,019	2,560,922	2,625,681
State Debt	3,605,111	3,605,111	3,605,111	3,605,111	3,605,111
LIABILITIES					
Notes in circulation	5,610,112	6,027,381	6,061,268	6,121,524	6,162,977
Deposit and current accs.	5,472,947	4,085,838	4,141,674	4,428,126	4,368,638
Foreign exchange liabilities	271,227	161,993	159,879	157,584	154,143

NATIONAL BANK OF EGYPT.—In £E (000's omitted)

Banking Department—	Feb. 29, 1936	Dec. 31, 1936	Jan. 31, 1937	Feb. 28, 1937
LIABILITIES				
Capital	2,925	2,925	2,925	2,925
Reserves	2,925	2,925	2,925	2,925
Government deposits	6,857	7,712	8,725	8,853
Other deposits	22,200	20,870	20,828	20,368
Other accounts	3,394	3,140	3,233	3,288
ASSETS				
Cash: Notes	1,160	1,762	1,484	1,355
Gold, silver, etc.	640	688	734	738
Money at call and short notice	2,555	2,150	2,111	1,623
Investments	23,327	21,520	23,497	24,641
Advances	5,770	6,748	6,836	4,882
Bills	1,763	2,089	2,085	2,080
Other accounts	2,884	2,134	3,029	3,008
Note Issue Department—				
LIABILITIES				
Notes issued	23,400	24,900	23,400	22,900
ASSETS				
Gold	6,241	6,241	6,241	6,241
British Treasury Bills	7,947	9,444	7,944	7,444
British War Loan at par	7,713	7,715	7,715	7,715
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

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

ASSETS	Mar. 20, 1936	Feb. 20, 1937	Feb. 28, 1937	Mar. 10, 1937	Mar. 20, 1937
Gold	428,569	399,224	400,296	403,838	408,191
Foreign exch. and balances	25,348	34,269	36,090	34,132	34,303
Bills discounted	585,266	587,041	609,325	590,736	584,670
Loans against securities	82,837	81,872	83,801	84,978	84,270
Treasury bonds discounted	38,802	11,560	17,547	6,160	4,429
Securities	91,468	134,944	134,979	134,917	134,985
LIABILITIES					
Notes in circulation	934,867	951,382	1,000,179	981,338	958,817
Sight liabilities	193,230	265,767	254,487	281,168	260,278

MONEY AND EXCHANGE RATES
LONDON MONEY RATES

	Mar. 23, 1937	Mar. 24, 1937	Mar. 25, 1937	Mar. 27, 1937	Mar. 30, 1937	Mar. 31, 1937	Apr. 1, 1937
Bank rate (changed from 2½% June 30, 1932)	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—							
60 days' bankers' drafts	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
4 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
6 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount Treasury Bills—							
2 months'	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months'	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Loans—Day-to-day	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Short	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Deposit allowances: Bank Discount houses at call	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
At notice	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1937	%	%	%	%	%	%	%
Mar. 4	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
" 11	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
" 18	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
" 24	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Apr. 1	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½

LONDON RATES OF EXCHANGE

1.—Spot Rates

(Range of the day's business)

London on	Par of Exch. per £	Mar. 24, 1937	Mar. 25, 1937	Mar. 27, 1937	Mar. 30, 1937	Mar. 31, 1937	April 1, 1937
New York, \$.	4.868	4.881-882	4.881-882	4.881-882	4.881-882	4.881-882	4.881-882
Montreal, \$.	4.868	4.871-881	4.871-881	4.871-881	4.871-881	4.888-888	4.881-881
Paris, Fr.	124.21	106½-1	106½-1	106½-1	106½-1	106½-1	106½-1
Brussels, Bel.	35.00(a)	29.00-03	29.00-03	29.00-03	29.00-03	29.00-03	29.00-03
Milan, L.	92.46	92½-1	92½-1	92½-1	92½-1	92½-83	92½-83
Zurich, Fr.	25.22	21.43	21.43	21.43	21.43	92.87	92.87
Athens, Dr.	375	540-555	540-555	540-555	540-555	21.44-47	21.46
He'stors, M.	193.23	226-227	226-227	226-227	226-227	48	
Madrid, Pt.	25.22	70-85(1)	71-86(1)	70-85(1)	71-86(1)		
Lisbon, Esc.	110	110-110	110-110	110-110	110-110	71-86(1)	71-86(1)
Amst'dm, Fl.	12.107	9.92-93	8.92-93	8.92-93	8.92-93	59.50	59.50
Berlin, Mk.	20.43	12.13-16	12.13-16	12.13-16	12.13-16	59.50	59.50
Registered Marks	(c)	49-54	49-54	49-54	49-54	49-54	49-54
Vienna, Sch.	34.58	25½-27	25½-27	25½-26	25½-26	25½-26	25½-27
Bu'pest, Pen.	27.82	24½-25	24½-25	24½-26	24½-25	24½-25	24½-26
Prague, Kc.	160	139½-140	139½-140	139½-140	139½-140	24½-25	24½-26
Danzig, Gul.	25.00	25½-26½	25½-26½	25½-26½	25½-26½	139½-140	140-140
Warsaw, Zl.	43.38	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Riga, Lat.	25.22	24½-25½	24½-25½	24½-25½	24½-25½	25½-26½	25½-26½
Buch'art, Lei	813	680-675	680-675	680-675	680-675	24½-25½	24½-25½
Cust'ple, Pet	110	615*	615*	615*	615*	680-675	680-675
Belgrade, Din.	276-32	209-219	209-219	209-219	209-219	612*	612*
Kovno, Lit.	48.66	281-294	281-294	281-294	281-294	615*	615*
Sofia, Lev.	673-66	390-420	390-420	390-420	390-420	615*	615*
Tallinn, E. Kr.	18-159	171-181	171-181	171-181	171-181	209-219	209-219
Oslo, Kr.	18-159	18-85-85	18-85-85	18-85-85	18-85-85	281-294	281-294
St'holm, Kr.	18-159	18-35-45	18-35-45	18-35-45	18-35-45	390-420	390-420
Cop'h'gen, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	171-181	171-181
Alex'ria, Pst.	97½	97½-1	97½-1	97½-1	97½-1	171-181	171-181
Br. India Rup.	† 18d.	18d.	18d.	18d.	18d.	18-85-85	18-85-85
Hong Kong, \$.	† 14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	18-35-45	18-35-45
Kobe, Yen.	† 24.58d.	13½-14½	13½-14½	13½-14½	13½-14½	18-35-45	18-35-45
Shanghai, \$.	† 28d.	14½-1	14½-1	14½-1	14½-1	18-35-45	18-35-45
Singapore, \$.	† 28d.	28½-1	28½-1	28½-1	28½-1	22-35-45	22-35-45
Batavia, F.	12.11	8.86-91	8.86-91	8.86-91	8.86-91	97½-1	97½-1
Rio, Mil.	† 5.98d.	3-3½	3-3½	3-3½	3-3½	18½-1	18½-1
B Aires, \$.	† 45	16.21-22	16.22-27	16.22-27	16.22-27	14½-15½	14½-15½
Valparaiso, \$.	11.40	16.12-26	16.12-26	16.12-26	16.12-26	13½-14½	13½-14½
M'video, \$.	† 51d.	28½-27	28½-27	28½-27	28½-27	13½-14½	13½-14½
Lima, Sol.	17.38	18-20	18-20	18-21	18-20	28½-27	28½-27
Mexico, Pes.	9.76	17½-18½	17½-18½	17½-18½	17½-18½	39½-6	39½-6
Manila, Pes.	† 24.66d.	24½-1	24½-1	24½-1	24½-1	18-20	18-20
Moscow, Rbl.		25½m	25½m	25½m	25½m	18-20	18-20
B'ngkok, Baht	† 21.82d	22-22½	22-22½	22-22½	22-22½	18-20	18-20

The Scottish Amicable Life Assurance Society have appointed Mr. Mathew H. Fairclough as resident secretary in Manchester, Mr W. B. B. Jeffrey as resident secretary in Liverpool and Mr. Ralph A. Gerstenberg as resident inspector in Aberdeen.

Mr T. G. Hatherill-Mynott has relinquished his position as chairman and managing director of the Grand Hotel, Harrogate, Ltd., in favour of Mr Norman W. Wild, F.C.A.

Mr C. H. Glassey has joined the board of British Industrial Plastics, Ltd., in place of Mr J. C. Vredenburg-Inglesby, resigned.

Mr Oliver Bury has retired from the chairmanship of the Leopoldina Railway Company and of the Leopoldina Terminal Company, Mr C. H. Pearson succeeding him. Mr Oliver Bury remains on the two boards.

The British Insurance Association announce that in succession to Mr Geoffrey W. Russell, Mr J. Guy Baker has been appointed secretary.

Mr George William Simms, A.C.S.M., has been appointed to the board of Anglo-Burma Tin Company, Ltd.

Mr Gilbert Archer, has joined the board of the Scottish Union and National Insurance Company in succession to the late Mr G. A. Connor.

J. A. Scrimgeour announce that the following partners are retiring, and will cease to be members of the firm after April 5, 1937 : Mr Vernon Austin Malcolmsom, Mr Harry Blunt, Mr Alexander Carron, Scrimgeour. The style of the firm will remain unchaned.

Registered in London under the Companies Act of 1862 on the 23rd March, 1866

ASSOCIATED DYERS AND CLEANERS, LTD.—The report for 1936 shows increase in trading profit from £1,888 to £50,940; net loss of £27,707 is converted into a net profit of £17,263, after £30,164 depreciation and charging £4,188 special expenditure. A scheme of reconstruction to be submitted. Capital to be written down from £1,000,000 to £525,000. No reduction in nominal value of preference shares, which receive 2s. cash, and 18s. in ordinary shares carrying a first claim on net profits of 6½ per cent. and then one-third of the balance. Existing ordinary shares

THE CAPITAL MARKET

(See Leading Article on page 5.)

ANALYSIS OF NEW CAPITAL APPLICATIONS (Excluding Conversions)

	Total for First Quarter of Years			
	Old Basis		New Basis	
	1936	1937	1936	1937
British Government Loans	700,000	300,000	700,000	6,883,400
Colonial Government Loans	Nil	Nil	Nil	209,900
Foreign Government Loans	Nil	Nil	1,101,600	1,039,300
British Corporation, County and Public Board Loans	40,521,600	8,926,200	40,521,600	9,280,900
Colonial Corporations and Public Boards	Nil	Nil	Nil	Nil
Foreign Corporations	Nil	Nil	Nil	Nil
British Railways	Nil	Nil	Nil	Nil
Colonial Railways	Nil	237,900	Nil	237,900
Foreign Railways	180,000	187,500	180,000	96,000
Australasian Mines	2,630,000	200,000	2,530,000	1,711,500
South African Mines	851,700	384,200	1,985,500	4,456,800
Other Mines	1,733,100	5,975,400	3,230,100	17,515,400
Exploration, Financial and Investment Trust	120,000	1,892,300	934,300	7,163,400
Breweries and Distilleries	532,200	Nil	532,200	Nil
Merchants, Importers, etc.	Nil	1,998,000	2,786,300	2,056,500
Stores and Trading	115,000	398,200	115,000	485,600
Estate and Land	420,400	1,025,500	191,000	1,350,600
Rubber	303,500	700,900	303,500	748,500
Oil	4,718,300	10,163,000	6,492,200	17,312,400
Iron, Coal, Steel and Engineering	1,170,000	1,627,000	1,490,000	2,989,500
Electric Light, Power and Telegraph	83,400	Nil	759,500	537,500
Tramway and Omnibus	371,500	641,500	1,703,000	1,951,700
Motor Traction and Manufacturing	623,800	793,100	3,417,100	3,395,500
Gas and Water	1,364,300	678,500	1,364,300	983,400
Hotels, Theatres and Entertainments	Nil	1,248,800	1,500,000	2,848,700
Patents and Proprietary Articles	Nil	251,100	363,000	6,285,400
Docks, Harbours and Shipping	500,000	Nil	500,000	Nil
Banks and Insurance	5,535,000	5,544,600	21,173,500	21,912,000
Manufacturing and Miscellaneous	61,879,800	42,972,800	94,738,100	114,844,900

The following table shows the principal issues made during the past quarter :-

Month of Issue	Name and Description	Nominal Amount	Issue Price	Price, Mar. 31, 1937
1937	By Prospectus			
January	London Electric Transport Finance, 2½% Guar. Deb., 1950-55	8,926,250	92½	89½
February	Rhodesia Ryds. 4½% Deb. Stk.	(2) 21,315,000	98	44-3½ dis
January	Beira Railway 5% Deb.	(4) 2,000,000	98	44-5½ pm
January	Thomas (Richard) 4½% Deb.	(5) 7,000,000	99½	64-5½ dis
March	Midland Counties Electric 4½% Pref. £1	1,000,000	20½	par-6d. pm
January	To Shareholders only			
January	Thomas (Richard) 6½ Shares	1,250,000	13¼	par-3d. pm
March	By Stock Exchange Introduction			
February	Lake George Gold 10½-Ord.	1,100,000	14½	17½
February	West Rand Investment Trust, 10½-Ord.	3,000,000	32½	31½
March	By Permission to Deal			
January	United Kingdom Guar. 2½% Irish Land Stk.	6,717,854	98½	98
January	Baldwins 4½% Pref. £1	1,500,000	20½	20½
March	Royal Mail Lines £1 Ord.	4,000,000	26½	26½

(s) £1,221,722 for conversion purposes. (t) All for conversion purposes. † Price at which dealings commenced.

THE FINANCIAL NEWS

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

MONDAY, APRIL 5—ARMAMENT METALS AND METAL SHARES.—The four leading base metals have had their full share of the limelight during recent months. Less attention has been paid to the less prominent metals largely used in armament and engineering alloy steels—Wolfram, Manganese, Nickel, Vanadium, Molybdenum, etc. This article analyses the present position of these metals and the shares of the companies producing them.

TUESDAY, APRIL 6—COMPANIES AND THEIR PROFIT-EARNING CAPACITY. No. 40—BURMAH OIL COMPANY.—In view of the exceptionally favourable current outlook for the Oil Industry the present is an appropriate time for reviewing the position of the leading Oil Companies. Accordingly our previous reviews of "Shell" and "Anglo-Iranian" are followed this week by the Burmah Oil Company.

WEDNESDAY, APRIL 7—COMPANIES AND THEIR PROFIT-EARNING CAPACITY. No. 41—BRITISH ALUMINIUM.—The shares of British Aluminium, a frequent past recommendation in our columns, have been a firm market at steadily improving prices, and the latest results recently announced have created a favourable impression. The more extensive review given in this article is still justified by the excellence of the Company's further prospects.

THURSDAY AND FRIDAY, APRIL 8 AND 9—COTTON SPINNING SHARES.—For some time a Lancashire cotton revival has been an almost regular monthly legend, and an equally regular monthly disappointment. Lancashire is optimistic, but major profit increases are still absent. The scope for recovery, and the prospects of recovery materialising, are examined in a series of four articles.

THURSDAY—General outlook for the Spinning Trade.

FRIDAY—The Lancashire Cotton Corporation.

(Note.—Two further articles dealing with Fine Spinners, Amalgamated Cotton Mills, Combined Egyptian, Barlow and Jones, Dewhurst, etc., will appear in the following week.)

THE FINANCIAL NEWS

(Twopence Daily)

On sale at all railway bookstalls and good newsagents everywhere

TRANSVAAL GOLD OUTPUT

STATISTICS FOR FEBRUARY 1937

(Revenue calculated on basis of £7 1s. 6d. per fine ounce)

Name of Mine and Group	Tons Milled	Output Fine ozs.	Net Estimated Value	Working Costs	Profit	Working Costs Per Ton
<i>Anglo-American Corporation</i>						
Brakpan Mines	126,500	237,694	131,578	106,116	...	...
Daggafontein Mines	127,000	271,821	136,658	135,163	...	...
Springes Mines	148,800	314,000	139,522	174,478	...	...
West Springs	92,500	115,265	72,212	43,053	...	...
<i>Central Mining and Rand Mines</i>						
City Deep	101,000	19,886	140,991	20,088	23 11½	...
Cons. Main Reef	151,000	28,494	201,529	50,128	20 0½	...
Crown Mines	330,000	80,034	506,895	248,309	19 3½	...
Durban Roadpt. Deep	85,000	17,538	124,169	24,011	23 6½	...
East Rand Prop.	197,000	43,003	308,958	92,472	21 11½	...
Goldenhuis Deep	59,000	9,808	69,909	15,025	18 7½	...
Modderfontein E.	85,000	14,514	103,113	43,446	14 0½	...
Modderfontein East	103,500	20,968	148,314	52,280	18 6½	...
New Modderfontein	181,000	36,298	256,810	120,025	15 1½	...
Nourse Mines	78,500	15,835	112,305	23,011	22 9½	...
Rose Deep	69,000	12,079	85,572	13,803	20 9½	...
<i>General Mining</i>						
Van Ryn Gold	57,000	...	52,369	6,020	17 2	...
West Rand Cons.	161,000	...	229,879	95,527	17 0	...
<i>Goldfields</i>						
Simmer and Jack	100,000	21,662	153,260	54,368	19 10½	...
Robinson Deep	107,000	25,586	181,194	80,125	18 10½	...
Sub-Nigel	53,500	39,106	276,508	185,532	34 0½	...
Vogelstruisbult (t)	45,100	6,900	48,819	2,061	20 8½	...
Luipdaars Vlei	43,000	9,358	66,205	18,237	22 8½	...
<i>Johnnies Group</i>						
East Champ D'Or	12,000	...	18,367	3,501	24 11	...
New Klaimfontein	198,000	...	422,641	246,161	18 1	...
Langlaate Estate	90,000	...	105,001	25,040	18 0	...
New State Areas	114,000	...	245,077	143,002	18 1	...
Randfontein Estates	362,000	...	447,447	140,195	17 2	...
Van Ryn Deep	99,000	...	130,764	45,135	17 5	...
Witwatersrand	83,000	...	92,133	13,068	19 5	...
Johnnies Group Total	958,000	...	1,461,430	616,102	17 10	...
<i>Union Corporation</i>						
East Geduld	110,000	32,752	231,628	95,802	135,826	...
Geduld Prop.	103,000	25,954	184,450	74,845	109,614	...
Modder. Deep	45,700	6,800	48,441	36,627	11,814	...
<i>Other Mines</i>						
Glynns Lydenburg	8,000	2,445	17,310	4,833	31 2½	...
New Klaimfontein	64,400	12,081	85,431	61,930	23,501	19 2½
Transvaal Gold	21,800	3,868	27,430	4,011	21 5½	...
Witwatersrand Deep	50,000	8,756	61,783	52,189	9,594	...

(t) The tonnage milled includes 20,000 tons from low grade surface dumps accumulated during the development period.

TRANSVAAL OUTPUT, EMPLOYMENT AND WORKING PROFIT.—Gold output, February, 1937: Witwatersrand, 901,676 fine ounces; outside districts, 21,265 fine ounces; total, 922,941 fine ounces. Value for purposes of declaration, £7 1s. 6d. Total output, January 1937: 980,268 fine ounces. The number of natives employed at end of February was: Gold mines, 309,822; coal mines, 15,068; total, 324,890. Total estimated working profit for February, 1937: Witwatersrand £2,567,261; outside districts, £8,844; total £2,576,105. Comparable figures for January, 1937: Witwatersrand, £2,728,541; outside districts £11,321; total £2,739,862.

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	• Interim or † Final	Date of Pay- ment	Comparison with Last Year	Total	
				Latest Year	Previous Year
RAILWAYS					
Metropolitan Assented Stock.....	1%*	Apr. 14	Same	%	%
BANKS					
English, Scottish and Australian Bank	3½%*	May 15	2½%*†	...	...
INSURANCE					
Caledonian Insurance	(c) 15/- ps.	...	Same	3/4-8	3/2-4
General Accident Assurance	2/- p.s.†	...	...	30	30
Royal Exchange Assurance	19%†	...	Same	30	30
Scottish Union & National "A"	...	(m)	...	13/- p.s.	13/- p.s.
Do. do. "B"	...	(m)	...	48/9 p.s.	48/9 p.s.
TEA AND RUBBER					
Ayer Panas Rubber	7½%†	...	5%†	11½	7½
Bukit Lintang Rubber	5%*	Apr. 12	...	...	...
Cheviot Rubber	...	Apr. 19	...	10	7½
Craig Tea	...	May 8	...	2½	Nil
Golconda Malay Rubber	5%†	May 11	...	7	5
Labu (F.M.S.) Rubber	...	Apr. 19	...	12½	10
Langkat Sumatra Rubber	...	...	...	6½	2½
Panawatte Tea and Rubber	...	Apr. 20	...	4	...
Seremban Rubber	...	Apr. 23	...	3	Nil
MINING					
General Mining and Finance	15%†	...	...	25	20
Hongkong Tin	30%*	Apr. 5	10%*	...	...
Killinghall Tin	20%*	Apr. 5	12½%*	...	...
Kramat Tin	15%*	Apr. 7	10%*	...	...
Rhokana Corporation	25%*	Apr. 14	12½%*	...	...
OTHER COMPANIES					
Allsopp Brewery Investments	7½%*	...	Same	...	...
American Investment and General Trust (Def.)	4½%†	...	3½%†	6½	5½
Ansell's Brewery	(s) 5%*	...	7½%*	...	...
Barton and Sons (1935)	4%*	Apr. 30	3%*	...	...
Bestwood Coal and Iron	2½%*	...	Nil*	...	...
Brown, Hopwood and Giltlett	15%*	Mar. 31	Same	...	...
Dutch Ford Company	7%†	...	...	10	7
Egyptian Markets	6½%†	...	Same	11½	11½

UNION CORPORATION, LIMITED

(Incorporated in the Union of South Africa.)

ABRIDGED REPORT OF THE DIRECTORS

In submitting to the Shareholders the Accounts of the Corporation for the year ended December 31st, 1936, the Directors state:—

The Accounts are drawn up in Union of South Africa currency, English currency being taken at par.

The net profit for the year is £685,044 5s. 9d., plus £130,906 13s. 6d. brought forward, making a total of £815,950 19s. 3d. The Directors have set aside £40,000 to Reserve Account, thus bringing that Account to £1,320,000, have placed £50,000 to Exploration Reserve Account, and have declared a final dividend of six shillings per share, making with the interim dividend of two shillings and sixpence a total distribution of eight

shillings and sixpence per share, or £595,000 for the year; £130,950 19s. 3d. remains to be carried forward.

Holdings of Shares, Debentures and other securities have been taken into the Accounts at cost or under, but in no case above the market price of December 31st last, or, where no market price exists, above the Directors' valuation. At present market prices, these holdings show a very substantial surplus over the amount at which they stand in the Balance Sheet. The Directors, as on other occasions in past years, have thought it expedient to provide for contingencies by reducing the book cost of certain holdings both below cost and below market price.

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

	Tons milled	Gold output (and per ton)	Average price per oz.	Working costs (and per ton)	Working profit (and per ton)	Dividends (and per share)
1935	1,152,300	£2,580,093 (44/5)	142s.	£1,059,373 (18/5)	£1,500,715 (28/0)	£778,875 (8/9)
1936	1,388,500	£2,824,830 (41/3)	140s.	£1,215,243 (17/9)	£1,609,587 (23/6)	£855,000 (9/6)

The ore reserves at December 31st last were estimated to amount to 9,000,000 tons assaying 6.8 dwt. per ton over a stoping width of 60 inches.

The Union Inland Revenue Department has intimated that Income Tax on the Company is to be changed as from 1st January, 1938, to a new basis, which, if the Company is liable therefor, will involve an additional payment for 1936 of £97,000. The question is

receiving the attention of the Company's legal advisers.

The Company retains its important shareholding in the neighbouring Grootvlei Proprietary Mines.

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

	Tons milled	Gold output (and per ton)	Average price per oz.	Working costs (and per ton)	Working profit (and per ton)	Dividends (and per share)
1935	1,160,300	£2,303,587 (39/8)	142s.	£837,533 (14/5)	£1,466,054 (25/3)	£1,022,600 (14/0)
1936	1,276,000	£2,300,653 (36/5)	140s.	£907,383 (14/3)	£1,413,270 (22/2)	£1,095,643 (15/0)

The ore reserves at December 31st last were estimated to amount to 9,100,000 tons assaying 5.0 dwt. per ton over a stoping width of 57 inches.

In addition to the profits earned from its own operations the Company during the year received revenue from other sources amounting to £342,284, which figure includes

dividends on its large shareholding in East Geduld Mines.

The operating results of THE MODDERFONTEIN DEEP LEVELS (in Liquidation) have been as follows:—

	Tons milled	Gold output (and per ton)	Average price per oz.	Working costs (and per ton)	Working profit (and per ton)	Dividends (and per share)
1935	573,000	£1,080,723 (37/9)	142s.	£466,800 (16/4)	£613,923 (21/5)	£450,000 (4/8)
1936	595,100	707,676 (23/9)	140s.	466,570 (15/8)	241,106 (8/1)	150,000 (1/6)*

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

AFTER a short respite before Easter, prices on the principal commodity markets resumed their upward trend.

Quotations for wheat in Liverpool rose to the highest level since 1927-28. As we point out in a Note of the Week on page 11, the safety margin between supplies and requirements during 1936-37 had been under-estimated earlier this season, and there is a possibility of a squeeze before the new crops come on the market. Sugar prices rose sharply, partly in anticipation of a favourable outcome of the International Conference convened in London for next Monday. Cocoa was also dearer. English beef and mutton sold at higher prices, but foreign meat is scarcely changed on the week.

Among industrial raw materials, rubber prices took a sharp upward turn on heavy American buying caused by reports of the difficulties in the way of increasing production at short notice. The four principal non-ferrous metals—copper, lead, spelter and tin—staged a smart recovery. Quotations for linseed and linseed oil continued to advance. Practically 40 per cent. of the Argentine crop has already been shipped, and the quantity still available for export, at about one million tons, is no greater than at this time a year ago. Demand for coal and pig iron in this country continues to expand, but supplies are inadequate to meet all requirements at current prices. Both raw cotton and wool registered an increase in price, and the British wool textile industry is experiencing difficulties in its attempt to pass on the rise in prices.

In the United States, too, the past week witnessed a further rise in the prices of numerous commodities. Thus Moody's daily index of staple commodity prices stood at 227.5 on Wednesday (December 31, 1931 = 100), against 222.2 on Tuesday of last week, 209.1 a month ago, and 169.7 on the corresponding day last year.

COAL

SHEFFIELD.—Owing to the holidays relatively little business was transacted this week. The shortage of small coal is causing difficulties, buyers being unable to place all the business they have to offer. The persistence of the cold weather keeps up the demand for household fuel. There is good buying of industrial fuel, and there is no easing of the demand for coke. Export conditions are unchanged, demand all round being good. Prices show no variation.

NEWCASTLE-ON-TYNE.—The market in all classes of coal and coke in this area is strong and demand is as active as ever. Northumberland steam collieries are fully sold for this year and already a large proportion of their output has been sold over next year at current prices. Durham screened steam coals are fully sold for some weeks ahead, whilst coking coal, except for odd parcels, is unobtainable this year. Patent oven coke of all descriptions is a firm market.

GLASGOW.—There have been no further price changes of note during the week, but the tone of the market remains strong. Production is fully taken up against contracts and previous sales, and the few parcels coming on the market command high prices. Enquiries continue on a brisk scale, but in view of the stringency of supplies and the collieries' reserve in committing themselves ahead, not a great deal of business is being arranged for the time being. Home business remains on an extensive scale, and many collieries have been in arrears with their deliveries.

CARDIFF.—South Wales collieries have been idle for the first three days of the week, and output is not likely to exceed 50 per cent. of the recent weekly level. At the docks, however, loading operations were resumed on Tuesday, and as the tonnage position is exceptionally favourable the week's shipments may not be much smaller than in the corresponding period last year. The Italian State Railways have placed a contract for 150,000 tons of Monmouthshire coals, thus increasing the purchases under the new trade agreement to 350,000 tons. Prices are firm for all classes of coal, cokes and patent fuel, but are nominally unchanged. On Saturday last a delegate conference of the South Wales Miners' Federation approved the provisional terms of a new wages agreement for a period of five years, but adjourned until Saturday this week pending the decision of the constituent lodges.

IRON AND STEEL

MIDDLESBROUGH.—The market was closed this week owing to the Easter holidays. Demand for iron and steel continues to exceed production. Producers of Cleveland foundry iron continue to ration supplies to home users. In some cases supplies are insufficient to meet all requirements. Consequently some consumers have to reduce their output. East Coast hematite makers, whilst rationing supplies to home buyers, have during this month been able to allocate certain quantities for shipment abroad against old contracts. Parcels have been despatched to Germany, Denmark, and Belgium, whilst a cargo of about 1,500 tons has been shipped coastwise to South Wales. Total shipments of pig iron from the Tees from March 1st to March 27th amounted to 9,473 tons, against 6,988 tons a month ago. Prices are unaltered at the official fixed minimum levels.

In both sections of the steel industry the position is as stringent as ever. Re-rollers are unable to secure semi-finished steel in sufficient quantities to cover their requirements, although makers are working at capacity. Finished steel of all kinds is in exceptional demand. Prices are unchanged. Imports of iron and steel scrap are mostly coastwise and the quantities are small. Merchants are experiencing a big demand for all classes of scrap, and, whilst official prices are not yet announced, heavy steel melting scrap remains at 67s. per ton. Prices of foreign iron continue to advance. Shipments of best Bilbao rubio are becoming more difficult, the freight from Bilbao to Middlesbrough being not less than 11s. 9d. per ton. Owing to the increasing demand for coke for shipment, blast furnace coke is more difficult to secure, the nominal quotation for good Durham qualities at present being 30s. per ton, delivered at the furnaces.

SHEFFIELD.—The iron and steel market has welcomed the slight relief afforded by the Easter holiday. There has not been much business, but it is clear that the pressure for supplies will be quickly resumed. Consumers of pig iron are desirous of placing orders for current or forward delivery, but with producers booked to the limit of production there is next to nothing on offer. Foundry sorts are particularly difficult to obtain, and although the stringency in forge is not so pronounced, only small parcels can be picked up. There are hopes of some expansion of output before long, but the immediate future is being viewed with a certain amount of anxiety. Derbyshire makers continue to be the principal suppliers in this area, the pressure at source for Lincolnshire iron leaving nothing for outside consumers. New business in hematite is almost negligible, there being virtually nothing for disposal. Any forward buying is subject to any increase in quotations, it being regarded as certain that prices will be revised shortly. Demand for finished iron continues on a good scale, especially for common and marked bars. Makers of crown bars are now doing very much better.

Conditions with regard to basic steel billets show no improvement. In spite of the enormous output, supply lags well behind demand, and rationing of customers is being adopted in some cases. Acid billets are in strong request, and it is not easy to meet the full requirements for wire rods. There has been a further increase in the demand for stainless sheets and for structural steel. Prices are firm and unchanged.

How far the control system is operating in the iron and steel scrap market is difficult to discover, and all concerned would welcome publication of the full official list immediately it has been completed. Meanwhile merchants and buyers are in more or less of a quandary, and apparently prices are the subject of bargaining. There is a big demand for heavy basic steel and for foundry cast iron, supplies of which are on the short side.

GLASGOW.—There is still a shortage of steel supplies in the West of Scotland, and curtailment of output has been necessary at several plants. It is hoped that curtailment will not be of long duration. Speaking

OIL OUTPUTS

BRITISH CONTROLLED OILFIELDS, LTD.—Production for February 1937, 62,808 barrels; deliveries for February, 1937, 75,593 barrels; production for week ended March 13th, 15,561 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended March 13, 1937, was 611,000 barrels. Production for the week ended March 6, 1937, was 609,000 barrels.

TRINIDAD PETROLEUM DEVELOPMENT COMPANY, LTD.—Production for the week ended March 13th, 26,763 barrels.

THE VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended January 30, 1937, was: Bolivar district, 543,368 barrels; Maracaibo district, 22,833 barrels; total, 566,201 barrels. Production for the week ended February 6, 1937, was: Bolivar district, 840,482 barrels; Maracaibo district, 28,985 barrels; total 869,467 barrels. Production for the week ended February 13, 1937, was: Bolivar district, 870,209 barrels; Maracaibo district, 28,431 barrels; total, 898,640 barrels. Production for the week ended February 20, 1937, was: Bolivar district, 886,110 barrels; Maracaibo district, 27,563 barrels; total 913,673 barrels. Production for the week ended February 27, 1937, was: Bolivar district, 847,451 barrels; Maracaibo district, 25,318 barrels; total, 872,769 barrels. Production for the week ended March 6, 1937, was: Bolivar District, 870,580 barrels; Maracaibo district, 24,078 barrels — 894,658 barrels. Production for the week ended March 13, 1937, was: Bolivar district, 871,611 barrels; Maracaibo district, 26,827 barrels; total, 898,438 barrels.

ELECTROLUX COMPANY (STOCKHOLM).—Profit for 1936 was S.Kr. 10,838,334, against S.Kr. 9,651,158. Swedish taxes, S.Kr. 1,800,000 (against S.Kr. 1,400,000). Final dividend of 5 per cent. again makes total of 10 per cent., and after reserving S.Kr. 750,000 for pensions, forward balance is raised from S.Kr. 7,957,996 to S.Kr. 10,096,332. It is proposed to reduce share capital from S.Kr. 60,000,000 to S.Kr. 45,000,000 by refunding S.Kr. 25 per share.

GAUMONT-BRITISH PICTURE CORPORATION.—Mr Justice Clauson, in the Chancery Division, adjourned until April 6th the motion to stop the Corporation, pending the trial of the action, from paying the 5½ per cent. preference dividend for the half-year to March 31, 1937.

HUDSON'S BAY COMPANY.—Net profit for 1936 amounted to £228,695, against £144,717. In addition to normal depreciation, £600,000 has been taken from general reserve and £523,253 from share premiums, and added to buildings, etc., depreciation account. That account now stands at £3,033,329, the share premium account being reduced from £1,982,102 to £1,496,324.

NESTLE AND ANGLO-SWISS HOLDING COMPANY, LTD.—Net profit for 1936 amounts to Frs. 24,579,361.96. Balance forward from 1935, Frs. 5,848,620.73. To statutory reserve, Frs. 1,174,362.00; special reserve, Frs. 1,416,838.00; pension and provident funds, Frs. 2,500,000.00; special relief fund, Frs. 2,500,000.00. Payment of dividend of Frs. 28.00 per share of Frs. 200, Frs. 1.40 per share of Frs. 10. Carry-forward, Frs. 6,261,331.83.

RANSOMES AND RAPIER, LTD.—Profits for 1936 £63,853, compared with £31,873 for 1935. Net profit £30,270, against £11,323. Ordinary dividend raised from 2½ per cent. to 8½ per cent. To reserve £12,000, making £100,000. Carry forward £1,394. An offer to shareholders of the unissued 50,000 ordinary shares is being considered.

RAND MINES, LIMITED

(INCORPORATED IN THE UNION OF SOUTH AFRICA)

CONDENSED BALANCE SHEET, 31st DECEMBER, 1936.

CAPITAL AND LIABILITIES

To Capital Account—

Registered 2,200,000 shares of 5s. each.....	£550,000	0	0
Less 74,005 shares of 5s. each in reserve	18,501	5	0
Issued 2,125,995 shares of 5s. each.....	£531,498	15	0

Note.—The Directors have the power to increase the Capital of the Company from time to time up to a maximum amount of £650,000.

.. Investment Reserve Account—

As per Balance Sheet, 31st December, 1935...	3,230,682	18	6
Add—Amount realised by sale of Investments during year ended 31st December, 1936, less book value thereof and net amount written off Investments, etc. (£337,303 17 9) ..			
Less—Funds retransferred to Appropriation Account—			
For amount of funds received from Investments sold during the year ended 31st December, 1936, in excess of Investments purchased, etc. (£107,034 3 8) ..	230,269	14	1
	3,460,952	12	7

.. Shareholders—

For Dividends declared but unpaid.....	491,250	16	6
.. Creditors and Credit Balances.....	630,878	12	8
	1,121,929	9	2

.. Balance of Appropriation Account—

Unappropriated	609,080	7	9
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Contingent Liabilities.

There are Contingent Liabilities in respect of commitments to guarantee and subscribe for shares in and to finance certain undertakings and for contracts open for the supply of Stores, etc.

PROPERTY AND ASSETS

By Freehold and Leasehold Properties, Reservoirs and Ventures at cost, less Depreciation

£78,314 11 7

.. Shares, Debentures, etc., at or below market value at 31st December, 1936, or where unquoted at Directors' valuation—

	Shares of	
185,255 City Deep, Ltd.....	£1	
82,114 Consolidated M.R. Mines & Est., Ltd.	£1	
601,396 Crown Mines, Ltd.	10s.	
112,200 Daggafontein Mines, Ltd.	5s.	
260,198 Durban Roodepoort Deep, Ltd.	10s.	
18,198 East Daggafontein Mines, Ltd.	10s.	
90,250 Do. Do.	10s. paid ..	
102,382 East Rand Proprietary Mines, Ltd.	10s.	
34,204 Ferreira Estate Co., Ltd.	1s.	
54,034 Geldenhuis Deep, Ltd.	£1	
114,300 General Estates, Ltd.	15s.	
8,000 Grootvlei Proprietary Mines, Ltd.	£1	
32,507 Do. Do.	10s. paid ...	
135,979 Holfontein (T.C.L.) G.M. Co., Ltd.	10s.	
41,780 Lace Proprietary Mines, Ltd.	5s.	
34,736 Libanon G.M. Co., Ltd.	10s.	
121,789 Modderfontein B. Gold Mines, Ltd.	5s.	
89,758 Modderfontein East, Ltd.	£1	
808,598 New Modderfontein G.M. Co., Ltd.	10s.	
195,113 North Venezuelan Petroleum Co., Ltd.	£1	
57,571 Nourse Mines, Ltd.	£1	
15,927 Palmietkuil G.M. Co., Ltd.	10s.	
47,980 Pretoria Portland Cement Co., Ltd.	£1	
63,034 Rietfontein (No. 11) Gold Mines, Ltd.	10s.	
37,283 Do. Do.	10s. paid ...	
118,930 Rose Deep, Ltd.	£1	
56,250 Siparia Trinidad Oilfields, Ltd.	£1	
70,000 South African Coal Ests. (Witbank), Ltd. ...	£1	
22,789 S.A. Land and Exploration Co., Ltd.	3s. 6d.	
42,953 The Hume Pipe Co. (S.A.), Ltd.	10s.	
12,400 The Anglo-Spanish Construction Co., Ltd. ...	£1	
£248,000 The Anglo-Spanish Construction Co., Ltd. (£65% repaid)	6% Debts.	
	Shares of	
52,953 Transvaal Con. Land & Explor. Co., Ltd.	10s.	
42,883 Trinidad Leaseholds, Ltd.	£1	
92,000 Tocoayo Oilfields of Venezuela, Ltd.	£1	
31,082 Van Dyk Consolidated Mines, Ltd.	10s.	
36,990 Do. Do.	10s. paid ...	
82,345 Village Deep, Ltd. (in Liq.)	7s. 6d.	
1,589 Vlakfontein G.M. Co., Ltd.	10s.	
18,781 Do. Do.	10s. paid ...	
469,920 Vogelstruisbult G.M. Areas, Ltd.	10s.	
40,000 Welgedacht Exploration Co., Ltd.	10s.	
41,684 Witbank Colliery, Ltd.	£1	
Sundry Shares, Debentures, etc.		503,819 14 11
.. Buildings, Plant, Stores, Vehicles, Furniture, etc.		6,173 10 0
.. Debtors and Debit Balances—		
Advances to Companies.....		14,283 2 11
Payments on account of mining supplies in stock and in transit for account of sundry mining companies		57,340 15 9
Current Accounts, Loans and Payments in Advance, etc.		57,679 3 5
.. Deposits, Fixed and on Call		830,911 0 6
.. Government and Municipal Stocks, etc.		257,442 5 5
.. Cash at Bankers and in Hand		42,856 19 11
.. Dividends to be received on Shareholdings		464,322 19 0
		£5,723,461 4 6

£5,723,461 4 6

£5,723,461 4 6

Contingent Liabilities.
There are Contingent Liabilities in respect of commitments to guarantee and subscribe for shares in and to finance certain undertakings and for contracts open for the supply of Stores, etc.

APPROPRIATION ACCOUNT.

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The Full Report and Accounts, with general plan of properties, may be obtained from the London Secretaries
A. MOIR & CO., 4 London Wall Buildings, London, E.C.2.

generally, the tendency in this district is towards expansion, and a number of concerns have additions to plant and buildings already in hand, while quite a number are under consideration at the moment. Clyde ship-builders have now more work on books than for many years past, and seem confident that further Government and mercantile contracts will be placed within the next few months. Structural engineers in the Glasgow district are all fully employed, and an increasing number of skilled men are now finding steady employment in this industry. All the manufacturing industries are busy and making heavy demands on the steelmakers and others. While re-rollers have recently received some Continental material, the tonnages involved are not sufficient materially to ease the situation, and business in this branch is exceedingly difficult.

CARDIFF.—The mills and steel furnaces were idle on Easter Monday, and manufacturers did not hold their usual meeting on Tuesday. The general condition of the market for tinplates remains unchanged. Prices continue very firm, and deliveries both for the export and the inland trades continue satisfactory. Shipments totalled 8,427 tons, compared with 6,759 tons the previous week and 3,962 tons in the corresponding week last year.

OTHER METALS

COPPER.—Despite holiday influences, which had a restrictive effect on the volume of business, prices improved this week. Liquidation has eased and demand has shown an improvement. Prices are again being "talked" higher and, since rising production is not yet reflected in current supplies, this optimism does not appear to be altogether unfounded. In the meantime, the United States domestic quotation was advanced to 17 cents per lb. this week.

Sales on the London Metal Exchange: 2,300 tons on Tuesday, against 4,800 tons last week; 2,600 tons on Wednesday, against 5,000 tons last week. Domestic spot was quoted at 17.02½ cents per lb. in New York on Wednesday, against 16.32½ cents a week ago and 16.12½ cents a month ago. Wednesday's official closing price for standard cash in London was £72 17s. 6d. to £73 per ton, compared with £68 10s. to £68 12s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 24,573 tons, showed a decrease of 694 tons, while stocks of rough copper, at 707 tons, were 150 tons larger.

LEAD AND SELLER.—Both metals rose in price, spelter being the firmer of the two. Indeed, at the close on Wednesday, the latter metal was quoted £1 16s. 3d. per ton higher than lead, the advance being traceable to the resumption of purchases in anticipation of large imports into the United States. The world smelter zinc output, according to the *Metallgesellschaft*, fell from 128,628 metric tons in December to 122,995 metric tons in January. The decline was entirely due to a smaller output in the United States; production elsewhere—which had already risen from 82,878 tons in November to 85,945 tons in December—showed a further rise to 86,685 tons in January. The future course of spelter prices must be largely dependent on developments in the United States. Should that country be forced to import—a possibility which is still much in doubt—prices might move to higher levels in the near future. If this possibility does not materialise, however, a setback is likely, for speculative holdings are heavy and production outside the United States is sufficient for requirements.

Sales of lead on the London Metal Exchange: 3,300 tons on Tuesday, against 2,750 tons last week; 1,650 tons on Wednesday, against 2,500 tons last week. The New York quotation on Wednesday was 6.95 cents per lb., against 6.95 cents a week ago and 7.00 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £31 16s. 3d. per ton, compared with £30 12s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 2,300 tons on Tuesday, against 3,000 tons last week; 2,100 tons on Wednesday, against 5,250 tons last week. Wednesday's quotation in East St. Louis was 7.50 cents per lb., against 7.50 cents the week before and 7.00 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £33 12s. 6d. per ton, against £30 12s. 6d. last week.

TIN.—After an early rise from £282 to £302, the cash price fell back to £294 per ton. Moreover, the "backwardation" (the premium on the spot quotation over the forward price) which was as high as £9 per ton at one time, narrowed to £4 on Wednesday. The removal of fears concerning a strike in Malaya was one factor responsible for the easier tone this week, whilst demand was also rather restricted. The strike situation in the United States tended to make buyers cautious and the market was also inclined to wait for the March statistics, which were published on Thursday.

These statistics, compiled by A. Strauss and Company, show that the visible supply rose by 575 tons to 22,256 tons last month, although deliveries were 1,293 tons larger, at 12,866 tons. New supplies amounted to 13,757 tons, an increase of 3,255 tons on the month. Although the increase in the visible supply is substantially less than the figure estimated by the International Committee, the position is better than the market had expected. Indeed, the March statistics show that, in the absence of speculation and the nervousness of consumers, the supply position would be normal.

Sales of tin on the London Metal Exchange: 450 tons on Tuesday, against 550 tons last week; 375 tons on Wednesday, against 425 tons last week. The New York quotation on Wednesday was 64.75 cents per lb., against 64.00 cents a week ago and 56.87½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £294 to £294 10s. per ton, compared with £285 to £285 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,586 tons, an increase of 414 tons on the week.

WOLFRAM.—Wolfram ore, which was selling at 25s. a unit last autumn and at about 37s. when the defence White Paper was published in February, has now risen to over 60s. a unit. The rise is partly due to genuine supply-demand factors, but there is also much speculation. It is not easy to predict whether a reaction is likely in the near future; it is, however, certain that at the present price level tungsten will suffer severe competition from molybdenum. Ultimately, therefore, a heavy decline in wolfram prices seems inevitable.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was quoted at £14 7s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £79 to £80 per ton ex warehouse, the same as last week. Chinese wolfram for "April-May" shipment was quoted at 61s. to 63s. per unit, c.i.f., compared with 57s. to 59s. last week. Refined platinum was steady on Wednesday at £115s. an ounce.

TEXTILES

COTTON.—**Manchester.**—During the past week business has been interrupted by the Easter holidays. An outstanding feature has been the further advance in raw cotton prices. As a result spinners and manufacturers have put up their quotations.

Bullish sentiment in New York and Liverpool has increased as a result of the active trade demand, and a report that there will not be further releases of loan cotton before February next year. Forwardings to world mills last week were heavy, and the total so far this season is 1,000,000 bales more than a year ago. However, there is some anxiety of a decline in prices in a few months' time, owing to the probability of an appreciable increase in the acreage under cotton next season.

Yarn quotations have been firmly held at the higher level. Demand has continued healthy, but in some quarters the higher prices have checked business. The stronger position of producers of ring beams continues to be a feature. A rather irregular business has taken place in Egyptian yarns.

Manufacturers of piece goods have well maintained their stronger position. A favourable development has been the increased activity for India, some fairly substantial contracts being put through in bleaching and finishing styles for delivery up to the end of November. There is a little anxiety, however, with regard to the political situation. Further operations have occurred in fine goods for Rangoon, and special orders have been secured in heavy materials for Hong Kong. A steady business has been done in printed and coloured cloths for West Africa and in printing and finishing styles for South America. Rather more contracts have been reported for the Continent, especially Germany and Scandinavia. Poplins have been in request for Canada and heavy goods for South Africa. A good all-round business has been done in home trade fabrics.

COTTON PRICES

	1937				Corresponding Date	
	Mar. 10	Mar. 17	Mar. 23	Mar. 31	1935	1936
Raw Cotton—Mid. American per lb.	8.01	8.12	7.85	8.09	6.32	6.51
" Sakellaridis Fully Good Fair Egyptian per lb.	11.22	12.70	12.56	12.96	8.27	9.19
Yarns—32's twist per lb.	13½	13½	13½	14½	9½	10½
" 40's twist per lb.	13½	13½	13½	14½	10½	11½
" 60's twist (Egyptian) per lb.	19	19½	20	20½	15½	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's s. d.	21 0	21 0	21 0	21 3	17 5	17 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's s. d.	29 0	29 0	29 0	29 4	23 7½	24 0
38-in. ditto, 38 yds., 18 by 16, 10 lb. s. d.	11 7	11 7	11 7	11 9	10 4	10 0
39-in. ditto, 37½ yds., 16 by 15, 8½ lb. s. d.	10 7	10 7	10 7	10 9	9 2	9 0

WOOL.—**Bradford.**—Woolmen, mill masters and operatives have all welcomed the short respite from business during the Easter holidays. The market remains firm. Since the close of the last London sales, cables from overseas have indicated the maintenance of prices with an expanding demand. Bradford topmakers are finding it somewhat difficult to pass on the rise in raw wool prices, and good 64's warp tops are costing fully 40d. per lb., no matter where the wool is being bought. It would seem as if 39d. per lb. is the utmost that can be obtained for these tops. Spinners are resisting the topmakers, while manufacturers are finding it difficult to hand forward the increased prices for cloths. Wholesale clothiers are concerned about sacrificing any profit margin they may have had in the past, and retail clothiers, anxious to maintain their returns, are in many cases inclined to lower quality. Quotations for crossbreds are advancing steadily, and the margin between fine wools and crossbreds is narrowing fast. At the Dunedin sale a week ago all qualities advanced a further 1d. per lb., clean. Consequently, topmakers have again put up prices. During the depression 40-44's B.A. crossbreds at one time sold at 5d. per lb., clean, c.i.f. Liverpool, and to-day's price is 21d.; other qualities are correspondingly dearer. This week mills have been standing two and three days, but machinery is being kept running well, and consumption is still large.

GRAIN MARKETS

WHEAT.—Despite the occurrence of the holidays, prices continued to rise in the period under review. The market has been sustained by the continuance of demand from Italy and Germany, while European crop prospects for the present season appear none too favourable. A similar advance has occurred on North American markets.

On Wednesday last, "May" futures were quoted in Chicago at 142½ cents per bushel, against 139½ cents the week before and 133½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 60s. per 496 lbs.; No. 2 Northern Manitoba, ex ship, 59s. According to *Corn Trade News* total shipments of wheat and flour last week totalled 1,465,000 quarters, against 1,865,000 quarters in the previous week and 1,205,000 quarters in the corresponding week a year ago.

FLOUR.—The price of flour has further advanced in a strong market. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 45s. 6d. per 280 lbs.; delivered inner London, 45s. Manitoba patents, ex store, 44s. 6d. to 46s. Australian, ex store, 35s. 3d. to 36s.

BARLEY.—Imported barley was firm in price, both before and after the holiday period. "May" futures were quoted at 84½ cents per bushel in Winnipeg on Wednesday, against 82½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed," at farm, 36s. to 38s., as against 36s. to 38s. a week ago; "English malting," at farm, 38s. to 45s., against 38s. to 45s. last week. Californian (new), ex ship, 54s. 6d.; Chilean, brewing (new), ex ship, 44s. 9d. to 50s., against 44s. 9d. to 50s. a week ago.

OATS.—On Wednesday, "May" futures were quoted at 49½ cents a bushel in Chicago, against 47 cents a week ago and 45½ cents last month. Quotations in London, Wednesday: "English black," at farm, 24s. to 26s. per 336 lbs. a week ago; "English White," at farm, 24s. to 26s.; mixed Canadian feed (Vancouver), landed, 25s. per 320 lbs.

MAIZE.—Under the influence of an active demand, prices have again advanced in the period under review. "May" futures were quoted on

Wednesday at 118½ cents per bushel in Chicago, against 110 cents a week ago and 104½ cents last month. Quotations in London, Wednesday: "Plate," landed, 29s. 9d. per 480 lbs.; "Plate," ex ship, 28s. 9d.; "Plate," March, 28s. 9d.; yellow maize meal, ex wharf, was quoted at £7 10s. to £7 12s. 6d. per ton.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-37:—

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	April 1, 1936	Dec. 30, 1936	Mar. 23, 1937	Mar. 31, 1937
Winnipeg (No. 1, Manitoba) Cents per 60 lb.	82½	84½	81½	129	139½	146½
Chicago (No. 2, Winter) Cents per 60 lb.	98½	101½	96½	135½	139½	142½

The visible supply of wheat in Canada amounts to 83,841,000 bushels, against 85,333,000 bushels last week, and 112,300,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1933-34 to 1936-37:—

	1933-1934	1934-1935	1935-1936	1936-1937
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to March 27	201,524	265,111	251,142	190,881
30 weeks to March 27	9,142,000	10,948,582	11,041,648	8,248,861
Average price of English wheat per cwt.	s. d. 4 5	s. d. 4 8	s. d. 6 5	s. d. 9 2

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding weeks in each of the years from 1933 to 1936:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
March 25, 1933	Cwts. 155,384	Cwts. 94,059	Cwts. 37,902	s. d. 5 1	s. d. 6 3	s. d. 5 10
March 24, 1934	201,524	68,902	43,641	4 5	8 10	6 2
March 30, 1935	265,111	89,553	38,449	4 8	7 4	6 11
March 28, 1936	251,142	101,407	37,553	6 5	7 7	6 0
March 20, 1937	277,345	116,429	52,951	9 0	9 10	8 3
March 27, 1937	190,881	51,503	30,468	9 2	10 1	8 2

OTHER FOODS

BACON.—Bacon has remained in active request at steady prices. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 92s. to 96s.; Canadian, 85s.; Danish, 92s., against 92s. to 96s., 85s. and 92s. last week. Arrivals in London last week included: Danish, 13,299 bales; Canadian, 6,584; Dutch, 2,713; Lithuanian, 1,190, and Polish, 3,006; as against 13,633, 6,777, 2,778, 1,069 and 2,748 bales, respectively, in the previous week.

BUTTER.—Colonial butters remained a firm market, other kinds being slow. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 101s.; Australian, choicest salted, 101s.; Danish, 118s. to 120s.; compared with 101s., 101s. and 128s., respectively, a week ago.

CHEESE.—English and Colonial makes were a firm market, with other descriptions steady. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 86s. to 92s.; Canadian, finest coloured, 73s. to 74s.; and New Zealand, finest coloured, 65s. 6d. to 66s., against 86s. to 92s., 73s. to 74s., and 63s. 6d., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 11½ cents per lb., as against 11½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "April-May," was quoted at 52s. per 50 kilos, c.i.f. Continent, against 51s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 20,406 bags; delivered, for home consumption, 5,874 bags; exported, 152 bags; stocks, 253,113 bags, against 137,984 bags a year ago.

COFFEE.—On Wednesday, Rio No. 7 (cash) was quoted at 9½ cents per lb. in New York, as compared with 9½ cents per lb. last week and 9½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 9 cwt.; delivered, for home consumption, 20 cwt.; exports, nil; stocks, 3,087 cwt., against 11,600 a year ago. Central and other South American: Landed, 5,347 cwt.; delivered, for home consumption, 3,334 cwt.; exported, 986 cwt.; stocks, 92,292 cwt., against 100,173 last year. Other kinds: Landed, 6,819 cwt.; delivered, for home consumption, 3,652 cwt.; exported, 533 cwt.; stocks, 124,918 cwt., against 159,421 last year.

EGGS.—English and Irish eggs were a steady market this week, but other selections had an easier tendency. At Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 10s. 3d. to 11s. per 120, as against 10s. to 10s. 3d. last week; while Danish (15½ lb.) made 9s. 3d. to 9s. 6d., as against 10s. 3d. to 10s. 6d. last week.

FRUIT.—Business at Covent Garden was brisk in the week before the holidays, but has since had a quieter tone. According to *The Fruitgrower*, apple prices were steady, on a good demand. Cape grapes rose in price, but Belgian were easier. South African pears were steady at the previous range, while Australian were a little dearer. The forced English straw-berries on the market declined in price. Plums from South Africa and Australia, although in steady demand, were a somewhat easier market. Supplies of grapefruit were plentiful, with quotations showing little material alteration; the orange trade was steady, and lemons were slightly easier.

MEAT.—At Smithfield Market, business has been rather quiet following the holidays. On Wednesday last, Argentine chilled hindquarters were quoted at 8s. 6d. to 4s. per 8 lbs., as compared with 3s. 10d. to 4s. 2d. quoted at 8s. 6d. to 4s. per 8 lbs., as compared with 3s. 10d. to 4s. 2d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,692 tons, a decrease of 223 tons on the corresponding week last year. Beef and veal accounted for 4,806 tons, mutton and lamb 2,368 tons, and pork and bacon 913 tons, as compared with 4,789, 2,512 and 1,028 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, Singapore white Muntok, spot, was quoted at 6d. per lb. in bond, against 6d. per lb. a week earlier. Black Lampong, spot, in bond, was quoted at 3½d. per lb. sellers, compared with 3½d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, nil; delivered, 1 ton; stocks, 1,806, against 1,685 last year. White, landed, nil; delivered, 32 tons; stocks, 11,782, compared with 12,699 a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 10s. per cwt. ex warehouse, on Wednesday, as compared with 10s. per cwt. a week ago. "March-April," in singles to Continent and U.K., was quoted at 9s. per

GOVERNMENT GOLD MINING AREAS (MODDERFONTEIN) CONSOLIDATED, LTD.

(Incorporated in the Union of South Africa).

Issued Capital, £1,400,000 in 5,600,000 Shares of 5s. each.

DIRECTORATE:

J. B. JOEL, J.P. (Chairman). DR. J. G. LAWN, C.B.E. G. IMROTH.
SIR REGINALD A. BLANKENBERG, K.B.E. DR. J. G. LAWN, C.B.E. G. J. JOEL, M.C.
J. H. CROSBY (Deputy-Chairman). D. CHRISTOPHERSON, C.B.E.

Extracted from the Annual Report to 31st December, 1936.

Tons crushed, 2,568,000, yielding 797,833.540 fine ounces of gold.

	£5,612,093 17 1	Per ton, based on tonnage crushed.
Total Working Revenue	2,268,522 5 10	62 3 8
Total Working Costs	3,343,571 11 3	7 17 8
Working Profit	19,945 10 2	61 5 0
Rents, Interest and Sundry Revenue	192,840 15 4	63,556,357 16 9
Balance at 31st December, 1935, brought forward		
This amount has been dealt with as follows:—		
Government's Share of Profits (Estimated amount 1936, £1,925,284 10s. 10d.; Adjustment 1935, £3,431 18s. 4d.)	1,928,716 8 11	
Taxation—Union and Provincial	3,444 8 6	
Miners' Pensions Sanatoria, Donations and Depreciation	2,844 4 1	
Contribution in respect of Outstanding Liabilities, Miners' Pensions Compensation Fund	11,377 3 1	
Capital Expenditure	34,482 2 1	
Dividends Nos. 38 and 39 of 5s per cent. each	1,540,000 0 0	3,520,864 6 8
Leaving a Balance carried forward of		635,493 10 1

The payable Ore Reserves at the end of the year were estimated at 11,024,000 tons of average value of 6.5 dwts., over a stopping width of 58 inches. The estimate of ore reserves is based on gold at 140s. per fine ounce and current working costs.

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

NEW STATE AREAS, LIMITED.

(Incorporated in the Union of South Africa.)

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

DIRECTORATE:

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

Extracted from the Annual Report to 31st December, 1936.

Tons crushed, 1,471,000, yielding 454,755.751 fine ounces of gold.

		Per ton, based on tonnage crushed.
Total Working Revenue	£3,196,701 3 9	£2 3 6
Total Working Costs	1,354,255 10 11	18 5
Working Profit	1,842,445 12 10	£1 5 1
Rents, Interest and Sundry Revenue	8,591 0 2	
Balance at 31st December, 1935, brought forward	104,389 11 9	
	£1,955,426 4 9	

This amount has been dealt with as follows:—
Government's Share of Profits (Estimated 1936, £1,181,427 15s. 4d.; Adjustment 1935, £976 6s. 11d.) ... 1,182,404 2 3
Taxation—Union and Provincial (Estimated amount for 1936, less adjustment for 1935, £3,785 16s. 4d.) ... 146,012 8 8
Miners' Phthisis Sanatoria, Donations and Depreciation ... 2,298 17 11
Contribution in respect of Outstanding Liabilities, Miners' Phthisis Compensation Fund ... 4,694 1 8
Debiture Expenses ... 108 7 0
Capital Expenditure ... 24,372 7 7
Dividends Nos. 23 and 24 of 15 per cent. each ... 454,211 2 0

Leaving a Balance carried forward of ... £1,814,101 6 11

The payable **Ore Reserves** at the end of the year were estimated at 4,190,000 tons of an average value of 6.7 dwts. over a stoping width of 48 inches. The estimate of ore reserves is based on gold at 140s. per fine ounce and current working costs.

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

VAN RYN DEEP, LIMITED.

(Incorporated in the Union of South Africa.)

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

DIRECTORATE.

J. B. JOEL, J.P. SIR REGINALD A. BLANKENBERG, K.B.E. DR. J. G. LAWN, C.B.E.
SIR WILLIAM DALRYMPLE, K.B.E. SIR ABE BAILEY, Bart. G. J. JOEL, M.C. G. H. BEATTY.

Extracted from the Annual Report to 31st December, 1936.

Tons crushed, 1,250,000, yielding 239,305.624 fine ounces of gold.

		Per ton, based on tonnage crushed.
Total Working Revenue	£1,681,838 5 10	£1 6 11
Total Working Costs	1,120,536 10 5	17 11
Working Profit	561,302 15 5	9 0
Rents, Interest and Sundry Revenue	5,735 14 5	
Balance at 31st December, 1935, brought forward	59,527 6 4	
	£626,565 16 2	

This amount has been dealt with as follows:—
Taxation—Union and Provincial (Estimated amount for 1936, less adjustment for 1935, £4,550 9s. 2d.) ... 211,515 17 10
Royalty on Ore ... 2,381 9 4
Miners' Phthisis Sanatoria, Donations and Depreciation ... 1,406 4 10
Contribution in respect of Outstanding Liabilities, Miners' Phthisis Compensation Fund ... 67 13 2
Capital Expenditure ... 4,781 18 5
Dividends Nos. 46 and 47 of 12½ per cent. each ... 299,223 0 0

Leaving a Balance carried forward of ... £107,189 12 7

The payable **Ore Reserves** at the end of the year were estimated at 3,430,000 tons of an average value of 3.8 dwts. over a stoping width of 50 inches. The estimate of ore reserves is based on gold at 140s. per fine ounce and current working costs.

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

cwt., against 9s. last week. Movements in London last week were as follows: Landed, 25 tons; delivered, 38; stocks, 1,080 tons, against 1,240 a year ago.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Feb. 18, 1937	d.	d.	d.	d.	d.	d.	d.
Feb. 25, "	14-04	14-19	16-15	13-35	11-83	13-21	14-53
Mar. 4, "	14-32	14-71	16-60	14-35	11-84	13-65	14-84
Mar. 11, "	14-34	14-76	16-78	13-35	12-24	13-52	14-92
Mar. 18, "	14-29	15-01	16-82	14-18	12-38	13-34	14-82
Mar. 25, "	14-37	15-05	17-03	14-13	12-56	13-61	15-02
	14-97	15-81	17-27	Nil	Nil	13-91	15-81

The market was closed this week.

VEGETABLES.—Supplies of vegetables at Covent Garden were ample for the pre-holiday trade, states *The Fruitgrower*, but prices for most lines improved. An easier tone has, however, been displayed this week. Lettuces and new carrots realised good prices, and radishes were a better item. Asparagus, however, was easier, and house-grown beans declined slightly. Greenstuff in general was in keen request, but cauliflowers and leeks were easier in price. Potato prices were marked up before the holidays, and have since been firm. At the Borough Market on Tuesday, against 9s. 6d. to 10s. 6d. per cwt., ex market, against 9s. 6d. to 10s. last week.

SUGAR.—Raw sugar was a firm market both in London and New York this week. The New York spot quotation was 3-55 cents on Wednesday, as compared with 3-45 cents per lb. last week and 3-48 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "May" delivery at 6s. 8½d. to 6s. 9d., against 6s. 4½d. to 6s. 5½d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 19,353 tons, against 4,436 in the previous week and 9,976 in the same week of 1936; deliveries, 12,953 tons, against 17,728 and 15,134 tons, respectively; stocks, 206,940 tons, against 200,540 and 230,912 tons, respectively.

THE LANGLAAGTE ESTATE AND GOLD MINING COMPANY, LIMITED.

(Incorporated in the Union of South Africa.)

Issued Capital: £1,519,833 in Shares of £1 each.

DIRECTORATE:

J. B. JOEL, J.P. (Chairman). J. H. CROSBY (Vice-Chairman).
SIR REGINALD A. BLANKENBERG, K.B.E. DR. J. G. LAWN, C.B.E. G. J. JOEL, M.C. F. L. MARX. SIR WILLEM VAN HULSTEYN.

Extracted from the Annual Report to 31st December, 1936.

Tons crushed, 1,128,000, yielding 183,188.268 fine ounces of gold.

		Per ton, based on tonnage crushed.
Total Working Revenue	£1,287,766 14 6	£1 2 10
Total Working Costs	973,805 14 7	17 3
Working Profit	313,960 19 11	5 7
Rents, Interest and Sundry Revenue	13,983 13 2	
Sales of Property and Township Stands	17,452 18 7	
Balance at 31st December, 1935, brought forward	114,962 15 10	
	£460,360 7 6	

This amount has been dealt with as follows:—
Government's Share of Profits (Bewaarplaatsen) (Estimated 1936, £4,548 15s. 1d.; Adjustment 1935, £19 6s. 7d.) ... 4,568 1 8
Taxation—Union and Provincial (Estimated amount for 1936, less adjustment for 1935, £1,372 1s. 8d.) ... 97,801 11 10
Miners' Phthisis Sanatoria, Donations and Depreciation ... 1,536 12 4
Contribution in respect of Outstanding Liabilities, Miners' Phthisis Compensation Fund ... 5,818 13 7
Dividends Nos. 90 and 91 of 7½ per cent. each ... 227,974 19 0

Leaving a Balance carried forward of ... £122,860 9 1

The payable **Ore Reserves** at the end of the year were estimated at 2,205,000 tons of an average value of 3.4 dwts. over a stoping width of 42 inches. The estimate of ore reserves is based on gold at 140s. per fine ounce and current working costs.

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

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LTD.

(Incorporated in the Union of South Africa.)

Issued Capital, £4,063,553 in Shares of £1 each.

DIRECTORATE:

J. H. CROSBY (Vice-Chairman). J. B. JOEL, J.P. (Chairman).
SIR REGINALD A. BLANKENBERG, K.B.E. DR. J. G. LAWN, C.B.E. G. J. JOEL, M.C.
SIR WILLEM VAN HULSTEYN. G. H. BEATTY.

Extracted from the Annual Report to 31st December, 1936.

Tons crushed, 4,612,000, yielding 803,108.215 fine ounces of gold.

		Per ton, based on tonnage crushed.
Total Working Revenue	£44,920 17 1	£4 4 6
Total Working Costs	555,537 15 8	16 9
Working Profit	510,617 1 5	7 9
Rents, Interest and Sundry Revenue	513 13 9	
Sales of Property and Township Stands	5312 8 9	
Balance at 31st December, 1935, brought forward	5,698 5 2	
	£62,187,907 19 1	

This amount has been dealt with as follows:—
Taxation—Union and Provincial (Estimated amount for 1936 less adjustment for 1935, £11,041 1s. 1d.) ... 569,010 16 11
Miners' Phthisis Sanatoria, Donations and Depreciation ... 5,614 6 9
Contribution in respect of Outstanding Liabilities, Miners' Phthisis Compensation Fund ... 18,207 17 6
Capital Expenditure ... 226,079 8 11
Dividends Nos. 17 and 18 of 12½ per cent. each ... 1,015,888 5 0

Leaving a Balance carried forward of ... £353,807 4 0

The payable **Ore Reserves** at the end of the year were estimated at 14,057,000 tons of an average value of 3.9 dwts. over a stoping width of 46 inches. The estimate of ore reserves is based on gold at 140s. per fine ounce and current working costs.

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

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Firm conditions rule for practically all oilseeds and prices continue to have an upward tendency. Linseed has further advanced mainly on Continental buying of Plate, which so far as English crushers are concerned is more or less neglected, and in sympathy with Argentine options. Some interest has been shown in new crop Indian seed, shipments of which are now beginning, but prices are considered too high to stimulate demand. In view of the heavy shipments from the River Plate some concern is felt concerning the adequacy of future supplies. Practically 40 per cent. of the Argentine seed already been shipped since the beginning of the year. In the past few weeks 662,000 tons have been exported, against 440,000 tons in the corresponding period last year, leaving around a million tons or approximately the same quantity as was actually shipped in the remainder of 1936. India is expected to have about the same quantity available for export as last season, so that probable world supplies are now no greater than a year ago, notwithstanding the heavier Plate crop. Large shipments continue to be made to the United States and Canada, the total for the past twelve weeks being 228,000 tons, against only 57,000 tons a year ago.

Prospects for a larger area under linseed in the United States are considered disappointing. The quantity of linseed now afloat for Europe has increased to 207,800 tons. Egyptian cottonseed is very firm but little business is passing at the higher levels.

Vegetable oils have moved up in sympathy with seed and a good demand. Linseed oil has reached £30 per ton, naked, ex Hull mill, and is at the highest level since September, 1930. Cotton oil is firm and a shade dearer. The demand for oilcakes continues good, and prices are maintained.

RUBBER.—The market has again been active and prices have risen to the highest level since March, 1928. The expectation of a labour shortage in Malaya was more than sufficient to offset the effects of the strike situation in the United States. The spot price in New York on Wednesday was 26½ cents per lb., compared with 24½ cents per lb. a week ago and 21½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 1s. 1½d. per lb., as against 1s. 0½d. on the corresponding day last week. In forward positions, business has been done at 1s. 1½d. to 1s. 1¾d. for "May" shipment, as against 1s. 0½d. to 1s. 0¾d. a week ago. Stocks in London and Liverpool at the end of last week totalled 53,818 tons, against 54,734 tons a week earlier. A year ago stocks amounted to 148,899 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, March 31st.

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, Etc.—				English King Edward				English Southdown, greasy, per lb.			
Wheat—				s. d. s. d.				s. d. s. d.			
No. 2, N. Man. 496 lb.				per cwt.				18½			
Eng. Gaz. av., per cwt.				9 6 10 6				Lincoln hog, washed			
Barley, Eng. Gaz. av. ...				0 3½				17			
Oats, ...				0 6				Queensland, scd. super cmbg.			
Maize, La Plata, landed				0 8½				N.S.W. greasy, super cmbg.			
480 lb.				0 10½				N.Z., gray, half-bred 30-58			
Flour, Lon. stan. ex mill,				62 6				Crossbred 40-44			
280 lb.				62 6				Tops—			
Rice, No. 2 Burma, per cwt.				1 9 2 4				Merinos 70's average			
MEAT—				1 0				64's			
Beef, per 8 lbs.—				SUGAR—				Crossbred 48's			
English long sides				(Duty, 11/8 per cwt.)				48's			
Argentine chilled blnds				Centrifugals, 98%, prpt.				Tops			
Mutton, per 8 lbs.—				shipm., c.i.f. U.K./Cont.				Merinos 70's average			
English wethers				B.W.I., crystallised				64's			
N.Z. frozen				Jamaica, ord. to good				Crossbred 48's			
Lamb, per 8 lbs.—				B.W.I., crystallised				48's			
N.Z. frozen				Oct. Dec.				Tops			
Pork, English, per 8 lbs.				Nominal.				Merinos 70's average			
OTHER FOODS				REFINED—London				64's			
BACON—				Cubes				Crossbred 48's			
English, per cwt.				Crushed				48's			
Irish, per cwt.				Granulated				Tops			
Danish, per cwt.				Home Grown				Merinos 70's average			
Dutch, per cwt.				TEA—				64's			
HAMS—				Indian, per lb.—				Crossbred 48's			
Canadian, per cwt.				Pekoe				48's			
United States, per cwt.				Broken Pekoe				Tops			
BUTTER—				Orange Pekoe				Merinos 70's average			
Australian, per cwt.				Broken Orange Pekoe				64's			
New Zealand, per cwt.				Ceylon, per lb.—				Crossbred 48's			
Danish, per cwt.				Pekoe				48's			
Dutch, per cwt.				Broken Pekoe				Tops			
CHEESE—				Orange Pekoe				Merinos 70's average			
Canadian, per cwt.				Ceylon, per lb.—				64's			
New Zealand, per cwt.				Pekoe				Crossbred 48's			
English Cheddars, per cwt.				Broken Pekoe				48's			
Dutch, per cwt.				Orange Pekoe				Tops			
COCOA—				Ceylon, per lb.—				Merinos 70's average			
(Duty, British grown,				Pekoe				64's			
11/8; foreign, 14/- cwt.)				Broken Pekoe				Crossbred 48's			
Abaca, f.f., per cwt.				Orange Pekoe				48's			
Trinidad, per cwt.				Ceylon, per lb.—				Tops			
Grenada, per cwt.				Pekoe				Merinos 70's average			
COFFEE—				Broken Pekoe				64's			
(Duty, British grown,				Orange Pekoe				Crossbred 48's			
4/8; foreign, 14/- cwt.)				Ceylon, per lb.—				48's			
Santos sup. c. & f. cwt.				Pekoe				Tops			
Colombian, good				Broken Pekoe				Merinos 70's average			
Costa Rica, med. to good				Orange Pekoe				64's			
East Indian, " " "				Ceylon, per lb.—				Crossbred 48's			
Kenya, medium				Pekoe				48's			
EGGS—				Broken Pekoe				Tops			
English, per 120				Orange Pekoe				Merinos 70's average			
Danish, per 120				Ceylon, per lb.—				64's			
FRUIT—Oranges—				Pekoe				Crossbred 48's			
Valencia, cases				Broken Pekoe				48's			
Jaffa, boxes				Orange Pekoe				Tops			
Lemons, Malaga, cases				Ceylon, per lb.—				Merinos 70's average			
Sicilian, boxes				Pekoe				64's			
Apples: Amer. (var.) bris.				Broken Pekoe				Crossbred 48's			
(var.) boxes				Orange Pekoe				48's			
Australian, boxes				Ceylon, per lb.—				Tops			
LARD—				Pekoe				Merinos 70's average			
Irish finest bladders				Broken Pekoe				64's			
U.S., per cwt.				Orange Pekoe				Crossbred 48's			

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

UNITED STATES

New York quotations unless otherwise stated

Wheat, No. 2, Winter, nearest				Sugar, Cuban Centrifugals, 96			
future, Chicago, per bushel				deg., spot, per lb.			
Apr. 1, 1936				Cotton, middling, spot, per lb.			
Cents				Rubber, smoked sheet, spot,			
96½				per lb.			
Mar. 3, 1937				Petroleum, Mid-continent crude			
133½				33 deg., to 33-90, at well, per			
Mar. 23, 1937				barrel			
139½				Copper, "Electrolytic," Domestic,			
Apr. 1, 1937				spot, per lb.			
104½				Copper, "Electrolytic," Export			
110				prompt, per lb.			
118½				Spelter, East St. Louis, spot,			
45½				per lb.			
47				Lead, spot, per lb.			
110½				Tin, Straits, spot, per lb.			
116				Apr. 1, 1936			
80				Mar. 3, 1937			
91				Mar. 23, 1937			
111				Mar. 3, 1937			
11½				Apr. 1, 1937			
5-02				Cents			
10-90				3-75			
11-00				11-56			
11-25				13-87			

into deadlock? It is impossible to study the problems involved or to sample the opinions of those who in foreign countries have been wrestling with them in past months, without reaching the conclusion that the main stumbling-block is to be found in the attitude of the British Government—not in any wilful obstruction but in a refusal to modify preconceived formulas by so much as a single digit to accommodate them to the new opportunities presented by changing circumstances. It is not honesty of purpose that is lacking so much as breadth of vision and elasticity of approach.

The numbing effect of British policy can be illustrated in many ways. It is obvious, for example, that an Anglo-American Trade Agreement cannot be concluded unless it includes some concession by Great Britain on American agricultural produce. But in the face of all the advantages, political and economic, that would flow from such an Agreement, the British Government are apparently still tied to the slogan of "the home farmer first, the Dominions second, and the foreigner (including the American) nowhere." Is there no other way of protecting the British farmer from ruin than by holding up the whole movement of world commerce, snubbing the friendliness of the American Government and condemning our own export trades to lasting stagnation? Is it certain that the Dominions would object to any concession being made to America? The Dominion most closely affected would be Canada, and it should not be beyond the wit of man, or outside the reach of American goodwill, to find some triangular method of bringing advantage to all three parties.

It is doubtful whether the British public realises the depth of foreign dislike of the Ottawa Agreements. Even those foreign countries who are willing to concede to the British nations the principle of Imperial Preference, object to the restrictive manner in which it is applied. They remember that the British delegation to Ottawa promised that there should be no increases of tariffs to

foreigners, and then agreed to the precise reverse. So long as the Ottawa Agreements do not encourage trade, but merely divert and distort it; so long as they make it impossible for Great Britain to give anything in return for what foreign countries can offer, so long will they be regarded by the world at large as one of the major handicaps to commercial reconstruction. Insult is added to injury when Great Britain, invoking the sacred name of the most-favoured-nation clause, prevents other nations from doing what she and the Dominions did at Ottawa. The Ouchy Convention between Holland and Belgium was brought to naught by a British veto in 1932, although no duties were to be increased to anybody. A similar convention between all the Oslo States would be well within the realm of possibility to-day if it were not for the British attitude. Britain not only suspends the most-favoured-nation clause within the Empire, but in her dealings with foreign countries she virtually compels them to break it in her favour. What else are the coal clauses of the British Agreements with the Scandinavian countries but deliberate evasions of the most-favoured-nation clause? Yet these same countries are not allowed to suspend the clause in their own favour or in that of all-round freer trade.

We repeat that we do not believe this attitude to be one of deliberate perversity. Ministers are honestly of the belief that British restrictions are very moderate. So they are; but a low hedge across a highway may be more obstructive than an unscalable wall on a remote mountainside. The time has come for an act of high policy, for a deliberate decision by the British Cabinet to do all that it can to further the promising movement whose spokesmen are in London this week. As always, the disadvantages of such a course will lie on the surface and the advantages will be less direct. But there will never be a time when a more overwhelming measure of indirect benefit can be purchased for so little direct cost. It is now or never.

Profit and Loss in Spain

THE international atmosphere is still charged with war and rumours of war; yet there seems to be no reason to revise the more optimistic forecast upon which we ventured a fortnight ago. On the contrary, it looks to-day more than ever as though the clouds were lifting, and we may even see before long some patches of blue sky.

For one thing, it is now becoming increasingly unlikely that the outcome of the civil war in Spain will radically alter the balance of power in the Mediterranean and in Europe. On the Government side, the International Brigade has foiled the attempt of the Italian and German dictators to carry FRANCO to victory on a moving forest of foreign bayonets. Its sacrifices have given the Government time to build up a properly drilled and equipped loyalist Spanish army, and a second-line army behind it. The International Brigade can no longer be reinforced, but GENERAL FRANCO is now confronted by a far larger host of native Spanish fighting men—sprung from the ground out of the dragon's teeth which the insurgent leaders sowed when they plunged their country into civil war.

The insurgents *ne passeront pas*; but, on the other hand, it is unlikely that the Government, even with its new model army, will be able to make a clean job of crushing the insurgents by force of arms. It is true that FRANCO's foreign support is proving a broken reed; for the Italian troops in Spain have been demoralised; the Germans are trying to extricate themselves (we discuss the reasons below); and the French and British Govern-

ments have now made it clear to Rome and Berlin that they intend to see that the non-intervention agreement is genuinely carried out. The Western Powers will make a determined effort to obtain the withdrawal of all non-Spanish nationals who are already serving on either side; and, short of that, they will show their teeth if the German and Italian Governments attempt to introduce fresh men and munitions surreptitiously. This change in the diplomatic situation to the advantage of the Western Powers is all in the Spanish Government's favour; but it may well be offset, in part at least, by the old and apparently incurable domestic quarrels of the Government's supporters. The feud between anarchists, democrats and Communists has been waged so bitterly while all three factions have been *in extremis* that it threatens to pass all bounds if and when the consolidating pressure from the insurgents begins to relax.

Thus, while there seems a growing probability that the outcome of the Spanish civil war will be stalemate, what are Italy and Germany thinking and doing? In Germany, it seems that the Reichswehr has prevailed over the Radical Wing of the Nazi Party in the struggle to gain HERR HITLER's ear, and any reasonable excuse may be taken to liquidate Germany's Spanish commitments—which have apparently been limited since Christmas. If the Reichswehr is having its way, it owes this political victory to the incontrovertible logic of events both in Spain and elsewhere.

When the Spanish civil war broke out, the Reichswehr were not yet ready for action—not even for a colonial

war à la Mussolini—and the Spanish experiment which they have been compelled unwillingly to make has not been encouraging. As in 1914, the plans of the German Generals have been based on the assumption that an overwhelming offensive can achieve a swift and decisive success. While, *mirabile dictu*, the Generals appear to have learnt nothing and forgotten nothing as a result of their experience in the Great War, the "little war" which has been going on in Spain does seem to have made an impression on their minds. It is said to have convinced them that the defensive, even when hastily extemporised, is able to hold up the impetus of even the latest of modern weapons; and if this has happened in the Spanish civil war, it would happen *a fortiori* in a conflict between highly trained and well prepared armies. Tanks, in particular, have proved to be less difficult to put out of action than was expected; aeroplanes have been more deadly in counter-attack than in attack; and Germany's own new war-material has been less effective than that of her rivals—e.g. Russia.

Nor are these technical failures the worst of Germany's disappointments. Her military miscalculations have been less egregious than her political, if she has really been counting upon a revolution in France which would turn France into a second Spain and leave Germany with a free hand on the Continent in the *beau rôle* of the saviour of Europe from Communism. To-day, France is actually stronger than she has been for years. MONSIEUR BLUM is firmly in the saddle; financial as well as political confidence is returning; Franco-British solidarity is greater now than at any time since 1918; and Great Britain is re-arming. In these circumstances, HERR HITLER himself can scarcely be prepared to challenge the united forces of Britain and France—particularly when he cannot rely either politically or militarily upon Italy. Thus, to-day, Germany finds herself once again virtually single-handed and unprepared instead of being mistress of the European situation, as she had hoped to be.

Italy, too, is in difficulties which, at the moment, are even greater than Germany's. She is more deeply and more publicly committed than Germany to the Spanish adventure. She is faced, like Germany, with a choice

between withdrawing and reinforcing her expeditionary force; but, unlike Germany, she cannot comfortably take either course. If she brings her troops home from Spain, they will now certainly bring with them a political infection that will be likely to spread. If she leaves them in Spain unreinforced, they may fall into a serious plight which would do further damage to Italian prestige. If she tries to reinforce them, she now runs the risk of a serious encounter with the Western Powers.

From the Italian standpoint, these Spanish problems are harassing enough; and yet they are by no means the gravest issue which Italy has to face. Her worst nightmare is one of her own creation, and that is the new armaments race. For the weakest and poorest of the Great Powers to have hounded the sluggish and pacific giants to the west of her into an armaments race, in which they cannot fail to outspend and out-arm her is the crowning folly of SIGNOR MUSSOLINI's statesmanship.

If the two Fascist Powers are getting out of their depth while the Spanish civil war is approaching stalemate, can we begin to see a way out of Europe's Spanish impasse? On the assumption that the foreign driving force is going to die out of the Spanish civil war, we may go on to assume that the present civil war in Spain will end in the same way as its predecessors; and these have never ended in a military decision. They have ended in the patching up of some sort of an armistice, after which the troops on either side have melted away and have resisted all attempts to call them back to the colours. Given a repetition of history in Spain, the Non-Intervention Committee would at last have a really beneficent and constructive part to play. If it could turn itself into an international relief organisation to do in Spain what Mr HOOVER did in Belgium during the Great War, its humanitarian work might have a political sequel. The international representatives who had come in to start Spain on the path of material reconstruction might stay on to help her to get on to her feet again politically. An impartial election might be held under international auspices, on the model of the plebiscite in the Saar. Here is a golden bridge for all of us—Spaniards and foreigners, democrats and dictators. Can we not agree to cross it abreast?

British and American National Income

THE concept of the National Income is one which has attracted statisticians almost from the birth of their science. Not the least interesting chapter in MR COLIN CLARK's recent book* is that in which he collates the different estimates from those of GREGORY KING onwards. Nor is the National Income merely a statistician's plaything; it is of great importance for the formulation of economic policy to know the approximate dimensions of the National Income, and of even greater importance to measure its fluctuations. It is not merely the starting-point of economic policy, but also the criterion of the policy's success or failure; for the aim of all economic management should be to increase the aggregate incomes of the community's members.

To define the National Income in general terms is simple: it is the aggregate of the incomes of all the individuals comprising the community. But to define it in detail is much more difficult; and to give the definitions, when they have been reached, a precise numerical embodiment requires an elaborate statistical technique. Moreover, there is the difficulty of the changing value of money to contend with, since for most purposes (though not for all) it is the *real* national income, not its monetary equivalent, that is required. A great deal of progress has

been made towards solving these difficulties, especially in Great Britain and the United States. In Great Britain many eminent statisticians have written on the matter. In the United States regular estimates are published through the collaboration of the Department of Commerce with the National Bureau of Economic Research. The purpose of this article is to compare MR CLARK's figures for the United Kingdom with the Bureau's figures for the United States during recent years.

Before the figures are set out, however, it is as well to utter a word of warning. The two estimates which are to be compared are based, in their published form, on assumptions which are not always the same. For example, MR CLARK includes in his estimates indirect and local taxation and compulsory social insurance contributions; but the corresponding levies are omitted from the American estimates. On the other hand, the National Bureau for Economic Research includes interest on the National Debt, which is omitted from MR CLARK's estimate. In the present article, deductions have been made from the British and American figures to make them comparable. In addition, the American figures, as published, exclude income tax levied on corporations and also the value of residences occupied by their owners; estimates for these have been added to the published figures. Finally, both estimates are adjusted so as to

* "National Income and Outlay." By Colin Clark, M.A. Macmillan.

allow in the same way for changes in the value of stocks of goods due to both rising and falling prices. It need hardly be said that none of these adjustments is intended to imply any judgment on the correctness of one or the other set of assumptions; they have been undertaken merely to make the figures comparable.

But though steps can thus be taken to ensure that what the figures purport to show is the same in each country, we are still a very long way from being able to make a direct comparison between them. The statistics on which they are based may differ both in composition and in accuracy. Income tax statistics, for example, are one of the most important raw materials. But an identical income would be treated differently by the income-tax authorities of the two countries, and might appear very differently in the published statistics. Moreover, if any attempt is made to "correct" the money figures by an index number of prices (i.e. to allow for changes in the value of money), it is almost impossible to secure index numbers of identical composition in the two countries. And, finally, before any comparison can be made of average incomes in the two countries, allowance must be made for the differing cost of maintaining the standard of life made necessary by nature or human convention. An American with an income of \$490 may be better or worse off than an Englishman with an income of £100.

When all these allowances and adjustments have been made, there may be some ground for wondering whether there is anything left worth comparing. But whatever errors there may be in each estimate, or differences between them, it is legitimate to assume that these are the same from year to year. If so, even though the *absolute figures* of National Income cannot be compared, their *proportionate fluctuations* can be. In the following figures, accordingly, no attempt has been made to translate pounds into dollars or *vice versa*, and the comparison is intended to be limited to the index numbers derived from the money figures.

The first step is to set out the figures for the National Income in monetary terms:—

	UNITED KINGDOM		AND UNITED STATES	
	United Kingdom	United States	United Kingdom	United States
	£ millions 1929 = 100	\$ millions 1929 = 100		
1929	3,869	100.0	87,100	100.0
1930	3,817	98.7	77,700	89.2
1931	3,383	87.4	61,600	70.7
1932	3,303	85.4	44,800	51.4
1933	3,323	85.9	42,100	48.3
1934*	3,678	95.1	50,200	57.6
1935*	3,897	100.7	55,200	63.4

* Provisional.

The contrast between the two sets of figures is very striking. But the steep fall in the American National Income is in part due to the greater fall in the price-level in that country. To arrive at any measure of national welfare, the figures must be corrected for changes in the value of money. The British figures have been corrected by MR CLARK's own index of the "consumption price level," the American figures by the index of the cost of living published by the Bureau of Labor Statistics. At the same time, each set of figures has been divided by the estimated population in each year. The resulting figures consequently show the *per capita* income in each country, valued at 1929 prices:—

	UNITED KINGDOM		AND UNITED STATES	
	United Kingdom	United States	United Kingdom	United States
	£ 1929 = 100	\$ 1929 = 100		
1929	84.7	100.0	717	100.0
1930	85.3	100.7	645	90.0
1931	79.2	93.5	554	77.3
1932	77.7	91.7	446	62.2
1933	79.3	93.6	439	61.2
1934*	87.3	103.1	502	70.0
1935*	91.3	107.8	534	74.5

* Provisional.

Even with this correction, the contrast in experience is very startling. The fall from 1929 to the worst year was only 8.3 per cent. in the United Kingdom, but 38.8 per cent. in the United States. This can be partly explained

by the fact that the pinnacle of prosperity from which the United States fell was far higher than in Great Britain. But this is only a partial explanation; however "normality" may be defined, the slump carried the American National Income much further below it than the British. The British recovery started a year earlier than the American. Since the bottom point, the two recoveries have proceeded at about equal speed, relatively to the levels of 1929. Compared with the level touched at the bottom of the slump, the American recovery has, of course, been the more rapid.

Real income, even on a *per capita* basis, is not the same thing as consumption. Out of its real income, the community must provide for the augmentation of its capital equipment. Only if net investment in capital goods were a fixed proportion of total income would consumption fluctuate in the same proportion as total income. It does not therefore follow that, because the average American's real income fell by nearly 40 per cent. between 1929 and 1933, his personal consumption of goods and services fell by an equal proportion. MR CLARK has made estimates of the total consumption and investment of the United Kingdom. These are largely based on retail sales statistics, which began only in August, 1929. The series cannot, therefore, be carried back beyond the middle of 1929. No comparable calculations have been made for the United States, but it is possible to give a rough comparison with figures derived from material collected by the National Bureau of Economic Research and made available to a correspondent of *The Economist* (the Bureau is, however, in no way responsible for the use made of its figures). The resulting estimates are as follows†:—

	UNITED KINGDOM		AND UNITED STATES	
	Consumption per head at 1929 prices	July-Dec., 1929 = 100	Consumption per head at 1929 prices	July-Dec., 1929 = 100
1929*	78	100	650	100
1930	78	100	591	91
1931	79	101	538	83
1932	78	100	486	75
1933	79	101	492	76

* Whole year at rate of second half.

Both countries can derive cause for self-congratulation from these figures: Great Britain for the stability of consumption which has been maintained throughout the worst slump in history; the United States for the attainment of a standard of consumption which could be compressed by a quarter without starting a revolution. For America this reflection is likely to prove a rueful one. But in Great Britain there is some danger of self-congratulation becoming self-satisfaction. It seems likely from the figures that the average *per capita* real consumption of the Englishman, even in 1932, was less than that of the American, although, for all the reasons given earlier in this article, the comparison cannot be more than a first impression. And, in any case, the figures are averages; they conceal an increase of destitution among a substantial minority balanced by a slight increase of consumption by the majority. Averages can be deceptive; for it is impossible in any ultimate sense to balance the starvation of a miner's family in the Rhondda against the five extra hats of five housewives in Oxford and declare them equal. The National Income is the foundation of all political economy. But it is after all only an aggregation of individual experiences. Fashionable political philosophies notwithstanding, the welfare of the individual is the end of all policy.

† These figures are not calculated in exactly the same way as those given in the earlier tables. Investment cannot, therefore, be calculated by subtracting consumption from total income. Mr Clark gives estimates for net investment which fall from £314 millions in 1929 to £29 millions in 1932 and recover to £305 millions in 1935. For the United States, the inadequate data available show a fall from somewhere in the neighbourhood of \$9,000 millions in 1929 to a negative figure (i.e. net reduction of capital) of \$3,000 to \$4,000 millions in 1932 and 1933.

Nottingham and Its Industries

ROUND the city boundaries of Nottingham one may draw two wider circles. The innermost of the two encloses a ring of land stretching over into Derbyshire and close to Lincoln, Rutland and Leicester, which may be called Greater Nottingham. It embraces urban districts such as Carlton, Beeston, Long Eaton, Eastwood and Hucknall, is bound to Nottingham by the closest economic links, and had a population at the 1931 census of 464,937 persons. The broader band contains Mansfield and the great new coalfield around it; Southwell, Newark, Grantham, Lincoln, Bottesford and Melton, centres of agricultural areas to the east and north-east; and Derby and Ilkeston, industrial centres to the west. To all this area, from the Derbyshire hills to the sea, east of a line drawn somewhere between Sheffield and Leicester, Nottingham is the "big town," the metropolis of a stretch of very English England, even with a "Nottingham-by-the-Sea" doing duty as Brighton away on the East Coast.

A configuration like this is not, of course, unusual. But Nottingham is typical, to-day, in other ways as well. If one examines the detailed returns of the last Census, one finds that her industrial structure is representative in a very significant manner of the country as a whole. The percentage distribution of her working population among the twenty-two groups into which our working lives were classified corresponds sufficiently closely with those of England and Wales for her to be fairly regarded as typical, industrially, of the whole kingdom.

In a world in which industry is extremely localised, to be an average is to be at the same time very exceptional. And Greater Nottingham is remarkable for the immense variety of industrial activity she shelters. She has some agriculture and lies close to the extensive agricultural areas of Lincolnshire, Rutland and Leicestershire. Beet is one of her products and there is a certain amount of milling. A great variety of "earth" materials—sandstone, clay, marl, limestone and gypsum—forms the basis of a variety of small industries. Dyeing and bleaching are favoured with an excellent supply of water in the Bunter sandstone. Coal, however, is the greatest raw material of the town and district and a large section of the population is engaged in its extraction. There are three mines actually within the city boundary, but the great proportion of them lies, of course, in the outer ring of Greater Nottingham, out of which the coalfield stretches away to the North.

In manufacturing the district departs somewhat from the national standard in the weight of heavy industries. There is some heavy iron work at Ilkeston in the Erewash valley, very close to the western boundary and in the Nottingham postal area; and at one time there was some smelting within Greater Nottingham. The city is predominantly interested, however, in the higher stages of engineering and the lighter forms. Textile machinery is produced, together with a considerable output of heating apparatus; but her most prominent products of this type are cycles, typewriters, bearings, telephones and such light engineering products generally. In textiles, Nottingham is famous for her lace, lace curtains and plain net, hosiery, milanese, glove and warp

fabrics; and a rather small but useful relative of hosiery, "shetland" work. Wool, cotton, silk and artificial silk are all employed, and some of the early stages of yarn preparation, cotton yarn doubling, silk and artificial silk twisting, are conducted within the area, while artificial silk is produced within the "sphere of influence." But one should note that Nottingham is not a weaving centre; she only knits and "twists" her yarns. Other textile products manufactured in great quantities are ladies' and children's light clothing. In addition to all these industries Nottingham has others entirely different with which her name is popularly associated; tobacco and fine chemicals; and she has quite important "other chemical," leather and printing industries.

Transport (rail, road and air), building, commerce and finance, along with the professions, approach fairly nearly to the national proportions of workers, but "personal services" claim a much smaller percentage of the female workers. Textiles and clothing absorb nearly half and personal services only 18 per cent. of the women and girls employed, against national percentages of 20 and 32, respectively.

Though perhaps the violence of her recession has been rather less marked, the effects of the recent great depression have been similar, on the whole, in Nottingham to those in the country in general. The primary industries of coal and engineering have been severely struck, but the industries further removed from the primary end of the scale have saved her. The relative prosperity of textiles, and other industries employing female labour, has produced in certain parts of the area the rather unusual position of families being kept running on the earnings of daughters. Nottingham's extensive foreign trade—and almost without exception every one of her varied industries is concerned with export trade—has suffered with foreign trade generally. Not only has the fall in foreign trade affected exports, but the disturbance of relative costs and prices has led to serious inconveniences in obtaining imports. Nottingham therefore has had, during the depression, to worry about tariffs and exchanges quite as much as other better-known exporting centres.

The present balance of Nottingham's industrial structure is relatively new. It has been reached only in the present century and chiefly since the war. Formerly she was known as the lace town *tout court*. To-day she is still a "textile" town—but she is no longer so single-minded as she was. The lace trade has suffered a sea-change, though they make a mistake who regard the industry as moribund. It has suffered heavily in its foreign trade and its home trade, and in some respects there has been a fundamental change in fashion. Firms have disappeared, one or two with great names attached, and a journey through the Lace Market suggests a glory that is gone. But lace-making is a vigorous industry and still produces beautiful goods. Nor has the lace curtain gone out so thoroughly as some think. New "lines" are continually put on the market in cotton, silk, wool, artificial silk and mixed material, and the products of leavers, embroidery, plain net and curtain machines will long be in demand.

But shrinkage there has been, and with it a large transference of labour to other industries. The future industrial life of Nottingham will probably be healthier because it will not be nourished to the old extent by one industry. Fluctuations in the lace trade are as old as the trade itself, and they have always been violent, as a result partly of the violence of changes in fashion and partly of the great elasticity of an industry in which there are many small manufacturers who work through merchants.

Not only lace but coal has receded in Greater Nottingham. The coalfield is rich, but in the new equilibrium into which our national economic structure is tending the town will not produce so large a share, while the area just outside its boundaries will produce a greater. Here again there has been a considerable transference of labour to other industries.

But if some trades have shrunk, others have expanded, and some have bounded ahead. The experimental energy which made Nottingham one of the great pioneers in the textile trade has been active again, and hosiery, tobacco, fine chemicals, making-up trades, printing, telephones and cycles have notably gained from it. It is interesting to remark that expanding industries are

chiefly "natives," manned and piloted by Nottingham men, who yield nothing to their ancestors in foresight and enterprise.

At the moment the city has not quite reached equilibrium. Her new industries have absorbed, heavily, female and juvenile labour, and the unemployment figures show a rather large quantity of idle, unskilled male labour. Including part-time, 15.0 per cent. of the men are unemployed, against only 5.1 per cent. for women. The total average for January 25th was 11.4, a trifle better than the national figure of 12.6 per cent. Nottingham has need of additional male-employing factories. She has skill to offer—though there is a shortage of this in some directions—and real advantages in her situation. It is hoped that new armament work will assist in this way.

Thus Nottingham is, on the whole, a steadily prospering town. If in the past she was on the fringe of the industrial North, in the future she will be on the northern side of the industrial South. She has natural resources and human resources of skilled labour and entrepreneurship. She awaits settlement in international trade and further development of heavy industry to enhance her prosperity.

Raw Sugar Problems

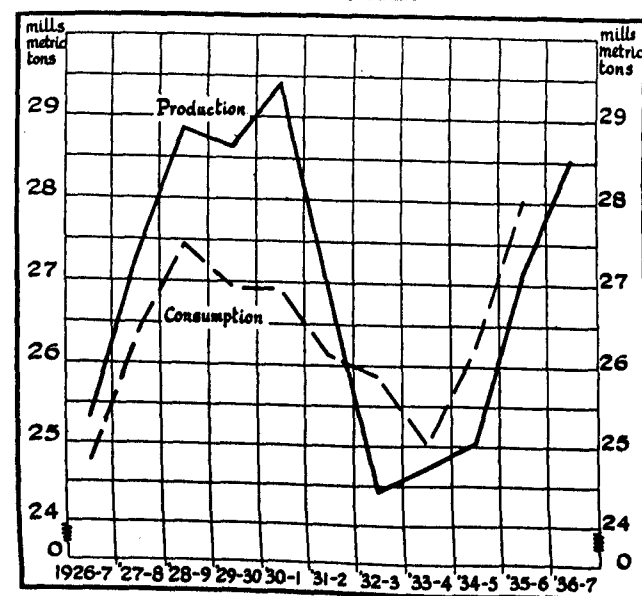
LAST Monday, representatives of twenty-two sugar-producing and consuming countries, covering about 90 per cent. of world output, met in London to discuss the difficulties of the raw sugar-producing countries. This international gathering is being attended by statesmen of international reputation, like Mr Ramsay MacDonald, Mr Norman Davis and Dr Colijn. What are the problems with which it is endeavouring to grapple?

The beginning of the difficulties of the world's sugar

suggested that Cuba and Java might not only be able to retain their new markets, but even to expand their sales, by virtue of the growing disparity between their costs and those of the majority of beet producers.

Events proved, however, that economic policy is not necessarily determined by economic arguments. In the years preceding the world depression beet production was again rapidly increased under the shelter of tariff walls and with the help of lavish subsidies. Some countries even went to the length of subsidising exports at the

WORLD PRODUCTION AND CONSUMPTION OF RAW SUGAR

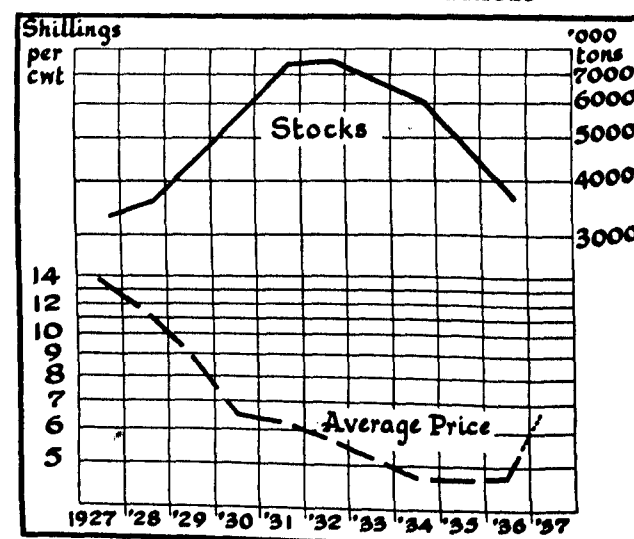


trade can be traced back to the war, when the production of beet sugar in Europe fell to insignificant proportions. In pre-war years the output of beet sugar had represented about 50 per cent. of the total world production. The deficiency in Europe was made good by a rapid increase in the output of cane sugar, mainly in Cuba and Java, the two great exporting countries. Costs of production in Java and in the section of the industry in Cuba controlled by the United States were reduced substantially by the introduction of a high-yielding variety of cane and of improved crushing and refining machinery. On economic grounds the policy of expansion in the low-cost exporting countries appeared well advised. The decline in the output of beet sugar in European importing countries

expense of home consumers. Consequently there was a chronic tendency to over-production even before the onset of the world depression. The proportion of beet sugar production to the world's total output of raw sugar rose from 27 per cent. in 1920-21 to about 40 per cent. ten years later. But the problem of low-cost cane versus high-cost and subsidised beet production was not the only factor in the equation. The United States and the United Kingdom normally take more than one-half of the total quantity of sugar which enters into international trade. These two countries simultaneously encouraged production at home by subsidies, and in certain cane-producing countries abroad by preferential tariffs. Many exporting countries were thus faced with a dwindling free market for their sugar.

These tendencies are illustrated by the first of the

VISIBLE SUPPLIES AND PRICES



OUR TAX BURDEN

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THE ECONOMIST
includes a special

BUDGET SUPPLEMENT

This detailed survey of British Public Finance discusses the National Accounts for 1936-37, the recent trend of Revenue and Expenditure, the position of the National Debt, and the Finances of Local Authorities. A concluding section sets out a series of estimates of the ratio of Tax Revenue to National Income since 1860, and reviews future budgetary prospects.

accompanying diagrams, which is based on Dr Mikusch's estimates of world production and consumption.

So long as consumption was expanding, the difficulties of the cane producers, though they were increasing year by year, were not acute. They quickly became serious, however, when world demand took a downward turn. To arrest the growing disparity between supplies and consumption, an international agreement known as the Chadbourne Plan was concluded on May 9, 1931. This convention provided for the restriction of the exports of the principal producing countries for a period of five years. Unfortunately, the agreement covered only about 40 per cent. of the world's total production at the time of its inception. World production was drastically reduced by the leading exporting countries which adhered to the scheme. Many non-adhering countries, however, continued to expand their output. Thus, despite the sacrifices made by Cuba, Java and certain other countries, the scheme failed to stem the downward trend of prices, and in 1934-35 it ceased to operate. Meanwhile the world's sugar trade was increasingly enlaced by restrictions and subsidies. Normally, about one-half of the world's output of sugar enters into international trade; last year the proportion of the total crop sold in the open market had shrunk to about 10 per cent.

The net result has been that, although consumption has increased rapidly since 1933-34, and has been above production during the past two seasons, prices until recently have failed to respond to the improvement in the supply-demand position. This tendency is clearly revealed in our second diagram, showing the world's visible supplies on September 1st each year, as estimated by Messrs C. Czarnikow; and the annual average price of Cuban sugar c.i.f. United Kingdom-Continent.

These, briefly, are the problems awaiting solution by the International Conference. A rational solution is easy to prescribe. A gradual relaxation of restrictions and a reduction in subsidies during the next few years would not only put the low-cost exporting countries on their feet, but would also stimulate world consumption as a result of the accompanying decline of prices in those importing countries which are now subsidising home production and exports. A rigid division of markets by a system of quotas, unaccompanied by a reversal of the uneconomic policies pursued by many importing countries, might bring about the adjustment between supply and demand in the open market which Mr MacDonald mentioned as the objective of the Conference. But it would involve an adjustment at the expense of consumers, whose case in Great Britain is urged in a letter from Mr J. G. Mathieson on page 84 of this issue of *The Economist*. Fortunately for the Conference, world demand for sugar is now fairly rapidly increasing, and prices in the open market are rising at last. Even if a comprehensive scheme designed gradually to restore freedom in the world's sugar market remains a pious hope, importing countries might at least agree to refrain from an intensification of their present policies. The Conference is a test case of the willingness of nations to begin the task of freeing the channels of international trade. Let us hope the verdict will be worthy of the cause.

The Cornucopia of Mars

By a Correspondent

THE social reformer, who has long and unsuccessfully appealed for public expenditure in the interests of a better country and a happier people, must be indulging in puzzled reflections at this moment. He sees the children of his dreams, escorted by the most unlikely foster-fathers, paraded before him dressed in the cloak of war-time economics. All his demands are being handed to him, if not exactly on a plate at least on a shield.

For two decades he has been agitating for comprehensive and bold road development, and has chafed while successive Chancellors callously raided the Road Fund. Now he is solemnly instructed (as if he had never before given a thought to the matter) that it is vital to relieve the congestion around our docks and in our urban centres, so that food and other supplies can be rapidly transported in an emergency. After a lifetime's agitation for consistent town-planning he sees the Philistine converted to his cause overnight by the long-distance bomber. He has watched Greater London sprawling, in the name of speculative building, until it threatened to engulf the whole of the Home Counties: now he is to have a green belt, if only of aerodromes. A year ago he was tendered the philosophic consolation that the distressed industrial areas would eventually revert to good pasture lands: now they are crowned with orders and the incense of calcium carbide. It needs no fantastic flight of imagination to suggest that one of the sights of London in 1950 may be a £50 million Charing Cross Bridge, stretching from Euston to Camberwell, and having at either end a statue of Benito Mussolini and Adolf Hitler. Its construction will, of course, have been necessary to provide a clear run for mobile anti-aircraft batteries between North and South London.

Poignant indeed must be the reflections of the moderate progressive who in the past has pleaded merely for investigation and not necessarily for action. The same quarters which have given shortest shrift to his modest request for information and proposals for research are to-day demanding shadow schemes for every eventuality, the co-ordination of all departments of State, the elimination of all overlapping, the stopping of all gaps and a comprehensive survey of all economic activities in areas specially vulnerable to attack.

In view of these developments, may one not urge progressives to introduce a little subtlety into their tactics? The usual social and cultural arguments for raising the school age make slow work of this reform. Let it be demonstrated that an important strategic move in the last war was thwarted by the distortion of a vital message by an illiterate bearer. No youth will then be allowed to leave school until he can decipher codes written in Sanscrit characters. Recently, a measure for securing a fortnight's annual holiday for workers came to grief, because it was urged on commonplace humanitarian lines. Had its supporters only been armed with a report, proving from scientific tests that after a fortnight's relaxation the average worker could dismantle and reassemble a machine gun in 25 per cent. less time, they would have had difficulty in preventing the authorities from thrusting a month's annual leisure on their constituents.

What purpose, again, can possibly be served by a march from Jarrow to London? When the contingent reaches the Marble Arch the military authorities heave a sigh of relief, for if, after four years of unemployment and short rations, men can complete a route march of 270 miles in the rain, then the heart and feet of the country are obviously sound. The organisers should arrange for half the contingent to fall out with sore heels within the first 20 miles and the other half to collapse at the county boundary. Such consternation would be aroused that public assistance scales would be revised forthwith.

Only thus shall we build Jerusalem in some of England's least green and pleasant lands. Let us raise three Heils and three Evvivas, and bend our energies to our herculean task.

Notes of the Week

Distributing Prosperity.—Speaking at Glasgow on April 3rd to a conference of the National Labour group, Lord de la Warr emphasised that wages and earnings ought in fairness to rise steadily with the general growth of trade and prosperity. On the same day at Dorchester, Sir Walter Citrine pointed out that, with industry booming, the trade union movement was getting impatient for better conditions. This view that the workers should be given the fullest possible share of the present prosperity would probably be generally endorsed. Certainly the programme of Parliament this week has reflected a general desire to take advantage of favourable conditions to improve the lot of the less fortunate members of the community. The Special Areas Bill, the Physical Training Bill, and the measure to institute voluntary insurance for blackcoated workers have this common characteristic. They follow appropriately upon the Factory Bill and the revision of block grants to local authorities; and although they share to some extent the unnecessary caution of these earlier measures they are undoubtedly signs of good times. Indeed, the speeches which have been made in the House this week have embodied a general generosity and a common agreement comparable to the consensus of support which has been accorded to the defence programme. For instance, in Thursday's debate the Physical Training Bill was clearly popular among all parties; and the Minister of Education's explicit statement that the success of the scheme must depend on an adequate standard of nutrition was warmly welcomed. Even on Wednesday, when the debate on the Special Areas Bill was much less cordial—the measure was condemned by several members as completely inadequate—there was very little dispute about objectives. The House seemed to feel that the Bill did not go far enough, but that it pointed in the right direction.

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Labour's Problem.—It would be dangerous, however, to adopt a complacent attitude about the future because of this agreement that prosperity should be diffused as far as possible. Both Lord de la Warr and Sir Walter Citrine, in the speeches cited in the previous Note, were nervous about the possibilities of unauthorised and irresponsible strikes. That there should be demands for higher remuneration and improved working conditions at a time when prices are dramatically rising, when production is being speeded-up to the limit all round, and when the stress and strain of overtime are taking their toll, is clearly natural. But that we should be confronted with the fact of two serious strikes of engineers and engineering apprentices on Clydeside, and the threat of a national strike in coal and a London bus strike, is definitely alarming. The conclusion of a five-year agreement in the South Wales coalfield, involving the re-grading of mine labour at new basic rates and establishing an average weekly increase in wages of about half-a-crown, with individual increases ranging from 2s. 2d. to 10s., was a clear proof that tactful negotiation can deal adequately with the possible friction between Capital and Labour which the present trend of prices and activity involves. The settlement recently made in Edinburgh between the Scottish Motor Traction Company and the Transport and General Workers' Union points the same moral. The strike at Messrs Beardmore's Parkhead Forge does not, however, show the same faith in established methods of conciliation. Indeed, while the view of the National Executive of the Amalgamated Engineers' Union is that the Parkhead engineers should return to work pending the negotiation of a settlement of their claims, the strikers are supported by the Glasgow and District Committee in their determination to secure their objectives by direct strike action. Beside them are some 5,000 Clydeside apprentices who have

ceased work to enforce their demand for a uniform scale of wages during training from 15s. to 30s. a week, which would generally involve a rise of 2s. in weekly rates.

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Coal and London Transport.—The position in the coalfields and in London transport is even more serious. No sooner had the wise and commendable agreement in South Wales been thrashed out than the Welsh miners were advised to vote in favour of strike action in support of the Miners' Federation in Nottinghamshire in a national ballot to be held on April 15th and 16th. The Yorkshire and Scottish miners have been similarly advised. The issues are simple. Since the events of 1926 the Federation has been weak in Nottinghamshire, and an Industrial Union, with employers' backing, has rapidly gained ground. Recent events at the Harworth Colliery brought matters to a head, and a draft agreement, endorsed by the president and the general secretary of the Federation, seemed likely to end the conflict between the Industrial Union and the Federation by amalgamation. This happily negotiated peace has, however, been repudiated, largely on the ground that victimisation and discrimination by employers against Federation members are to be feared. The Federation now demands recognition and assurances; and on the crest of prosperity, when, moreover, the wages agreement in South Wales has set a model for peaceful industrial conciliation—and when, in the Nottinghamshire coalfield itself, an agreement has been made to raise the wages of the lower-paid workers by 5d. a shift, and in Northumberland the improvement of trade has brought an increase of nearly 2 cent. in wages—the country is threatened with a disastrous stoppage.

* * *

There are important issues involved in the miners' claim, it is true. English unionism has lost ground, through the relative stagnation in its membership, the rise of new unorganised industries, and the relative decline of the organised staple trades. As in America until recently, it is confined largely to "craftsmen" in a number of old industries; affiliated unionists number only some 3,600,000 of a possible total of 13½ millions. The threat of company unions in one of the remaining strongholds is thus serious. But that threat was already allayed by the draft agreement. As it is, a fear (which may in part be justified) of victimisation at Harworth Colliery is being allowed to jeopardise the miners' own interest in new wages agreements and the national prosperity. The bus strike which is possible in London must provoke similar concern. The busmen have admittedly good wages and unusually good holiday, welfare and pensions agreements. There has been speeding-up, however, and a 7½ instead of an 8-hour day is demanded. The London Transport Board allege that the claim would cost £600,000 yearly, and that they cannot afford it. The union has given notice to terminate agreements at the end of April. London Transport, again, is of national importance; and to assume the bankruptcy of conciliation and to use too readily the strike weapon would be here, as in the coalfields, to endanger the interests of the men themselves, serious though speeding-up undoubtedly is—and to forget that a trade union is primarily an instrument of industrial peace. The way of prudence is seldom the way of force.

* * *

M. Van Zeeland's Mission.—A novel procedure has been injected this week into the international search for means of securing the general reduction of trade barriers, to which our first leading article is devoted. The British and French Governments have jointly requested M. Van Zeeland, the Belgian Prime Minister,

to undertake an international inquiry into the possibilities of reducing the obstacles in the way of international commerce. The reasons for entrusting M. Van Zeeland with this task are not far to seek. He is himself a distinguished and resourceful economist; Belgium's geographical situation and commercial contacts place her in the main stream of international commerce; and the Belgian Government has for years past itself pursued a moderate fiscal policy and taken part in many efforts to secure international collaboration in reducing tariffs. There is, in fact, some reason to believe that the initiative for this new inquiry came from M. Van Zeeland himself. If so, it is a good augury for the energy with which it will be pursued. But even the utmost skill and energy on M. Van Zeeland's part will be of no avail unless the British and French Governments are ready to act upon the recommendations when they emerge. M. Blum's Government, as is well known, is anxious to seize any opportunity for going further with the reduction of tariffs and the abolition of quotas, even against the opposition of French farmers and manufacturers. But the British Government, as was once remarked of it in another connection, seems to be adopting the attitude of an inverted Micawber, waiting for something to turn down.

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Southern Railway Accident.—Among a recent series of accidents in and around London the most serious was a collision between two Southern Railway electric trains on a high viaduct between Pouparts Junction and Battersea Park Junction. The first train, having been held up at Battersea Park up local home signal, was about to proceed when it was run into from behind by the second train, travelling on the same line. The rear coach of the stationary train was telescoped. Known facts and evidence given in public at this week's Ministry of Transport inquiry show that the train was composed of wooden rolling stock. Had steel carriages been in use, one or more coaches might possibly have been pitched over the viaduct, with a far heavier death toll. The surface lines of the Southern Railway are not equipped with automatic train stops working in conjunction with the signals, so that full responsibility rests upon drivers for the proper observance of signals. This particular section of line is not provided with automatic signals, but has the older system of manual signalling, supplemented and protected by "lock and block." Before the signalman at Pouparts Junction, for example, can pull off his starting signal he must be given an electrical release from Battersea Park. This release is effective only for one train, and the Pouparts Junction signalman must replace his signals before he can give a release, for a following train, to Clapham Junction in the rear. Similarly, the Battersea Park signalman must dispose of the first train before he can give Pouparts Junction a release for a second train, and "disposal" means not only that the Battersea Park signals must be lowered for the train and replaced behind it, but also that the train itself depresses a rail contact after it has passed Battersea Park signals. This system has stood the test of time for over a generation, and must have prevented countless accidents in the past. Evidence was given at the inquiry that the apparatus was working properly. A journey over the line shows that the stationary train was standing on a track-circuit, which gave it additional protection.

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To judge from the published evidence, although the first train was in the way, both Pouparts Junction starting signal and Battersea Park inner and outer distant signals and home signal were "off" (or at proceed) as the second train approached them. On the home signal being pulled off, the first train would, of course, have started, and so it appears that before it was really moving the second train must have covered a distance of several hundred yards, extending from the first view of the signals to the point of collision. The driver had a good view of all signals, but could not have seen

the first train, as it was concealed by the high girders of the bridge on which it was standing. One possibility is that one of the signalmen concerned used the emergency key provided for the resetting of his instrument in cases where a train is cancelled after it has been signalled. This would explain how the signals came to be lowered for the second train before the first had been disposed of, but it still fails to explain how the second train had time to catch up the first. There the matter must be left, for at this stage it would be unfair to do more than call attention to known facts and obvious possibilities. We gladly endorse the high tribute paid by the Battersea coroner to the railway's good record of safety—in which, we may add, the strong sense of responsibility felt by all railway workers plays a material part. On this occasion, the routine precautions, including the cutting off of the current, were promptly applied by men suffering from the shock of the collision. These brought all other traffic to a standstill and prevented any risk of a triple collision or of hurt to the passengers from the live rails.

* * *

The Week in Spain.—The past few days have seen some of the heaviest fighting in the Spanish civil war up to date, not round Madrid, but in the Basque country. In the early stages of the war the Basque Republic was cut off from communicating by land with the outer world by the insurgents' capture of Irun and San Sebastian; but since then they have held their own in their natural mountain fortress round Bilbao. On April 1st, General Mola launched a powerful offensive, backed by heavy artillery and air concentrations, against the Basque lines. In spite of the difficulties of the terrain, the strength of the Basque fortifications, and the desperate resistance of the Basque national forces, the insurgent attack has made such progress that, at the moment of going to Press, the fate of Bilbao and the Basque Republic is trembling in the balance. Militarily, General Mola's strategy is understandable. He is trying to crush a threat to his rear in order to liberate his army for employment on the Madrid front. Politically, this attempt to conquer the Basque country accords ill with the insurgents' claim to be fighting to save European culture from Red revolution. The Basques are a devoutly Catholic people who are fighting, not to impose communism or anarchism on other parts of Spain, but to throw off a Castilian yoke and enjoy their own right to national self-government. Meanwhile, in the far south-west, the Government forces that were lately hemmed in round Pozoblanco, in the mountains north of Cordova, have successfully broken out and taken the offensive in a westerly direction. If this offensive were to score a complete success, it would be still more important strategically than an insurgent conquest of the Basque country; for if they were to reach the Portuguese frontier the Government troops would

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have severed the communications between the insurgent territories in Andalusia and Morocco and those in Estremadura and Old Castile. However, for reasons which we set forth in a leading article on page 66, it seems unlikely, on the whole, that any very sensational or momentous results will follow from these fluctuations—north and south, and east and west—in the Spanish battle line.

* * *

Danish Premier in London.—Though this week's welcome visit to London of Hr. Thorwald Stauning, Denmark's venerable and picturesque Prime Minister, is purely informal, Herr Stauning has had an opportunity of meeting numerous British statesmen and business people and discussing some vital problems. He has lunched with Mr Eden and been received by Mr Baldwin; and Count Ahlefeld-Laurig, with whom he has been staying at the Danish Legation, knows his London well enough to have arranged other important interviews. National defence, the practical application of the Oslo Convention and Danish-British trade questions are burning issues of the day in Denmark. Herr Stauning, who is much more of an elder statesman and national leader than a Socialist party man, has a unique authority in his country. He is a powerful orator, both in the Riksdag and on the public platform, who challenges comparison with Mr Winston Churchill in his wealth of imaginative phrases. British exports to Denmark have risen from £8.63 millions in 1931 to £14.95 millions in 1936. A little encouragement on our part might be gracious and helpful. Denmark is a traditional friend of Britain and has long been one of our best customers.

* * *

Controlling Inflation in America.—President Roosevelt, in his time, has been one of the greatest inflationists in history. But he and his Administration have recently been showing a commendable readiness to adjust their policy to the changing circumstances of the trade cycle. At the moment, their policy can almost be characterised as a deflationary one, at least in intention. It is widely known that the President foresees two dangers threatening his second term of office: a general war abroad and a repetition of the 1929 débâcle at home, and he is determined to do all that he can to prevent at least the latter. Various members of his Administration have recently issued warning statements and on Friday of last week the President himself added his voice. He professed himself to be particularly concerned with the rapid advance in the prices of some of the materials of the construction industries, especially steel and copper, which he considered to be too high. To counteract this tendency, he proposed to amend the spending policies of the Government, spending less on durable goods and more on consumers' goods. The economic theory of this pronouncement is impeccable, although it was, naturally enough, little to the taste of the durable goods industries or the manufacturers of steel and copper. It remains to be seen how the principle will be implemented in practice. Taken at face value, it would seem to imply that relief is henceforth to be given in cash rather than by the indirect method of providing relief work, a large part of which is necessarily of a capital nature. The epidemic of strikes, themselves an aspect of the same inflationary tendencies which are alarming the President, continues. But the largest controversy, which threatened to paralyse the bituminous coal industry, was settled at the last minute. The strike in the plants of the Chrysler Corporation has also been settled on substantially the same terms as those agreed between Mr Lewis and the General Motors Corporation. Each settlement, however, merely leads to another dispute. With General Motors and Chrysler out of the way, the next objective is Ford. It is not yet possible to foresee the end of the epidemic, which, so long as it continues, will necessarily disturb the general outlook for industry.

The Little Entente Conference.—Everybody has been professing satisfaction with the outcome of the Little Entente Conference which was held at Belgrade last week. But it is obvious that, whatever the result may have been, it cannot really be equally agreeable to France and to Italy or to Czechoslovakia and to Hungary. Evidently the Little Entente is not breaking up; it is still a going concern for its original purpose—namely, to provide local collective security for Hungary's three successor-States against Hungarian irredentism. On the other hand, it is equally evident that France and Czechoslovakia have been disappointed in their hopes of enlarging the scope of the Little Entente to an all-in system of solidarity against all comers (in effect, against Germany as well as Hungary). France appears to have asked Yugoslavia and Roumania to pledge themselves to assist Czechoslovakia against Germany, too, in exchange for a reciprocal pledge from France to them; but they have so far fought shy of entering into this anti-German commitment. The German menace to the integrity and independence of Austria-Hungary's central and South-East European successor-States is certainly more formidable to-day than the Hungarian menace. Yet the present failure of the Little Entente to line up solidly with France against the threat of German aggression does not mean that Germany now has a free field. The Little Entente statesmen were no doubt sincere when, in their *communiqué* last week, they publicly declared their conviction that the worst of the danger was now over. At any rate, there are strong rumours that the half-expected German assault on Czechoslovakia has now been postponed—partly because France has disobligingly refused to play her allotted part of going the way of Spain, and partly because the new German war material has given a disappointing response to its Spanish test.

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Is it too much to hope that postponement in this case may spell cancellation? There are now signs that Austria and Hungary may consent to come together with the three Little Entente countries in a Danubian bloc based on Dr Beneš's policy of "the Danube Basin for the Danubian countries, and no fishing in Danubian waters for any of the Great Powers." Dr von Schuschnigg is not relishing the prospect of being made the victim of an Italo-German entente. M. de Kanya finds himself—now that Italy has made her peace with Yugoslavia—confronted with the choice between throwing himself into Herr Hitler's arms or putting off Hungary's dream of treaty revision to the Greek Kalends and making peace with his Danubian neighbours. From the Hungarian point of view the second of these two alternatives is the lesser evil; for Hungary cannot expect to recover Slovakia by force of German arms without being swallowed whole by the Third Reich. Prospects in the Danube Basin, altogether, may be less unpromising than was lately believed.

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Minorities in Roumania.—If the present moment is propitious for a *rapprochement* between the Danubian countries, it is the more unfortunate that in Roumania legislation is pending for the penalisation of the minorities of non-Roumanian nationality. Between them, these minorities (Magyars, Jews, Ukrainians, Germans) account for about 30 per cent. of the total population of post-war Roumania. Their political and civil rights have been guaranteed in the minorities protection treaty which Roumania signed with the principal Allied Powers in 1919. These guarantees have been written into the Roumanian constitution; and to abandon them would be both illegal and impolitic. Roumania cannot afford to stir up anti-Roumanian feelings in Budapest and Berlin by twisting the arms of her Magyar and German minorities under the noses of the victims' big brothers. In drafting this legislation the Roumanian Government is simply yielding to internal pressure. Post-war Roumania has been breeding a large university-trained "intellectual proletariat" of Roumanian nationality.

These baulked and embittered young people are unwilling that their fellow-citizens of non-Roumanian nationality shall gain and keep jobs while the heirs of the kingdom remain unemployed. What they are demanding is a *numerus clausus* for members of the minorities in the black-coated professions; and they intend to keep the quota so small that the Roumanian majority will secure a virtual monopoly. Such a misuse of political power is likely to bring a swift and heavy retribution.

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The Impeachment of Yagoda.—The rapidly thinning ranks of the Bolshevik Old Guard in the Soviet Union suffered a new and sensational casualty last week-end. Yagoda, who was the Chief of the OGPU (ex-Cheka) from the time of Dzershinsky's death in 1926 down to last August, has been arrested and prosecuted. His dismissal last year was ostensibly on the score of having failed to deal effectively with the machinations of his old comrades Zinoviev and Kamenev. In September he received, as a consolation prize, the post of Commissar for Communications. This office was only less formidable than that he had just vacated: for it carried with it the control over a special army, 200,000 strong, of frontier and railway troops, reinforced by a legion of secret agents. Yagoda has now been relieved of this post likewise, and his trial will presumably take the usual course. An outside observer can feel little sympathy with a man who is credited with having been the principal slave-driver of the political convicts in the Arctic circle.

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The man who has hurled Yagoda from his second seat of power is Marshal Voroshilov. It seems that the Red Army objected to the existence and activities of the independent military force which the Commissar for Communications controlled; and we may guess that Yagoda's imminent condemnation will be accompanied by the absorption of this separate force into the Red Army's ranks. Does this mean that the heirs of the Bolshevik Old Guard are to be, not Stalin and his placemen, but the Red Army with Stalin for its puppet? And does this throw any light upon the probable course of events, not only in the Soviet Union, but in the Third Reich? The air has suddenly become thick with rumours of a Russo-German *rapprochement*; and this would imply a change of masters in both countries—that is to say, a change of the real masters behind the scenes, as distinct from the official figureheads. If Germany and Russia do come together again, the reconciliation will be the work of the Red Army and the Reichswehr, who have never had any quarrel with each other. If anything like this were to happen, it would completely transform the international situation.

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Nazidom in South-West Africa.—One of the chief complaints which the masters of the Third Reich are in the habit of making against the masters of the Soviet Union is that the Moscow Government is not content with imposing its own ideology upon its own subjects but persists in carrying on an insidious campaign of subversive propaganda in the territories of foreign governments with whom Moscow is nominally at peace. The Nazi agitation in South-West Africa, against which the South African Government has now taken strong action, illustrates the strange truth that in this, as in so many other things, the Nazis have taken a leaf out of the Communist book—or at any rate out of Dr Goebbels' official version of it. The offence is flagrant, because the German minority of the tiny white population of the ex-German colony of South-West Africa has been treated by the South African Government, which holds the mandate, with singular generosity. In October, 1923, General Smuts negotiated personally, with representatives of the Reich, an agreement, signed by both parties, under which the Union Government declared

its intention "to accept the Germans of South-West Africa as part of the people, with the same privileges and responsibilities as other citizens." And this undertaking was scrupulously carried out until the advent of Herr Hitler to power in Berlin played havoc with the situation at Windhoek. In 1924, the Union Government, with the League Council's approval, passed an act conferring the Union's franchise upon all German inhabitants of the mandated territory who did not specifically ask to be excepted; and only 262 petitions for exception were filed as against 2,900 automatic acceptances of the status of British subjects. After the grant of local self-government to the territory in 1925, the voters of German origin, although they were in a minority, were given equality of representation with those of Union origin in the new legislative assembly.

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This work of conciliation has been deliberately wrecked since 1933 by Nazi propaganda directed from Germany. A South-West African Nazi Party and Hitler Youth organisation were started with the avowed purpose of cajoling or terrorising the British subjects of German origin in the territory into going back upon the allegiance which they had voluntarily given to the Union Government. The ex-German community was split into two camps, one loyalist and the other irredentist, and the loyalists were subjected to continuous persecution. The Nazi organisations were banned in 1934. On June 1st a commission, appointed by the Union Government to study the problem, reported that, even so, civic freedom had ceased to exist in the territory. Accordingly the Union Government published, on the second of this month, a proclamation excluding aliens resident in South-West Africa from participation in public office and from membership of political organisations. This measure will hit not the naturalised German inhabitants, but their Reichsdeutsch Nazi tormentors. The official protest made by the Reich, in fact, serves to draw attention to the strength of the Union's case.

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Two Imperial Committees.—Two Imperial committees whose work and constitution are to be reviewed by the Imperial Conference have just submitted progress reports. These throw a certain light on the problems of status, powers and terms of reference which will have to be faced. The Imperial Shipping Committee declare, indeed—whether pathetically or truculently it is hard to say—that they see no reason to ask for any change in the constitution and procedure of the Committee or for any extension of its terms of reference. This will scarcely satisfy adherents of closer and more active permanent co-operation between the members of the British Commonwealth in the economic and technical fields. For the limitations of the Imperial Shipping Committee's present function are clear from the report. During the

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past four years it has published reports on marine insurance rates on the Hudson's Bay route, on freight rates between Great Britain and New Zealand, and on the possibilities of a British passenger and cargo service between Western Canada and Australia-New Zealand. It has also initiated a most valuable statistical survey of the ships of the world and the cargoes they carry. The Committee note, however, particularly with reference to the trans-Pacific service investigation, that where questions of high policy are involved they have been reluctant to make definite recommendations for action. Some critics will think their attitude unduly strict, and will hope for the regeneration of the Committee on lines that would enable it, for instance, to inquire into the underlying facts of such issues as foreign subsidised competition or air mail development before those issues have become acute, and before an interested party at last applies to the Committee. Incidentally, the presence of a single representative of civil aviation on the Imperial Shipping Committee seems an inadequate means of Commonwealth contact on so vital a portion of the communications problem. Similar comments spring to mind on a reading of the report of the Imperial Economic Committee, published a year out of date. The Committee has pursued with success its statistical inquiries into the trade in raw commodities, and has furnished valuable periodical information to producers and traders. But there appears to be nothing to show under that important fresh head of its terms of reference which the Skelton Committee added in 1933: "To make proposals to Governments in regard to other economic services and inquiries which, in its view, should be conducted on a co-operative basis," with a reservation concerning economic policy.

* * *

Imperial Defence Bases.—Sir Samuel Hoare's declaration that "we must have a fleet strong enough to carry out its responsibilities in both Eastern and Western hemispheres" has been followed by the report that £8,000,000 is to be spent in strengthening the defences of Hongkong. If this is confirmed it puts an entirely new face on imperial defence in the Far East. Hitherto British security in the East has been based, in effect, on a defensive line running from Singapore to New Zealand, beyond which it has not been possible to deploy a force capable of successful action against a great Power. Moreover, the whole Pacific security system has been founded, since the Washington treaties, on the principle that each of the three great naval Powers concerned should have undisputed naval supremacy in its own quarter of the Pacific area. This system has been destroyed by Japan's denunciation of the Washington treaties, and the Hongkong move may be a step towards a much more competitive scheme of national defences in that area, in which United States possessions may have an important part to play. It will be interesting to see the effect of this more distant projection of the extra-territorial defences of Australia and New Zealand upon the contributions of those Dominions to imperial security. The South African Government has just given fresh evidence of its will to co-operate. Last week Mr Pirow reaffirmed that "as long as the Navy want it" Simonstown "will be regarded by South Africa as an Imperial base and will be defended by South Africa." A scheme for carrying out the Simonstown agreement was being put into effect in consultation with Great Britain. In particular, there would be closer co-operation between the British fleet and the South African air force.

* * *

Social Credit in the Balance.—Mr Aberhart's confession that circumstances prevented him from fulfilling his promise to introduce Social Credit in Alberta within eighteen months of taking office precipitated a crisis among his followers. A large number of them, demanding that the policy on which they were elected should at least be tried, refused to accept the Government's "orthodox" Budget, and threw out a motion

to suspend the Budget debate. This motion was apparently designed to defer irrevocable decision until after the Province's finances had been investigated by the Governor of the Bank of Canada and the prospects of Federal aid had become known. Although a Conservative motion of No Confidence in his Government was roundly defeated, Mr Aberhart was faced with the virtual certainty that his "bankers' Budget" would be rejected by mutinous Social Creditors, who were demanding a scheme of taxation of securities that would more than double the tax-burden of the Province. Mr Aberhart capitulated, and last week introduced a Bill setting up a commission to draw up a plan for administering Social Credit. It is reported that Major Douglas himself will be invited to become chairman of the commission. This seems, for the moment, to be but a concession of principle, but the Albertan legislators will no doubt see to it that Mr Aberhart's millennial plan is put to the test of practice. And that is all to the good.

* * *

National Nutrition.—In last week's issue (on page 11) we noticed the serious concern expressed by the Food Council about the price of milk, which has risen by 101 per cent. since 1914. The grave implications of this fact were further emphasised by the First Report of the Advisory Committee on Nutrition, published on April 1st. Charged to enquire into the dietary of the people and to recommend desirable changes, this Committee found that the consumption of liquid milk per head, alone among necessary foods, had declined since before the war; and that the consumption of milk in all forms was only about half a pint per head per day, which was 40 per cent. below the minimum amount suggested. Since the Committee explicitly regarded the consumption of sufficient milk as the key to proper nutrition, they were considerably disturbed that the present consumption should be so perceptibly insufficient. They expressed hope that the primary objective of the State would be to ensure that an adequate supply of safe milk would be brought within the purchasing power of the poorest, especially for mothers, children and adolescents.

* * *

The Committee emphasised that their work was only just begun, but their preliminary impression was that a comparison of the food available in the national dietary with the optimum nutrition standards of the League of Nations would reveal that, apart from milk, there was a sufficiency of necessary foods—of calories, fats and proteins. Nevertheless, they were constrained to point out that a relatively small fraction of the population, the very poorest, were probably short in their diets of calories, fats and animal proteins. Compared with the conclusions of Sir John Orr and others, this report is optimistic; but the same morals can be drawn. Although there has been a general improvement in public health, and in mortality rates; although deficiency diseases such as rickets have declined; and although modern dietary is better balanced between body-building, energy-giving and protective constituents than was that of a generation ago; yet there is a section of the population which is isolated from nutrition by poverty, and others whose well-being is constantly insecure for economic reasons. We welcome, therefore, the Committee's recommendation that the consumption of protective foods such as fruit and green vegetables, of potatoes, and of sea-fish, which are rich in vitamins, should be increased forthwith. It is encouraging that the Minister of Health should, immediately on the receipt of this report, take steps to extend the supply of milk and meals through local authorities; and to point out how useful in this connection the recent raising of the block grants by £5 millions to nearly £50 millions a year would be, especially in the most necessitous areas. The root problem of poverty remains to menace health and nutrition, but these palliatives, at least, are praiseworthy.

Industry after Easter.—The interruption of work during the Easter holidays provided a breathing space for industry which was welcomed by workers and executives. But the respite has been of short duration, for order books are full and consumers are pressing for deliveries. The increasing demand for coal has disproved the popular notion of the existence of a vast surplus capacity which could be brought into operation at short notice. Although output is expanding, supplies are insufficient in certain districts and export business is hampered, despite the decline in household requirements. In Northumberland, steam collieries have already sold a substantial proportion of their output in 1938. As our correspondents indicate in their weekly reports (see page 122) the stringency of iron and steel is increasing with the growing pressure of demand, unaccompanied by a corresponding expansion of supplies. Hence much of the new business on offer has to be declined. A feature has been the marked improvement in the tinplate section, where both exports and prices are now substantially higher than a year ago. The wool textile industry continues active, though the industry is experiencing some difficulty in its attempt to pass on to wholesale clothiers the recent rise in raw wool prices. The improvement in the demand for cotton goods has been well maintained. For example, spinners have not reduced quotations in proportion to the fall in raw cotton prices this week. Reports that London finance houses are showing interest in the Lancashire cotton trade are another indication of better times. News from other industries is generally encouraging, and the indications point to a further expansion of production during the next few weeks. More detailed reports of conditions in various industrial centres will be found in our Commerce and Trade returns, on pages 122 to 126 of this issue.

* * *

Rising Wages.—Growth in the efficiency and smooth operation of collective bargaining in this country has enabled the restoration of average wage rates to pre-depression level to take place almost unnoticed. The Ministry of Labour's index of wage rates, which declined from 99 (1924 = 100) in the second quarter of 1929 to 94 in the first quarter of 1933, recovered to the pre-depression level in October-December, 1936. The number of individuals affected by changes in wage rates and in official working hours since the onset of the depression in the industries for which information is available, as well as the amounts involved, is shown below:—

WAGES AND WORKING HOURS IN BRITISH INDUSTRY

	Wage Rates			Official Working Hours		
	No. of individuals affected by increases (in thous.)	No. of individuals affected by decreases (in thous.)	Net weekly increase (+) or decrease (—) in wage rates	No. of individuals affected by increases (in thous.)	No. of individuals affected by decreases (in thous.)	Aggregate increase (+) or decrease (—) in weekly hours
1930 ...	788	1,100	— 56,600	13.2	349.2	— 873,500
1931 ...	47	3,010	— 401,150	294.0	111.0	+ 142,000
1932 ...	35.5	1,949	— 249,200	8.0	3.7	+ 7,000
1933 ...	179.5	894	— 65,250	2.5	12.5	— 36,000
1934 ...	1,344	83.5	+ 91,500	0.5	5.0	— 11,500
1935 ...	2,366.5	49.6	+ 192,100	2.4	43.7	— 153,850
1936 (a) ...	4,012.3	0.4	+ 487,050	0.1	133.0	— 299,550

(a) Provisional.

In general, wage rates continued to decline until 1933, when recovery was already well under way. This delay is partly explained by the method of bargaining, which frequently involves lengthy investigation and negotiations. Actually, the net weekly increase in wage rates during the three years ending 1936, at £770,650, corresponds almost exactly to the decrease of £772,200 per week (or £40.2 millions per annum) during 1930-33. No important changes in working hours have taken place in recent years, though the trend continued downwards. But such declines as have occurred in recent years have probably been more than offset by reductions in short-time working and by the increase in overtime,

especially in the metal industries. The total wages bill, therefore, has increased by considerably more than the official figures indicate. Rather curiously, the marked increase in the purchasing power of wages took place between 1930 and 1933, when money wages were declining. Since 1933 real wages, based on normal weekly wage rates, have actually declined slightly owing to the rise in prices, though this tendency may have been offset in many industries by longer working hours.

* * *

Reaction in Commodities.—As we have repeatedly pointed out in *The Economist* in recent weeks, the prices of many raw materials have been pushed up to limits quite unjustified by the underlying conditions of production and consumption. The rise has been induced largely by the anxiety of consumers to lay in stocks for longer periods than usual and by the activity of speculators. Prices of many commodities, therefore, had become increasingly vulnerable to a change in market psychology. Rumours, such as that crediting the United States Government with the intention of increasing the gold content of the dollar, were sufficient to cause a marked slump this week.

QUOTATIONS FOR PRIMARY PRODUCTS

	March 31		April 7	
	£	s. d.	£	s. d.
Copper, per ton	72	17 6	63	15 0
Lead, per ton	31	15 0	25	12 6
Spelter, per ton	32	12 6	26	0 0
Tin, per ton	294	0 0	272	0 0
Rubber, per lb.	0	1 1½	0	1 0½
Cotton, American, per lb.	0	0 8.09	0	0 7.87
Sugar, Cuban, per cwt.	0	6 9	0	6 8½
Wheat, May futures, per 100 lb.	0	10 2	0	10 5
Jute, per ton	19	17 6	21	15 0

Non-ferrous metals, which had been raised highest, naturally suffered most. Rubber and cotton were marked down slightly less, but the fall in raw sugar quotations reflects the market's appraisal of the probable outcome of the Conference now being held in London. In contrast to the general trend, jute rose sharply in price on adverse crop reports from India, while wheat continued to advance on heavy Continental purchases and the expectation of a "squeeze" before this year's crops come on the market. The events of this week clearly demonstrate the unsatisfactory conditions which have developed on the commodity markets. It is to be hoped that this week's bucket of cold water has been sufficient to clear the heads from intoxication.

* * *

Non-Residential Building.—In *The Economist* of April 3, 1937 (page 12), we showed graphically the trend of residential and non-residential building in this

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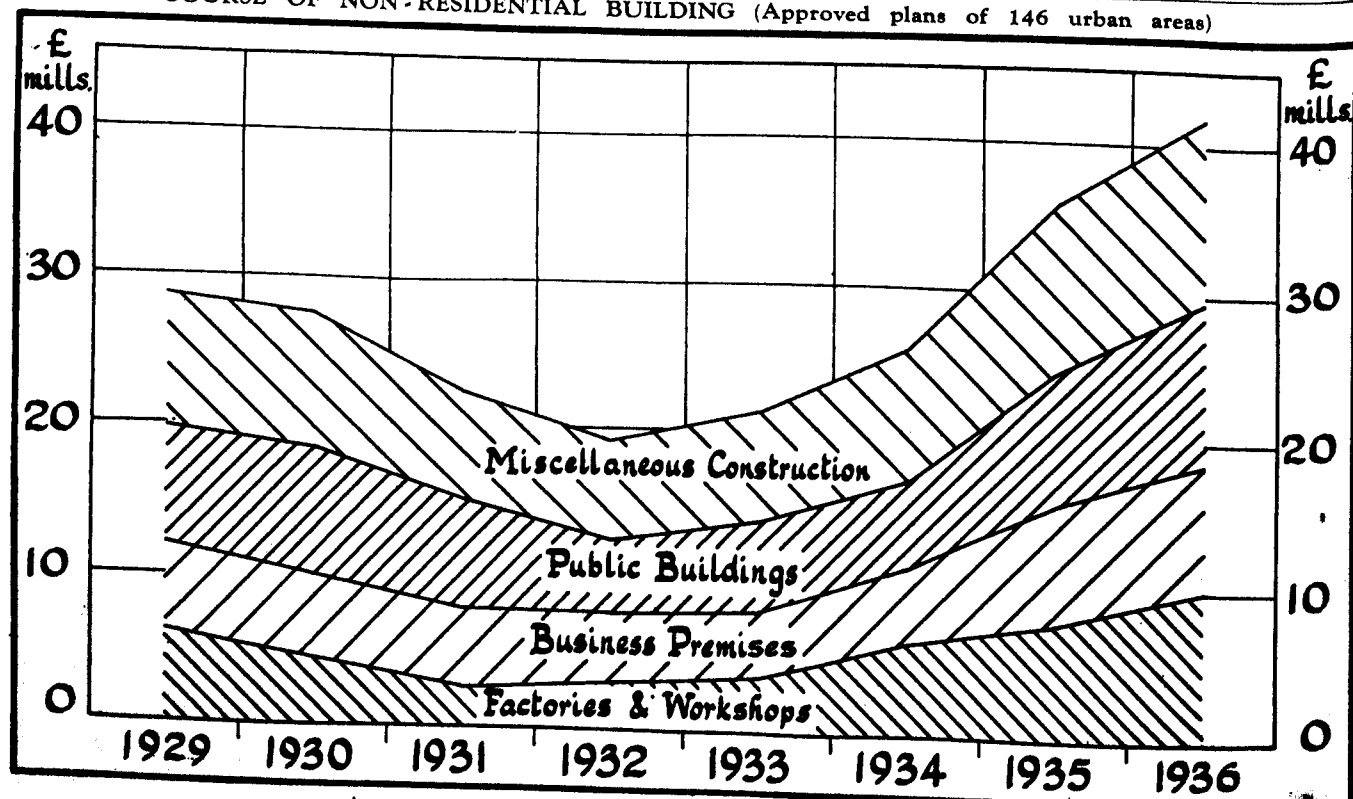
country during the past eight years. The diagram, based on the value of building plans passed by 146 of the principal urban areas of Great Britain with a population of about 18 millions (exclusive of the County Council area), indicated that the boom in residential construction has passed its peak, while non-residential construction (the course of which since 1929 is shown in the diagram below) continues to expand. Non-residential building, however, comprises various unrelated forms of construction which may be grouped under the following headings: factories and workshops; shops, offices and other business premises; churches, schools and other public buildings; miscellaneous construction and additions and alterations to existing buildings. In contrast to dwelling-house building, which was scarcely affected by the depression, the volume of non-residential construction followed fairly closely the general trend of activity. The value of non-residential building plans passed reached its lowest level in 1932. There was a steady improvement in 1933 and 1934, followed by a period of rapid expansion which, apparently, has not yet reached a peak. The improvement has been most marked in the case of factories and workshops, an indication of the expansion of Britain's industrial capacity which is now proceeding, partly as a result of the re-armament programme. In the case of business premises, recovery did not begin until 1934, but has since made rapid headway.

Rising Shipping Freight Rates.—After a slight setback in February, shipping freight rates resumed their upward movement, largely as a result of the growing commerce in primary products. Shipments of wheat, for example, are now exceptionally heavy. To some extent the advance of freight rates has been facilitated by the rise in the prices of primary products:—

	Average, 1913	Mar., 1936	Jan., 1937	Feb., 1937	Mar., 1937
European waters	110.0	85.7	135.5	144.0	150.4
North America	113.1	89.4	117.2	116.6	117.1
South America	123.4	85.4	141.8	124.0	119.3
India	106.3	97.0	130.7	148.9	151.4
Far East and Pacific	117.4	87.9	140.5	132.2	143.3
Australia	127.9	92.6	147.8	140.5	145.1
Total	116.3	89.8	135.6	134.3	137.8
1913=100	100.0	77.2	116.5	115.5	118.4

As will be seen from the more detailed analysis of changes in freight rates between February and March, there was an increase in changes on all the major trade routes with the exception of South America:—

COURSE OF NON-RESIDENTIAL BUILDING (Approved plans of 146 urban areas)



	Index No.	Inc. or dec. Points		Index No.	Inc. or dec. Points
Home trade	132.3	+ 2.5	South America :—		
Bay—outwards	165.1	+ 18.3	Outwards	74.2	— 5.2
Bay—homewards	217.7	+ 9.6	Homewards	164.4	— 4.2
Mediterranean :—			India—outwards	113.7	+ 3.9
Outwards	110.3	+ 0.1	India—homewards	151.4	+ 2.5
Homewards	144.5	+ 5.1	Far East, etc.	143.3	+ 11.1
North America	117.1	+ 0.5	Australia	145.1	+ 4.6

Since the Easter holidays further increases in rates have taken place over a wide area, and the general outlook remains encouraging.

Recovery in Coal-mining.—Measured by profits, the past year has been the best in the coal-mining industry since 1924. Output in 1936, on the other hand, was still 11½ per cent. below the 1929 level. The increase in profits during the past two years is due mainly to the rise in prices, a consequence of limited supplies and control of output and sales.

Period	Tonnage Dis-posable (Mill.)	Costs per Ton		Proceeds per Ton	Profit per Ton	Output per Man-shift	Earnings per Man-shift †
		Wages	Total net				
1932		s. d.	s. d.	s. d.	s. d.	Cwts.	s. d.
4th quarter 1932	48.9	8 9½	13 2½	13 11½	0 9	22.62	9 2½
4th quarter 1933	50.2	8 6½	12 9½	13 6½	0 9	23.00	9 1½
4th quarter 1934	52.0	8 6½	12 11	13 6	0 7½	23.23	9 2½
1st quarter 1935	51.3	8 6	12 9½	13 6½	0 8½	23.40	9 2½
2nd "	47.6	8 7½	13 2½	13 2½	0 0½	23.10	9 2½
3rd "	46.6	8 8½	13 0½	13 2	— 0 1½	22.83	9 3½
4th "	54.1	8 4½	12 7½	13 11½	1 4	23.89	9 4
1st quarter 1936	54.4	8 11½	13 2½	14 8½	1 5½	23.95	9 11½
2nd "	48.2	9 3½	13 11	14 3½	0 4½	23.26	10 0½
3rd "	48.9	9 3½	13 11½	14 4½	0 5	23.12	10 0½
4th "	54.0	9 1½	13 7½	15 0½	1 5	23.76	10 2

† Excluding allowances in kind.

The tonnage disposable in the last quarter of 1936 was practically the same as a year earlier. Rather significantly, total net costs rose by almost one shilling per ton during this period, while the increase in wages was only 9d. per ton. Output per man-shift showed a decrease on the corresponding period in 1935, a reversal of the previous trend. *The Statistical Summary* of the Mines Department,* from which these statistics are taken, shows a profit in all the districts separately enumerated. As both home and export demand is still expanding, the outlook for coal-mining is encouraging in the absence of labour difficulties.

* Cmd. 5419. 1d. net.

Overseas Correspondence

From Our Special Correspondents

United States

The New Deal Defined

WASHINGTON, March 18. — The standard complaint against the New Deal is that its economic objectives are not candidly set forth, and indeed not even formulated. The visitor to Washington often finds men here and there who have a grasp of problems as a whole, but their views do not always coincide. Conversations with them may leave more of a blur than knowledge. The President himself is no theorist, and is not given to abstract thinking. During his first Administration there was the mark of improvisation on policy-making, resulting in more than a few fundamental contradictions. The second term, however, has produced a clear spokesman and a general clarification of thought in the capital. Marriner Eccles, chairman of the Federal Reserve Board, is the new authentic voice, and his statement of March 15th, defining the Administration's economic policy, must rank as historic.

"The country," he declared, "needs the full and co-ordinated utilisation of the three essential factors of man-power, natural resources and capital until we have attained a maximum production and distribution of wealth, in the form of housing, clothing and all other goods necessary to maintain and improve the standard of living of all our people. It is not sound public policy, and it is not in the ultimate interest of either capital, labour or agriculture, for any one of these three groups, broadly speaking, to try to gain advantage at the expense of the others, which only makes for instability of the national economy, and hence is bound to be temporary."

This strikes the keynote of "balance" as the ultimate aim of New Deal economy, the goal being the maximum production and distribution of wealth. Mr Eccles went on to elucidate: "Wage increases and shorter hours are justified and wholly desirable when they result from increasing production per capita and represent a better distribution of the profits of industry. When they retard and restrict production, and cause price inflation, they result in throwing the buying power of the various groups in the national economy out of balance, working a particular hardship upon agriculture, the unorganised workers, the recipients of fixed incomes and all consumers. The upward spiral of wages and prices into inflationary price levels can be as disastrous as the downward spiral of deflation. If such conditions develop"—and this sentence is particularly important—"the Government should intervene in the public interest by taking such action as is necessary to correct the abuses." "The remedy for a price inflation," he continued, "when the country has unused man-power, natural resources and capital, is through more, not less, production, through an orderly, balanced use of these three fundamental factors, and not by creating a needless, artificial shortage of any one of them."

The Danger of Inflation and Depression

Having decided against credit restriction, Mr Eccles denied that he was a Budget-balancer for the sake of orthodoxy. "I am not now in favour of balancing the Budget at the expense of the destitute and the unemployed who are unable to find private employment, but I am in favour of increasing taxes on incomes and profits if necessary to sustain the volume of relief, and at the same time to bring the Budget into balance and permit the payment of the public debt as private debt expands. Only by this process can monetary inflation be prevented."

"To resort to monetary restraints under such conditions would involve the risk of halting recovery," he went on, "and precipitating another deflation before we have recovered from the last one, and before the Government is in position to bear the costs of it without causing a monetary inflation." He then summed up his own doctrine with a quotation from Mr Roosevelt in his radio address on March 9th: "In 1933, you and I knew that we must never let our economic system get completely out of joint again—that we could not afford to take the risk of another great depression. We also became convinced that the only way to avoid a repetition of those dark days was to have a Government with power to prevent and to cure the abuses and the inequalities which have thrown that system out of joint. We then had a programme of remedying those abuses and inequalities—to give balance and stability to our economic system—to make it bombproof against the causes of 1929."

The excerpt is from the President's speech in defence of his proposals for enlarging the Supreme Court, and Mr Eccles now clears up one vital point: the emergency which is the President's justification for his proposals is economic. The danger now—that telling word repeated and italicised by Mr Roosevelt to the general mystification of American business men—is of a price inflation, followed by another depression. What the President will ask of a reformed Supreme Court is full governmental authority to intervene to keep the economy in balance. Not one specific power is at stake; what the New Deal must have is the blanket authority to act wherever action is needed.

This economic candour on Mr Eccles's part naturally gives new importance to the Supreme Court proposals, and it also gives the New Deal a coherence and an intelligibility not possessed heretofore. Mr Roosevelt is not crying "Wolf" simply to win an argument and save his prestige. He recognises that the boom creeping up on America is in some respects more menacing than a western dust storm. Mr Eccles shows that he is disturbed by it, disturbed equally by the rapid rise of industrial wages, the threatened shortage of skilled labour, and the whacking increase in the price of steel. The thesis of his pronouncement is clearly one of a government-controlled economy, involving planning of a scope never before dreamed of in this country. Even the critics appreciate Mr Eccles's willingness to formulate the objectives of the New Deal. At last it can be discussed as a system.

The Course of Building

NEW YORK, March 30.—In spite of ubiquitous strikes the business indices of the Federal Reserve Board showed for February a small increase over January. More remarkable is their comparison with a year ago. The current rate of business activity is about 20 per cent. above the level of early 1936. Perhaps even more remarkable is the fact that such a gain could have

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occurred with comparatively little help from the construction industry—thus emphasizing a major difference between the recovery here and in England.

The following table shows the items of this index:—

BUSINESS INDICES			
1923-25=100 (Adjusted for Seasonal).			
	Feb., 1936	Jan., 1937	Feb., 1937
Industrial production	94	114	116
Manufactures	92	115	116
Minerals	111	109	114
Construction contracts	52	63	64
Residential	25	45	47
All other	75	77	78
Factory employment	87.4	98.8	99.6
Factory pay rolls	73.7	90.6	95.7
Freight car loadings	70	80	80
Department store sales	83	93	95

Residential building has approximately doubled; but other building is about the same as last year. The residential building index at 47 is scarcely more than a third of the average of its peak year 1928, when the index was 126. So much importance attaches to this figure that the following table of annual averages is illuminating:—

INDEX OF RESIDENTIAL BUILDING			
1923-25=100 (Annual averages)			
1919 ... 44	1925 ... 124	1931 ... 37	
1920 ... 30	1926 ... 121	1932 ... 13	
1921 ... 44	1927 ... 117	1933 ... 11	
1922 ... 68	1928 ... 126	1934 ... 12	
1923 ... 81	1929 ... 87	1935 ... 21	
1924 ... 95	1930 ... 50	1936 ... 37	

So prevalent is the idea that a statistical base period represents a norm that it is invariably assumed that the residential building index below 50 must inevitably double at least. As will be seen from the table, the base years 1923-1925 were rather high, and included one year recognized as of boom quality. At the present time the bottle-neck in the building industry is the scarcity of labour. With the total construction index at 64, there is so tight a situation in building labour that the cost of construction is actually higher than it was during the peak years of the middle '20's. For a long time the highly organized building trades have had strictly limited apprenticeships; and this fact, combined with deaths or changes of occupation during recent years, appears to have reduced building craftsmen to a number which imposes a limit upon the volume of building. No one, however, would be prepared at the present time to designate this limit precisely.

Trade Cycle Data

In the past year factory pay rolls have risen more than production, although production has risen a little more than factory employment. In the year 1928 the manufacturing production index averaged 112, slightly below the February, 1937, figure of 116. In 1928 the employment index averaged 99 and the pay rolls 102, compared with the February, 1937, indices of 99.6 and 95.7. That is, manufacturing activity and factory employment are at present approximately at the 1928 average, but pay rolls are slightly less. From this comparison (for what it is worth) the wage increases of the past year appear more in the nature of restorations than otherwise. In making comparisons with 1928, however, it must be remembered that the 40 hour week has been widely adopted, against a weekly average of about 48 hours ten years ago.

The experience of the last eight years in this respect is very different, however, from that of the 1919-1928 period of about the same length. In that time the index of manufactures rose from 84 to 112, while the factory employment index actually fell from 107 to 99. This was attributed to an increase in the productivity of labour. If that explanation was correct, it would appear that there has either been no increase in the productivity of labour since 1928, or more probably that it has been neutralized by the shortened working week. Generalizations from statistics of this sort do not rest on too secure grounds; yet they can hardly be ignored.

From September, 1929, the index of production (then 123) fell to 58 in July, 1932. From this point it entered on a series of fitful movements (touching 100 in July, 1933), which lasted through the summer of 1934. In September, 1934, the index at 73 was the same as in October, 1931. The downward phase may be dated between September, 1929, and July, 1932 (just two months short of three years) and the bottom phase (overlapping of course) between October, 1931, and September, 1934 (again almost precisely three years). From September, 1934, when the definitely ascending phase began, with the index at 73, to December, 1936 (when the index at 121 was almost the same as the September, 1929, figure) was a little over two years; or, if one counts to the present, two years and a half. From top to bottom of the cycle, from September, 1929, to July, 1932, was three years; and the statistical recovery, from July, 1932, to the present, has lasted almost five years. In popular estimation the depression lasted from September, 1929, to September, 1934, five years; and the public did not really become conscious of recovery until early 1935, two years ago. It was the whole period up to the end of 1934 that stamped itself on people's minds as the "long depression"; and two years of conscious recovery have by no means obliterated this memory.

The flurry in the bond market seems to have subsided. It provoked far more nervousness in New York than one would infer from the magnitude of the declines in government securities, and, apparently, even more nervousness in Washington. The statement of the Reporting Member Banks shows that in two weeks these banks sold more than \$370 millions of Government securities.

REPORTING MEMBER BANK ITEMS (\$000,000)

	Mar 3, 1937	Mar. 24, 1937
U.S. Securities.....	9,067	8,696 —371
Reserve with Fed. Res. Banks.....	5,171	5,112 —59
Demand Deposits Adjusted	15,501	15,336 —165
U.S. Government Deposits	340	355 +15

The increase in reserve requirements of March 1st had been known some time in advance, and presumably most of the banks had adjusted their position in February. One is rather forced to the conclusion that, to some degree at least, the flurry was the startled reaction of a rather nervous market to an unexpected series of disturbing pronouncements from the highest official quarters.

France

An Uncertain Future

PARIS, April 8.—Parliament is in recess until the end of the month, and politics are on the surface very calm. But the future remains uncertain. There is a growing incompatibility between the Radicals and the Communists and a doubtful atmosphere between the Socialists and the Communists. The Opposition Press criticises the daily incidents which are caused in industrial undertakings by certain elements in the trade unions. But the revival of business, whether healthy or not, is obvious. The 40-hour week, on the other hand, is vehemently criticised by a minority of employers. Two days of full rest in the week is, however, a godsend which has brought in many neophytes to the ranks of the Popular Front.

Opinion is very divided about the effects of such reforms, particularly since the outbreak of social disorder in foreign countries, and the world rise in prices show that the French unrest is not an isolated case. The price of wheat, which in France remains at 145 francs for 100 kilograms, has risen in the past year in Chicago from 83 to 125 francs. The fixing of the price of wheat evokes many complaints from the farmers; many Socialists are opposed to the political truce, and many of the middle-class protest against the rise in prices. But none

of these sentiments is likely to cause a sudden political crisis, particularly when business is better. Generally speaking, everybody is agreed that the truce should last until after the Paris Exhibition at least; and it will be interesting to know what decisions will be made at the next Socialist Congress at Whitsuntide and at the Radical-Socialist Conference in October.

Unemployment continues to fall rapidly; it stood at 388,920 on March 27th against 465,127 in March, 1936, and 484,463 in March, 1935. This is, of course, the result of the revival of business and of the 40-hour week, but also in part of the work which is being done to prepare the Paris Exhibition, which should open its doors on May 15th. After that date the workmen will be absorbed by other great public works, for which new credits, totalling 1,000 million francs, have just been authorised; these credits have amounted to nearly 3,000 million francs since the beginning of the year.

Banks Maintain their Dividends

The great French banks have maintained for 1936 their dividends of 1935, although last year was a very difficult period for them. They suffered from the disappearance of private issues and a decline in the public ones. The Treasury was principally supplied in 1936 by monetary inflation.

Fiscal receipts in March showed further improvement compared with those of last year and the first month of this year. Total indirect taxes yielded 313 million francs more than in March, 1936.

Wholesale prices continue to rise, as the following table shows:—

	Feb. 27	Mar. 6	Mar. 13	Mar. 20	Mar. 27	Apr. 3
(1914 = 100)						
Wholesale prices (general index)	517	525	534	533	536	539
Domestic products	538	542	547	549	553	559
Imported products	480	494	512	504	506	504
Foodstuffs	506	513	518	518	518	527
Industrial products	528	536	550	547	552	551

The production of pig iron in February was 574,000 tons, against 587,000 tons in January and 500,000 tons in February, 1936. Steel production rose to 624,000 tons, compared with 607,000 tons in January and 538,000 tons in February, 1936.

Germany

Stocks, Shares, and Inflation

BERLIN, April 7.—The stagnation in the share market this year and the activity, accompanied by steadily rising prices, in home fixed-interest securities, is regarded here as an anomaly. Some inflation, testified to by statistics and shown in the rise in prices, is developing; and confidence in the currency has certainly not increased. In these conditions, according to precedent, fixed-interest securities might be expected to be weak, and shares strong. This was experienced in extreme measure during the 1919-23 inflation. To-day competent authorities admit that the abundance of money which has prevailed since the spring of 1935 (when the Gold Discount Bank first marketed promissory notes in order, ostensibly, to provide a supplementary investment) represents inflation; but they attribute the advance in bond quotations to this inflation. Measured by the violence of the industrial boom, and by the fact that most industrial concerns have more orders than they can fulfil, the rise in dividends has of late been very slight.

It is of course true that the present Government has from the first exclusively favoured fixed-interest investments; the open-market policy adopted by the Reichsbank in 1933 was one method. But the Reichsbank's policy of buying up securities under the new law has not been pushed too far. At the end of 1934 the Reichsbank held Rm. 445 millions of these securities, and at the end of March this year only Rm. 167 millions. In the meantime, however, the holdings of Reich and State

loans by banks, and in other quarters subject to official influence, have greatly increased. It seems that the stagnation in the share market is mainly due to a fear of new government measures against profits or dividends; of government pressure to invest, perhaps unprofitably, in Four Year Plan enterprises; and of compulsory price-cuts in the interest of suffering producers at the expense of particular industries. An instance of this was the enforced reduction last week in the price of potash and nitrate fertilizers. It is not suggested that the Government feels any antagonism of principle against industry; but merely that its hand-to-mouth and often unsuccessful policy in economic matters must compel it increasingly to intervene violently to make good past miscalculations. It is beyond question that the agricultural and food policy pursued since 1933, and indeed initiated before then, has failed; not merely because there is an unforeseen shortage, but because the whole process has differed from what was officially expected and predicted. In any hand-to-mouth policy the immediate emergency will naturally obtain prior treatment; later emergencies will be dealt with when they arise.

Industrial Shortages and Rationing

The steel syndicates continue to report shortages. The greater part of the home steel demand is now controlled, and deliveries are rationed. The scrap iron shortage is still acute. The export of heavy iron and steel goods (other than machinery) is slowly declining. The annual report of the Hamburg Association of Importers of English Coal shows an import in 1936 of 3,110,000 tons, an increase of about 5 per cent. compared with 1935, although total German coal consumption rose some 10 per cent. The import from Great Britain was one-third of the pre-war figure, and the import of English coke declined last year.

Rigid price control has been relaxed in the case of textiles to allow for advances in the prices of raw materials. The consumption of all textiles, raw materials, natural and synthetic, was 596,400 tons last year, of which 187,350 tons were home produced, against 535,390 tons in 1932, of which only 90,020 tons were home produced. The sharp rationing of raw materials to manufacturers has led to the increased use of rags and waste. The domestic output of linen yarn has about doubled since the depression, but remains only half that of the years before the war; as import has fallen the total consumption is also low. The export of chemicals, dyes, and allied products last year totalled Rm. 683 millions, against a recent highest, in 1929, of Rm. 1,418 millions. During these seven years the share of nitre in the total export has heavily fallen, and the share of general chemicals, dyes, and pharmaceutical products has risen.

FOREIGN TRADE

THE DOCUMENTARY CREDIT, whereby the Exporter is assured that he will receive payment immediately his goods are shipped for transit abroad, is the subject-matter of

*A Brief Survey of
the Financial Machinery of
Exports and Imports*

copies of which may be had by asking at
any local branch of the Westminster Bank

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Money has been again plentiful since the turn of the month. The first days of this week consequently witnessed heavy marketing of G.D. Bank promissory notes. The day-loans rate on April 6th was 2½-3 per cent. The heavy demand for cash at the close of March is reflected in the Reichsbank's weekly return for March 31st; discounts are shown to have increased by Rm.701 millions, and credits and investments taken together by Rm.696 millions. For this large credit expansion there are several explanations, including the intervention of Easter. Bank reports and press utterances refer to the rising pace of currency circulation, and also to the rapidly increasing use of cheques. Reichsbank clearings of cheques in 1936 rose by Rm.1,800 millions, or by 12 per cent. This last increase is remarkable because a recently enacted law aimed to expel certain kinds of doubtful or undesirable cheques from the market. Savings bank deposits increased in February by Rm.179 millions to Rm.14,756 millions.

The Conversion Office announces the issue of new 3 per cent. funding bonds against debt-service payments to the Office after January 1, 1937; and the issue in Great Britain of 4 per cent. sterling funding bonds payable to bearer and dated March 1, 1937. The coupons are payable on January 1st and July 1st at the Bank of England. In the field of exchange several new ordinances, mostly of a restrictive character, have appeared. No more permits are to be granted to pay for imports out of the exchange yield from sales of foreign securities.

Italy

The Capital Levy

TURIN, March 25.—Before March 31st the compulsory 5 per cent. redeemable loan must be fully subscribed. The loan was intended to give the Treasury the financial means to colonise Abyssinia. In fact, the loan is a capital levy on the owners of houses and land. Houses include all buildings used for dwelling, industrial, commercial and office purposes. Property belonging to State and public bodies is exempt from the levy; and proprietors possessing land and houses worth less than 10,000 lire are exempt. Proprietors are entitled to deduct from the value of their property debts guaranteed by a mortgage.

A levy equal to 5 per cent. of the capital value of land and houses must be paid in the form of a subscription at par to a 5 per cent. redeemable 25-year loan. For instance, the proprietor of land and houses valued at 2 million lire, on paying 100,000 lire, will receive a redeemable security. He must, however, pay on the same houses and lands a yearly tax of 7,000 lire (0.35 per cent. on the 2 million lire capital value), which tax is to last the 25 years allocated for the redemption of the loan. This is an ingenious plan for splitting the capital levy into its two constituent parts: the payment of the capital and the loss of interest. The man who prefers to keep the 100,000 lire security will, in effect, lose for 25 years the interest thereon and 2,000 lire in addition; but he will get back at the end of the period, or even before, the capital sum. The man who needs the 100,000 lire may sell the subscribed security, losing the difference between par and the current price, and pay the whole 7,000 lire tax yearly for 25 years. If the taxpayer prefers to pay the capital levy, he may compound it at 90 per cent. If the taxpayer has not the money, he can ask his bank for an advance up to 90 per cent. of his levy. The advance must be granted at the same 5 per cent. interest, and must be redeemed by instalments to begin after two years. The duty of subscribing to the loan (not the duty of paying the 25 years' tax) can also be transferred to the National Insurance Institute or any other authorised insurance company if the taxpayer insures himself for the corresponding capital sum and period.

Pessimists feared that many taxpayers would prefer to ask for advances; in this case the capital levy would have had an inflationary effect. Actually it seems that pro-

prietors prefer to pay with ready money, and only the biggest proprietors ask for advances.

The levy coincides with a period of abundant money. It may be that the abundance is temporary; and industrialists are lamenting their excess of cash, which they would prefer to convert into foreign raw materials. Whatever the cause, abundant money is a fact, which now enables banks to advance the necessary sums to capital levy subscribers without asking for advances from the Bank of Italy.

The Bank of Italy's shareholders' annual meeting, which is due in a few days, should throw light on the ways and means by which, notwithstanding the big war expenditure and the 1,500 million lire notes circulating in East Africa, the note issue was restricted to only 15,678 million lire on February 20, 1937, against 15,456 millions on December 31, 1935. In *The Economist* of March 13th it was asked if the item "gold deposited abroad due to the State, 1,773 million lire," was now included in the gold reserve. It is not. This item is more important from a legal than a practical point of view. The interpretations put upon it by the Treasury and by the Bank of Italy are probably not exactly the same; it is a sort of suspense account, partly connected with final liquidation of the war debt to Great Britain. But the figure was never intended to be added to the gold reserve.

Stock Exchange Optimism

March is rich in shareholders' meetings. The undertone is mostly optimistic. The Banca Commerciale report states that profits were 18.3 million lire, against half that amount in 1935; that less than half the capital and reserves of the Bank (850 million lire) are now invested in buildings (146 millions) and foreign subsidiaries (252 millions); that deposits and current accounts increased during 1936 by 850 millions to nearly 6,000 million lire; that, against these liabilities, the Bank holds assets, all short-dated, distributed in advances and discounts averaging 100,000 lire per customer; that present profits do not take account of the effects of devaluation and are mainly due to economies in overhead costs, which are estimated at 30 per cent. of the 1932 level. This is more or less the tale of most companies, which are emerging from the crisis with increased efficiency.

The bourses were not slow in registering the better feeling of the market. From December 31st to March 22nd quotations continued to advance:—

MOVEMENT OF BOURSE QUOTATIONS
(In lire)

	1936 (Lowest)	1936 December	1937 March
La Centrale (Electrical Trust)	590	795	827
Olcese (Cotton).....	236	374	448
Snia (Artificial Silk)	332	468	483
Monte Amiata (Quicksilver) ..	30	55	65
Montecatini (Chemicals)	143	185	198
Fiat (Automobiles)	334	448	480
Edison (Electricity)	237	314	320
Evidania (Sugar)	407	495	501
Pirelli (Rubber)	1,050	1,228	1,403

The most interesting feature is that the advance took place in spite of the Treasury's strong opposition to speculation booms in variable-dividend securities. The Stock Exchange, it is true, is usually apt to exaggerate the position; but current opinion is that shares ought to be valued 50 or even 100 per cent. more than their present prices. After the monetary alignment, the valuations of assets must be substantially increased. The progressive taxation of dividends in excess of 6 per cent. can for a time keep down the distribution of profits; but in the end increased prices and profits must somehow find their way into the shareholders' pockets. The same reasons explain why the capital levy on land and houses was received with comparative calm. It is true that land and house rents were fixed for two years from October 5, 1936; but owners are hoping for better days when the legal limits are lifted. In the meantime the market for intending sellers is better. Selling prices of land and houses are higher now, compared with pre-devaluation days, by more than the 5 per cent. levy.

Denmark

The Scandinavian Bloc

COPENHAGEN, March 17.—The recent speeches of the Prime Minister, Mr Stauning, at Lund and Stockholm, have caused a great stir in both Sweden and this country. The observations of the Prime Minister were both statesmanlike and prudent. To an impartial observer it was refreshing to hear the Prime Minister speak of practical Scandinavianism in the political and economic field, ruling out entirely the sentimental Scandinavianism of last century and the Utopia of an effective Scandinavian military alliance. The communal elections on March 9th further strengthened the Social Democratic Party. The Minister of Commerce has introduced a bill in the Folketing which resembles the price regulation Acts of 1914-18. The provisions of the bill will take effect from May 1st and a Government appointed committee will supervise the price regulation clauses.

Shortage of Raw Materials

In spite of exchange restrictions, import quotas and export premiums in many countries, the value of Danish industrial exports rose from 283 million kroner in 1935 to 313 million kroner in 1936. The Federation of Danish Industries ascribes this to the fact that the firms manufacturing for export have for years worked energetically to gain a footing in as many markets as possible. The following are the more important figures of industrial exports:—

	Total for:	
	1935	1936
	(in million kroner)	
Tinned milk and cream.....	11.8	11.0
Other tinned goods	10.0	12.4
Oil products.....	73.4	68.0
Machinery and vehicles.....	54.6	67.2
Ships	32.9	41.0

The general trend of trade and industry is still on the upgrade, although hesitancy is evident in the building trades after four years of great activity. The outlook for agriculture has somewhat improved and higher prices are expected for agricultural products. Shipping is experiencing a revival which does not fall far short of a boom. The rising prices of coal, fuel-oil and metals are, however, causing considerable difficulty to consumers as, owing to the hand-to-mouth policy of restricted imports enforced by the Exchange Control Office, no stocks of any importance have been permitted to accumulate. Therefore, the present demands of industry can only be satisfied by imports at much increased prices, a situation which puts a rather severe strain on the foreign exchange resources of the country.

Finland

Rising Prices and Active Business

HELSINGFORS, March 23.—The abrupt rise of prices in the world markets, which began to influence the level of prices in Finland last autumn, caused a continued rise here during January and February. The prices of imported and exported goods were affected most. The index for imported goods, which had for a long time stood at about 87 (1926 = 100), rose to 98 last December and to 106 in February. The rise in the price of exported goods was even greater; the corresponding indices are 77, 100 and 111. The wholesale price index for goods in Finnish wholesale trade rose from 90 to 95 last December and to 101 in February; but it by no means includes all classes of goods. Last year the rise in prices did not extend to retail prices and the cost of living, but this year it seems to be beginning to affect these also. This rise in prices has been latent in the national economy since the country abandoned the gold standard in the autumn of 1931, but has only now become an accomplished fact because of the state of world markets.

The continued liveliness in business and rising prices have created a larger demand for credit. The credits granted by the joint-stock banks increased in January and February by 371 million marks, compared with only 93 millions in the same months last year. At the same time deposits in the joint-stock banks increased during the first two months of the year by 242 million marks, compared with only 13 millions last year. As the total credits granted by the joint-stock banks amounted to 7,743 million marks at the end of February, while their deposits were 8,840 millions, their position was still a very easy one. No bills were re-discounted, and the cash of the banks still established record figures.

The credits granted by the Bank of Finland also increased appreciably by 102 million marks during January and February, though not to a greater extent than during the same period last year, when the increase amounted to 116 million marks. The total credits of the Bank, however, were slightly higher at 1,051 million marks than last year. Considerable business activity, growing purchasing power and the unusually abundant supply of lumber work are reflected in the growth of the note circulation. At the end of February it amounted to 1,757 million marks, compared with 1,445 millions a year ago. At the same time the Bank of Finland's balances with its foreign correspondents increased very much. After a rise of 255 million marks in January and February they amounted to 1,747 millions, against 1,263 millions a year earlier. As a result of these different changes the note reserve of the Bank decreased from 841 million marks at the end of February, 1936, to 503 millions on the same date this year. The ordinary note cover, however, still amounted to 77.1 per cent. of all liabilities payable on demand.

The improvement in the economic situation which has now gone on for several years has gradually resulted in a stronger position and better yields for the majority of banking, industrial and other undertakings. Some companies have raised their share capital or increased their dividends, and falling rates of interest have created a new valuation for shares. Last year, therefore, there was a continuous rise in the price of shares on the Stock Exchange. This year the rise has continued and developed into a regular boom at prices which in some cases no longer have any real foundation. The index for shares, which rose last year from 147 in January (1926 = 100) to 191 in December, reached 200 in January of this year, 213 in February and 233 on March 10th.

Canada

Provinces' Financial Plight

OTTAWA, March 20.—The Federal Government was forced to take action recently in the financial affairs of the two Prairie Provinces of Manitoba and Saskatchewan. Some time ago their Ministries notified Ottawa that unless help was forthcoming they would no longer be able to resist local pressure, stimulated by the example of the Social Credit Ministry of Alberta, for a drastic curtailment of interest rates on their bond obligations. The Federal Government felt it wise to secure a report upon the finances of the two Provinces, and Mr Graham Towers, Governor of the Bank of Canada, took charge of

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the investigation. His report about Manitoba confirmed the contention that despite taxation of abnormal severity and genuine efforts towards economy, there is no hope of meeting Manitoban obligations.

The appointment of a Royal Commission was then announced to investigate the broad problem of the Canadian public finance and the present allocation of powers and responsibilities under the Constitution. But since the situation in Manitoba and Saskatchewan did not admit of waiting, the Government agreed to come to the rescue of these Provinces forthwith. This announcement at once evoked a vigorous protest from Mr Aberhart, who maintained that unfair discrimination was being practised against Alberta.

Defence and the Federal Budget

The King Ministry experienced considerable trouble over its defence programme because of a maladroit speech delivered by Sir Samuel Hoare at Bradford, in which he branded as wasteful and inefficient such schemes of local defence as the one to which the Canadian Government was committed, and pleaded for a centralised scheme of Imperial defence. French-Canadian and other supporters of the King Government scented in this speech a scheme to inveigle Canadian Ministers at the post-Coronation Imperial Conference to co-operate in some grandiose plan of Imperial defence.

It is hoped that with a continuance of the process of recovery the Budget may be balanced for the fiscal year 1938-39. The opposition groups have directed their fire against the wheat-marketing policy of the Government; they contend that the Government's decree that its new Wheat Board would only accept deliveries of wheat from the farmers when the price fell below 90 cents per bushel has deprived the grain-growers of the opportunity of getting much benefit from the sharp rise in grain prices, and has let huge gains accrue to a ring of traders and speculators. Ministers deny this charge and maintain that their policy of getting

rid of the huge carry-over at the ruling market prices will prove the best service that they could have done for the Western farmer.

Growing Opposition in Alberta

The troubles of the Social Credit Ministry of Alberta are multiplying. Its legislation for the reduction of mortgage debts was pronounced invalid by the courts, and Premier Aberhart countered this verdict by declaring a moratorium on such debts for sixty days. He publicly admitted that he had failed to bring into operation a plan of Social Credit within the time limit of eighteen months which he set for himself. He then announced that he would abide by the verdict of his followers as to whether he should resign or carry on; and he afterwards claimed that he had received a flood of resolutions and letters urging him to persevere with his appointed task. There is a growing element in his own party, however, which holds that he has betrayed the Social Credit cause.

The sharp rise in the price of base metals like copper, lead and zinc is stimulating their production, and some Canadian plants are getting orders from Britain for shells and other munitions. The farmers are getting ready to resume work upon the land, and the further rise in the price of wheat will probably produce an increase in the western acreage planted to wheat. Visible stocks of wheat are rapidly declining under a brisk export demand, and on March 5th they had fallen to 88 million bushels, compared with nearly 219 million bushels on the same date in 1936. Employers are not happy about labour conditions, because the industrial ferment in the United States is infecting Canada. The railway unions recently refused to accept the verdict of an arbitration board about their demand for higher wages, and decided to take a ballot about a strike. Mr John Lewis has announced that he will try to organise the iron and steel workers in the Cape Breton area under the aegis of a Canadian affiliate of his rapidly expanding Committee for Industrial Organisation.

Letters to the Editor

The International Sugar Conference

TO THE EDITOR OF THE ECONOMIST

SIR,—The International Sugar Conference is now assembling, and although its deliberations will probably take place behind closed doors, we shall probably learn from time to time a little of what transpires. The object is said to be "to secure orderly marketing and an adjustment of supply to demand," but it is obvious that if the Conference is successful this can be achieved in more than one way. Demand is apt to depend, among other things, upon price, and as this country buys a good deal of sugar from elsewhere, and there are large and important industries here using sugar as a raw material, too rigid an "adjustment of supply" may be very much against our best interests.

For a long time the price of sugar on the world's market has been below the cost of production; though since last autumn it has risen, until to-day it stands well above what in the opinion of the Greene Committee is a remunerative figure in countries where sugar is cultivated upon up-to-date lines. It is common to ascribe the low prices which have prevailed to over-production; but stocks have not been excessive for some time, and the real cause is the shrinkage of the world's market due to two things: (a) the cutting off of great areas, owing to the spread of the policy of economic self-sufficiency in sugar; and (b) the artificially enhanced price of sugar, due to the efforts made to support cultivation in places which experience has long since shown not to be the best for the purpose. In order to counteract the advance of scientific research and discovery, tariff after tariff has been raised, with the result that the more out-of-date the producer is, the greater has been his reward, and the greater the braking effect upon any possible increase in consumption.

Our own country is no exception in this regard. The import duty on white sugar is now 11s. 8d. per cwt., a figure

in excess of the cost of production. Before the war, at 1s. 10d. per cwt., it was less than a sixth of this; yet the net revenue produced was then £4,000,000, and it is less than twice that now, the balance being dissipated in bounties, subsidies and preferences of all sorts and descriptions. In spite of great improvements in every branch of sugar technique, the raw material of the sugar using manufacturer now costs him 30 per cent. more than it did before the war, and for very many years he has paid much more than enough to reward efficient producers handsomely and leave a large margin for taxation.

Sugar using manufacturers do not desire to get their raw material at less than a fair cost of production, but they do consider that for the proper development of their businesses they are entitled to sugar produced in ways and in places which scientific research has shown to be most suitable, and that they should not be called upon to support obsolete methods. Their operations are carried out on a considerable scale, and they not only employ far more people than are engaged in sugar production, but their goods form an outlet for many products, agricultural and other, which it is important for the country and Empire to maintain.

Yours truly,

J. G. MATHIESON.

Victoria Park.

[We discuss the problem of the International Sugar Conference in a leading article on page 70 of this issue.—Ed. Econ.]

Growth of a Monopoly

TO THE EDITOR OF THE ECONOMIST

SIR,—It is gratifying to those of us who have consistently opposed "all this mechanism of industrial control" to know that Mr H. G. Williams himself is alarmed at the tendency; yet Mr Williams still justifies control of imports, and the

"logical" application of Protection for which he calls would doubtless involve an increase in the number and severity of our tariffs.

The substitution of increased tariffs for the present mixture of restrictions would not help us to get rid of the monopoly which has come into being. The iron and steel monopoly has grown up under a form of industrial control which Mr Williams dislikes; but how can your correspondent commit himself to the statement that we Free Traders are the authors of "this modern development" when we have consistently fought against its establishment and continued existence?

Mr Williams is at pains to inform us that the form of control which has in fact been established is "no part of a Protective policy proper," yet he feels it necessary to defend the monopoly in a mild way. He tells us that he is satisfied that all grievances are being fairly handled by the Iron and Steel Federation. He is evidently thinking only of the iron and steel interests themselves, since obviously the consumers who are compelled to pay more for their goods are not going to appeal to the body whose influence is exerted to keep the price up. The Glasgow business man who told me last week that the price of the steel he used had risen 125 per cent. would get little satisfaction if he complained to the central controlling body of the supplying industry.

Publicity, Mr Williams tells us, prevents the risk of abuse of the power which now rests in the hands of the iron and steel monopoly. I venture to disagree. The truth is, even those who, like one of my chief informants, are coerced into accepting conditions and fixing prices (both for the materials they buy and the goods they sell) dare not seek publicity. I have been shown documents on the strict condition that I mentioned no names—documents of a kind which, if they were published, would bring the wrath of the public heavily down upon the offending industrial dictators. It is one of the evil features of a Protectionist system that producers who are Free Traders have to submit silently to controls which they abhor, or risk the planned destruction of the businesses they have built up.

Mr Williams must pursue his praiseworthy inquiries further.

Yours faithfully,

RANALD M. FINDLAY.

Edinburgh.

Suicide and Life Assurance

TO THE EDITOR OF THE ECONOMIST

SIR,—The judgment of the Master of the Rolls in the case of *Beresford v. Royal Insurance Company* is disturbing in its revelation that every life policy is liable to be void in the case of death by *felo de se*. But this principle has always been established in law in the interests of public policy.

Books and Publications

Evolution or Revolution?

THE theory of Marx, reiterated by Engels and Lenin, that ultimately reforms can only be achieved by revolution and by war, seemed to have been corroborated by the turmoils of Central Europe and by the present struggle of the Spanish people against the forces of reaction. It was, therefore, particularly refreshing to read Mr Smellie's history* of the past hundred years of English government, and to find ample evidence that in this period our Constitution has been able to adapt itself peaceably to changing needs; and that such far-reaching reforms as the extension of the franchise and the creation of the social services have been achieved without civil wars, even if Chartists and suffragettes did occasionally compel magistrates to read the Riot Act.

Mr Smellie has written no mere outline of constitutional law or summary of political history. This is a survey of those social problems and economic ideas which brought about fundamental changes in the form

* "A Hundred Years of English Government." By K. B. Smellie. Duckworth. 15s.

Since, as I venture to submit, nothing novel is imported regarding the position of an assignee, your Note in *The Economist* of March 27th, p. 706, seems unduly sweeping in stating that the judgment has the effect "of impairing the security value of a life policy." From a banking standpoint the security value of a life policy by itself means "surrender value" and if this is to be impaired it will be a serious matter for everyone interested in life policies. One of the attractions of life assurance is that a policy has always been acceptable as undoubted security up to the amount of its surrender value by bankers and other lenders.

I find nothing in the recent judgment to shake the confidence of either assured or assignee in relying upon recognised custom. It should hardly induce any insurance company from now onwards to claim retention of the entire consideration against a *bona fide* assignee who can have no beneficial interest in *felo de se* of the assured.

Yours faithfully,

ARTHUR V. BARBER.

Whitehall, S.W.1.

[The fact that Mr Justice Swift, in the lower Court, found for the suicide's representatives suggests that the principle of voidance by *felo de se* was far from being established in law. In the light of the Court of Appeal's judgment, it would now appear contrary to public policy for an insurance company to pay either the insured sum or the surrender value. In the famous Greek scuttling cases, moreover, it was held that the assignee of a policy cannot recover where the *assuré* himself failed because of his criminal activities.—Ed., Econ.]

National Finance

TO THE EDITOR OF THE ECONOMIST

SIR,—With reference to my letter in last week's *Economist*, my appeal for a reconsideration of the Armament programme was based upon estimates furnished in the table supplied by the Chancellor of the Exchequer. Since that letter was written the actual figures of the sums realised from Income Tax and Super Tax for 1936-37 have now been published. These figures have realised less than the estimates of the Chancellor and show the staggering reduction of £17,144,000—compared with the amount received in 1925-26. They are the more significant as the income tax in 1925-26 was 4s. in the pound, against 4s. 9d. during last year. The super tax was also considerably less in 1925-26 compared with 1936-37. We have, then, the above serious reduction in income with an increase in taxation, thus indicating and confirming my argument that our excessive expenditure is not justified and, if continued, will lead to national weakness and not strength.

I am, Sir,

Your obedient servant,

S.W.7

D. M. MASON.

and spirit of the Constitution and in the administration of government. In these hundred years, government from being the spare-time activity of a few wealthy families, has become a process requiring the co-operation of every adult, extending its influence into every family of the realm, and appropriating an increasing proportion of the national income. Mr Smellie has succeeded in showing how and why this has come about.

The years from the passing of the Reform Act of 1832 to the Franco-Prussian War, the first of the three periods into which Mr Smellie divides his story, were hardly conducive to the successful establishment of a system of government. Yet even in this heyday of *laissez-faire*, it was born, a child of necessity, against the wishes of its parents. With the passing of the Reform Act, the Whigs who were the disciples of Bentham set about ridding the country from governmental interference; and yet they were forced to realise its necessity in the reform of poor law and public health. Even the Tories accepted the doctrine of the classical economists that industrial progress would produce a form of society in which the only function of the Government would be so to hold the

scales of justice that each individual could pursue his own interest, and the greatest happiness of the greatest number would automatically result.

After 1870 and until 1914, as Nature in her extravagance allowed other industrial Powers to threaten Great Britain's former monopoly, these theories became increasingly inapplicable. Although the market theory of wages may prove that a workman is paid what he is worth, there is no reason to suppose that this will be adequate for his needs, or prevent him from living in such a condition of poverty and squalor that he is a danger to his neighbours. To improve our competitive position it was found necessary to extend the social services, and to enlist the support of a larger proportion of the population by extending the franchise. Local government machinery was hammered out to administer drainage and public health duties, and education was added as soon as the religious opposition could be overcome. Even the Civil Service was made democratic to those of good education.

Yet, in Mr Smellie's judgment, this was not a successful phase. The Labour Party emerged as an indication of growing discontent; and it remained for Governments in the post-war years, with the franchise extended to include every adult, to set about removing the worst abuses of poverty and illness and to reform the machinery of administration. While governmental control is inevitably extended, the modern Civil Service, despite the Haldane Commission, remains riddled with departmental rivalries, unco-ordinated and unreformed. We may appreciate the irony of history that our Government was created by those who disbelieved in it; that it was made effective by the opposition of the Irish and the House of Lords, who willed its destruction; and that it had, nevertheless, become by 1914 a paragon among constitutions and the envy of the world. Yet it is disquieting that Mr Smellie should find in 1937 that "whatever value for the world the English system of government may yet have, it is not going to be the glass of fashion and the mould of form for the twentieth century." That reforms are necessary, that our Constitution and its administration must be rationalised to meet modern needs, is emphasised by another more sinister prophecy that "it is by now fairly clear that the despotic system of government will generally prevail if the democratic experiment of the British Commonwealth of Nations were to fail. . . . In four of the world's five continents this would mean that the application of natural science to the life of man would be made by force and not by persuasion."

Shorter Notices

"We or They." By Hamilton Fish Armstrong. Macmillan (New York). 106 pages. \$1.50.

In this striking essay, Mr Armstrong agrees that there can be no compromise between the economic, political and philosophical ideas of the dictatorial States and those of democratic nations. He therefore calls for a closer defensive understanding between the democratic States, and for a stern refusal by the prosperous democratic governments to

lend money to Germany or Italy to assist their rearmament. He does not stop at the advocacy of a mere social and economic boycott of the Fascist States. He would definitely invite the United States to abandon such meaningless peace treaties as the Kellogg Pact which lack machinery for enforcement, and to realise frankly that no amount of neutrality legislation is certain to keep America out of war.

"The Position of Women in Contemporary France." By Frances I. Clark. P. S. King. 259 pages. 12s. 6d.

Miss Clark's book contains a great deal of miscellaneous information and a mass of statistics. It has a certain usefulness as a book of reference, but it cannot be commended as a satisfactory work on the subject. There is some useful information on the economic position of French women, the attitude of the trade unions, the political parties and the Church, the education of women, and the feminist movement; but there are some serious omissions and the book is not clear in thought or exposition.

"New Zealand from Within." By Donald Cowie. Routledge (London). 293 pages. 10s. 6d. net.

This study of New Zealand is a scrap-book rather than a treatise, and its disjointedness makes a summary judgment difficult. Some chapters are much better than others. Mr Cowie does not seem to have quite made up his mind what he wanted to say about New Zealand. He deplores the urbanisation of New Zealand; at the same time he hankers after a much larger population, which could only come as a complement to urban development. Yet, in spite of some dull patches and its erratic quality, the book does give a realistic impression of a country whose future is uncertain and may even be great.

The I.C.S. By Sir Edward Blunt. Faber. 310 pages. 8s. 6d.

Traces the growth of government from trade in India, and the establishment of the Indian Civil Service to conduct administration. Describes vividly and in detail the growing scope and competence of the I.C.S., and the task which confronts it in modern times. Clear-cut and telling history, and a valuable and apposite assessment of the future of Indian administration.

A Visit to Russia. Report of Durham Miners on a visit to the U.S.S.R. Durham Miners' Association. 56 pages. 3d.

Frank and honest account of what was seen and heard by English miners in Russian mining districts and industrial areas. Interesting description of workers' meals, social welfare, housing, education and social insurance. Expert and invaluable survey of mining technique, working conditions, Trade Union activities, safety and health regulations, and the Stakhanovite movement. An authoritative and critical statement.

Official Publications

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

Colonial Reports: No. 1784. Federated Malay States, 1935. 5s. net. No. 1785. Gold Coast, 1935-36. 3s. 6d. net. No. 1786. New Hebrides, 1935. 1s. 6d. net. No. 1787. Tongan Islands Protectorate, 1935. 1s. 3d. net. No. 1789. Grenada, 1935. 1s. net. No. 1790. British Solomon Islands Protectorate, 1935. 1s. net. No. 1791. State of Kedah, 1935-36. 3s. net. No. 1792. Bechuanaland Protectorate, 1935. 2s. net. No. 1793. Swaziland, 1935. 1s. net. No. 1794. Cayman Islands, 1935. 1s. 3d. net. No. 1795. State of Perlis. 2s. 6d. net. No. 1796. Jamaica, 1935. 2s. net. No. 1797. Ceylon, 1935. 5s. 6d. net. No. 1798. Gilbert and Ellice Islands Colony, 1935. 1s. 6d. net.

National Health Insurance Fund Accounts for the year ended 31st December, 1935. 6d. net.

Navy Appropriation Account, 1935. 1s. 6d. net.

Civil Estimates for the Year ending March 31, 1938: Class VII. Common Services. 2s. net.

Revenue Departments: Estimates for the Year ending March 31, 1938. 2s. net.

Army: Royal Ordnance Factories Accounts, 1935. 3d. net.

Army Estimates, 1937. 5s. 6d. net.

Memorandum of the Secretary of State for War relating to the Army Estimates, 1937. Cmd. 5381. 2d. net.

Army (Royal Ordnance Factories): Estimate of Charges for the year 1937. 3d. net.

Air Estimates, 1937. 3s. 6d. net.

Air Services Appropriation Account, 1935. 1s. 3d. net.

MONEY AND BANKING

Recovery in India

POLITICS and economics are ever closely connected, and this month's inauguration of provincial autonomy affords an opportunity for a review of the economic condition of India. By good fortune, this opportunity has coincided with the annual addresses of the chairmen of several of the leading exchange banks.

The Indian banking and monetary system is extremely complex. It begins with the village money-lender and ends with the great native banks, with the international exchange banks, and with the Reserve Bank of India itself. Some attempt has recently been made by law to define a bank in India and to lay down certain conditions of operation, but these problems will always remain formidable, owing to India's wide extent and diverse social and economic structure. Yet, inasmuch as the bulk of the financing of India's overseas trade passes through the exchange banks, which also have important internal connections, the chairmen of these banks are well qualified to expound the economic position of India.

The crux of India's economic problem was explained by Lord Catto at the Mercantile Bank of India meeting. "The prosperity of India," he said, "depends mainly on the condition of the cultivators, who make up the bulk of her huge population. They cultivate small-holdings and they reserve part of their crops for their own consumption and sell the rest. Part of the money they receive is spent on fixed charges like rent, rates and interest on loans, for they are almost always in debt. The balance they spend on the purchase of cotton cloth and on other simple necessities of life. At the best of times the margin is never much, and in bad times it is apt to disappear. Therefore the price of primary commodities is of paramount importance for the cultivator and for India as a whole."

Lord Catto proceeded to say that in 1936 the improvement in most primary commodity prices was noteworthy. This is clear from the course of the Indian wholesale price index numbers:—

Year 1929	100.0
Year 1933	61.7
Jan., 1936	65.2
Jan., 1937	69.5

The recovery during 1936 alone was greater than during the whole period from 1933 to January, 1936. But wholesale prices in India are still relatively lower, in terms of 1929, than those of England or the United States.

Over India as a whole, however, the recent rise in the prices of primary products has enhanced the value of exports, and in 1936 India had a favourable balance of payments, exclusive of her net exports of gold:—

(Rupees millions)

Monthly Average	Goods			Treasure Net Imports (+) or Exports (—)	
	Imports	Exports	Export surplus	Silver	Gold
1929	208.6	268.8	+60.2	+6.1	+14.9
1933	95.6	120.4	+24.8	—5.1	—41.8
1934	104.4	123.6	+19.2	—2.8	—49.7
1935	111.9	130.9	+19.0	—7.6	—36.0
1936	101.9	150.4	+48.5	+12.6	—26.6

Her export surplus, despite its recovery in 1936, is still well below that of 1929. On the other hand, since 1929 India has repaid or converted an appreciable part of her external debt. One consequence of the re-establishment of a favourable balance of payments, which affords striking evidence of recovery in internal

prosperity, is that in 1936 India was a net importer of silver for the first time since 1931. Her gold exports reached a peak of 62 million rupees a month in 1932, but have since steadily fallen to less than half the 1932 figure.

Mr Haskell, at the Eastern Bank meeting, called attention to another important consequence of India's favourable balance of payments. During 1936, he pointed out, the Indian Government were able to sell council bills (in exchange for sterling) much in excess of their external requirements, and they have now been able to build up a large sterling reserve. Mr Haskell gave a figure of £52 millions, as representing Government's total remittances to London in this way during the current financial year. This trend is confirmed by the latest returns of the Reserve Bank of India:—

(Rupees millions)

Assets:—	End of March		Change
	1936	1937	
Gold	444	444	...
Rupee coin	595	620	+25
Balances abroad	231	265	+34
Sterling securities*	673	793	+120
Rupee securities*	244	224	—20
Investments	51	76	+25
Liabilities:—			
Note circulation	1,688	1,943	+255
Deposits: Government	86	145	+59
Banks	363	231	—132

* Held against the note issue. The rupee securities are those of the Indian Government.

The year's increase in balances abroad, plus sterling securities, amounts to 154 million rupees (£11.6 millions sterling). The expansion in India's sterling resources raises several important banking questions both in London and India. In London it is possible that insufficient attention has been given to fluctuations in the sterling assets of members of the sterling area, and their effect upon the London market and the whole British banking system. In India's case, there are many gaps in the available data. We should like to know, for example, to what extent India's sterling assets are invested in Treasury bills ("tap" or "tender"), and in the gilt-edged market; and what proportion is on deposit either with the Bank of England, or with the British joint-stock banks; or with the London offices of the Indian banks themselves.

Meanwhile, it is of some importance to know how the Indian Government is financing the holding of its sterling assets. There may be a parallel here to the British Government's financing of the Exchange Equalisation Account's gold holdings by the issue of Treasury bills by tender to the British banking system. Under this system it was shown last year that if the Exchange Account's gold holdings became disproportionately large, the British banks might be required to take up sufficient Treasury bills as to threaten conditions of stringency. Is such a parallel likely to develop in India?

At the moment there is no sign of anything of the kind. India, like many other countries, is passing through a period of easy money, and several of the exchange bank chairmen have complained of the difficulty of finding remunerative employment for their resources. By way of contrast, the Reserve Bank's latest return shows a sharp drop of 132 million rupees in bankers' deposits during the preceding year. This is mainly due to the expansion in the note circulation—a further sign of prosperity—but Government has apparently been accumulating funds in India as well as in London.

THE THEORY OF FORWARD EXCHANGE

By Dr Paul Einzig

Dr Einzig has made the theory and practice of Foreign Exchange the study of his lifetime. His book contains a vast amount of new material on hitherto neglected aspects of the subject. It deals with innumerable points of interest to economists and practical bankers alike. Indeed, there is every reason to regard this book as Dr Einzig's magnum opus.

MACMILLAN

21s. net

The complex structure of the Indian banking system, however, makes it difficult to define closely ease and stringency. The exchange banks largely depend on external trade, and in spite of last year's recovery they may well find difficulty in employing profitably the whole of their funds. At the other end of the scale, talk of easy money might seem a mockery to the native cultivator who is still deeply in debt to the village money-lender. Somewhere between the two extremes the big drop in bankers' deposits suggests that some banks have less cash than they had a year ago, and this must indicate some loss of banking liquidity.

The channel, in fact, by which credit percolates in India from its central source to the countless small borrowers scattered all over the country, is over-long and tortuous. There are so many intermediate parties that the paradox becomes possible of cheap money in the centre and usurious rates of interest in the villages. To remedy this state of affairs is one of the fundamental problems of Indian banking, and it affects the big exchange and indigenous banks as well as the general population. It is not a problem peculiar to India. There are many borrowers in England paying 5 per cent. to-day, and to America's Middle-West farmer talk of one per cent. call money in New York City has only a derisory significance. The problem is not so much that of a glut or scarcity in the total volume of credit as of its proper distribution, and it is complicated by the varying credit-worthiness of individual borrowers. Whether a partial solution can be found in India depends largely upon the better education of the population. In the meantime, the fact that India has entered upon her new form of Government at a time of relative ease and prosperity is at least of good omen for her political future.

Financial Notes

An Unfounded Gold Rumour.—Last Wednesday London and New York markets were badly upset by a rumour that the American banks had cabled their London agents refusing to accept further gold consignments on American Treasury Account, and also refusing additional advances against gold in transit. It was further stated that there were strong rumours that the American Treasury planned to reduce the price of gold or to change the handling charge of $\frac{1}{4}$ per cent. with a view to reducing imports of gold. These rumours were quickly denied, but not before considerable disturbance had been caused. In London there was a sharp fall in gold-mining shares and general weakness in the commodity markets. A strong demand for dollars sprang up both in London and Paris, and the British and French Exchange Controls had to intervene. It is known that the American authorities are seriously perturbed at the inflationary effects of the continued influx of gold, now being augmented by heavy shipments from Russia, and this was probably the basis of the rumour. On the other hand, a moment's thought should have sufficed to show its absurdity. An embargo on gold imports or the lowering of the American Treasury's price of \$35 per ounce, less $\frac{1}{4}$ per cent. handling charges, would have meant the torpedoing of the tripartite monetary agreement, accompanied by a sharp appreciation of the dollar against the pound, the franc, and other currencies. While American opinion shares in the official alarm over internal inflation and the growth of boom conditions, it is still doubtful if it would tolerate a sudden depreciation of sterling below \$4.86. Nor is it likely that the British authorities would suddenly consent to lower the sterling price of gold, in view of the important Indian and South African interests involved. France too would require fresh legislation for this purpose. The American authorities in their turn have still to apply the final increase in member banks' legal minimum reserves, and so even there the time is not ripe for a new fundamental change. At the same time the world supply of gold is expanding, and this may make it difficult to maintain a fixed price indefinitely. We hope to return to this point at a later date.

America's Balance of Payments.—The preliminary estimates of the balance of payments of the United States in 1936 have recently become available in Washington. They are shown in the following table, together with the figures for 1935. The figures are in millions of dollars and, following the conventional notation, a plus sign indicates a net credit, or in-payment, to the United States, and a minus sign a net debit, or out-payment.

BALANCE OF PAYMENTS OF THE UNITED STATES		
	1935	1936
Merchandise	+ 236	+ 34
Freight and shipping	- 36	- 60
Tourist expenditures	- 292	- 373
Immigrant remittances, contributions, etc.	- 115	- 138
Interest, dividends, etc.	+ 375	+ 375
Other current items	+ 40	+ 30
Balance on current account	+ 208	- 132
Gold movements (net)	- 1,739	- 1,030
Silver movements (net)	- 336	- 180
Total gold and silver	- 2,075	- 1,210
Net movement of short-term funds	+ 970	+ 404
Net movement of long-term funds	+ 462	+ 792
Currency movements	- 1	+ 20
Miscellaneous capital movements	+ 105	- 75
Total capital items	+ 1,736	+ 1,141

The main outlines of this balance-sheet are similar to those of recent years. So far as the current items are concerned, America is gradually adjusting herself to the position of a creditor nation. Every one of the current items, with the exception of the receipt of dividends and interest, moved "against" the United States. The credit balance of merchandise trade was the smallest since 1895, and the total current account now shows a negative balance. This is, indeed, overdoing the adjustment, for a creditor nation should have some net balance for new loans. America, however, is still in the mood of preferring to recall her existing foreign assets than to lend afresh. And the outside world is responding by not merely buying back America's past investments but pouring capital of its own into the American markets. This is, of course, the explanation of the continuing inflow of gold which, though not as large as in 1935, was still of gigantic dimensions.

Further light on this capital inflow is shed by a return issued by the American Treasury this week. During the two years 1935-36, the total net capital inflow into the United States amounted to \$2,607 millions. Of this total, net purchases of securities totalled \$1,234 millions in 1935-36 as a whole, \$606 millions in 1936, and \$284 millions in the last quarter of 1936. There was thus a considerable acceleration in the flow towards the end of last year. The following table gives figures for individual countries:—

	1935-36	1936	Fourth quarter of 1936
		(\$ millions)	
Great Britain	484	218	132
France	83	41	20
Netherlands	168	145	54
Switzerland	214	107	38

Germany and Italy were small buyers of securities in 1935, but in 1936 they have been sellers on balance. Every one of the four countries shows a proportionately higher rate of purchase in the last quarter, but this is much less true of Holland and Switzerland than of Great Britain and France. This points to a certain repatriation of Swiss and Dutch capital after the devaluations of September.

The Foreign Exchanges.—The London market was seriously disturbed on Wednesday by the rumoured cessation of gold purchases by the American Treasury, discussed in another Note. A strong movement out of francs and sterling into dollars developed, and the spot New York rate came down from \$4.9110 to \$4.8940; it has since recovered to \$4.8960, while three months'

dollars remained unchanged at $\frac{1}{8}$ cent premium throughout the whole flurry. The pressure on the franc was rather greater, as is shown by the depreciation of the franc against sterling from Frs. 106.35 to Frs. 107.12. There were further rumours that the spot rate would be allowed to fall to Frs. 112, and as recently as Thursday there were sales of francs against dollars. Both the French and British Controls had to intervene on Wednesday to support their currencies. In spite of these uncertainties, three months' francs remained very steady at Frs. 1 $\frac{1}{8}$ discount. Dutch guilders, belgas and Swiss francs have followed the course of the dollar without any change in their cross-rates on New York.

March Clearing Bank Averages.—The March statements of the ten English clearing banks enable us to see the effects of the spring revenue collection in complete perspective. Between December and March, the total tender issue of Treasury bills was reduced by £110 millions. Clearing banks' discounts and call and short loans consequently fell by £99 millions. Deposits, on the other hand, were only reduced by £70 millions, partly because of the quarter's £50 millions increase in advances.

	March, 1936	Nov., 1936	Dec., 1936	Jan., 1937	Feb., 1937	March, 1937
Capital and reserves	131.8	131.8	131.9	132.5	132.5	132.5
Acceptances, etc.	105.1	106.6	108.8	110.4	115.0	122.2
Deposits (including undivided profits, etc.) ..	2,071.6	2,249.0	2,276.9	2,269.5	2,236.2	2,206.6
Total liabilities	2,308.5	2,487.4	2,517.6	2,512.4	2,483.7	2,461.3
Cash	213.5	229.6	240.6	234.4	228.9	222.4
Cheques, balances and items in transit	58.1	64.2	75.2	64.0	64.2	67.3
Money at call	157.7	174.3	189.3	174.1	161.2	164.8
Discounts	250.4	327.1	320.7	343.6	305.1	246.2
Investments	619.8	640.2	644.4	653.9	655.8	651.9
Loans and advances	834.0	875.3	869.0	864.6	888.0	918.8
Investments in affiliated banks	25.1	25.2	24.9	23.5	23.5	23.5
Cover for acceptances, premises, etc.	149.9	151.5	153.5	154.3	159.0	166.4
Total assets	2,308.5	2,487.4	2,517.6	2,512.4	2,483.7	2,461.3

This quarter there has also been a contraction of £18 millions in clearing bank cash. A comparison of the Bank returns for December and March shows a corresponding contraction of £18 millions in bankers' deposits, mainly balanced by an increase of £12 millions in public deposits. This transfer of funds was concentrated at the end of each month, and was due to the way in which Treasury bill maturities fell at the end of December and beginning of April, while payments for new bills fell at the beginning of January and end of March. These discrepancies of dates are due to preparations for the end of each banking half-year, and have nothing to do with the spring revenue collection.

The Money Market.—The increase in the supply of funds through heavy Treasury bill maturities at the end of last week has made money easier, but nevertheless the banks experienced a good demand for night money on both Wednesday and Thursday. The banks were also ready buyers of Treasury bills at $\frac{1}{2}$ per cent., but the market had not many bills to sell.

	Mar. 18, 1937	Mar. 24, 1937	Apr. 1, 1937	Apr. 8, 1937
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate ..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short loan rate:—				
Clearing banks	1 $\frac{1}{2}$ –1*	1 $\frac{1}{2}$ –1*	1 $\frac{1}{2}$ –1*	1 $\frac{1}{2}$ –1*
Others	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$
Discount rates:—				
Treasury bills	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$
Three months' bank bills ..	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$

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

Money generally was $\frac{1}{2}$ per cent. against bills, while outside bond money is now only $\frac{1}{8}$ per cent. The low March cash ratios of some of the clearing banks have inspired talk of dearer money, but it is not easy to find any real foundation for this.

The Bank Return.—This week's return shows that £3.9 millions of the Easter currency has now returned from circulation.

	Apr. 8, 1936	Mar. 17, 1937	Mar. 24, 1937	Mar. 31, 1937	Apr. 7, 1937
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	201.1	313.7	313.7	313.7	313.7
Note circulation	421.4	463.8	470.5	473.8	469.9
Banking Department:—					
Reserve	40.5	50.8	44.1	40.8	44.6
Public deposits	9.6	22.8	27.9	52.2	24.5
Bankers' deposits	93.4	94.0	82.0	62.3	94.8
Other deposits	37.1	37.3	37.6	38.5	38.3
Government securities ..	93.9	94.9	94.5	100.5	101.1
Discounts and advances ..	9.8	3.8	4.8	7.1	7.4
Other securities	13.7	22.9	22.3	22.9	22.3
Proportion	36.1%	32.9%	29.9%	26.6%	28.2%

The return of approximately £30 millions from public to bankers' deposits is due to heavy Treasury bill maturities at the beginning of April. The surprising feature of this week's return is the absence of any reduction in Government securities, as it had been believed that to help the market over the end of the quarter the Bank had been buying early April Treasury bills.

Co-operative Insurance Society.—In the ordinary branch new sums assured advanced from £3,321,000 to £3,459,000, and the net rate of interest was £3 19s. 7d. per cent. against £4 2s. 10d. per cent. In the industrial branch, also, new business expanded from £17,535,000 to £19,549,000, and the rate of interest (no income tax is payable) fell from £4 16s. 4d. per cent. to £4 12s. 3d. per cent. Industrial premium income increased by 13 per cent., the same high rate of increase as in the previous year; the actual amount of increase was £466,000 to £4,198,000. Commission and expenses in the ordinary branch were only 12.9 per cent. of the premium income, compared with 13.3 per cent. in 1935, while in the industrial branch a substantial fall was offset in the expense rate from 36.8 per cent. to 35.7 per cent. The results of the last two valuations are given below:—

	1935		1936	
	Ordinary Branch	Industrial Branch	Ordinary Branch	Industrial Branch
Surplus earned during the year	235,846	201,278	260,707	299,209
Brought forward	62,790	79,065	65,457	98,752
	298,636	280,343	326,164	397,961
To bonuses to policy-holders	233,179	181,591	253,611	286,431
To carried forward to next year	65,457	98,752	72,553	111,530
	298,636	280,343	326,164	397,961

In the ordinary branch the rate of reversionary bonus declared is again 36s. per cent., calculated on the sum assured. The same satisfactory rates of reversionary bonus have been declared in the industrial branch as in 1935, but a new feature appears on this occasion: holders of whole-life policies attaining age 80 before March 31, 1938, and having paid at least ten premiums will have all future premiums cancelled. No doubt a considerable portion of the very large increase in allocation is due to this fresh privilege. In the fire and miscellaneous branch premium income increased from £1,543,000 to £1,657,000, and the amount transferred to profit and loss was £149,000 against £146,000. From that account, as in 1935, £70,000 has been transferred to general reserve fund and £42,000 was paid as dividends to policy-holders in the general branches. Loans increased by £829,000 to £4,906,000 and British Government securities remained practically unaltered. Debenture stocks increased very substantially from £5,593,000 to £7,320,000 and preference stocks from £2,437,000 to £2,505,000. Ordinary stocks amount to only £8,000. Total assets now amount to £24,618,000, an increase of £2,848,000.

THE STOCK EXCHANGE

"The Directors Recommend a Bonus . . ."

THE following article is concerned with the most cheerful topic in the entire range of investment. The word "bonus" is synonymous with prosperity, pressed down and running over. A bonus has all the characteristics of the proverbial good gift; for it comes unexpectedly and offers the most subtle of all financial satisfactions—the apparent receipt of something for nothing. In point of fact, few subjects are more conducive to confused thinking. Mr Hartley Withers first drew attention to the disturbing effects of over-economy in financial terminology, and instanced the diverse meanings of the single word "bill." The term "bonus" belongs to the same great etymological family, having for arms a red herring quartered with Humpty-Dumpty, who used a word to mean whatever he chose, no more and no less.

The investor is familiar with at least three different types of bonus. The first is illustrated by last week's announcement that the Dunlop Rubber Company would pay an ordinary dividend of 8 per cent. and a bonus of 1 per cent. The "bonus" in this case is a cash payment, entirely on revenue account. It is identical with the remainder of the year's dividend, except for a tacit directorial intimation that shareholders must regard it as more exceptional and, perhaps, more transient than the rest of the dividend. The second and third types of bonus, with which this has nothing in common, are exemplified—to take but one example out of many—by the decision of Murex Limited, last autumn (a) to issue to its ordinary proprietors 46,125 new £1 shares, in the ratio of 1 for every 12 held, at a cash price of £6½ against a prevailing market quotation of £9½; and, thereafter, (b) to issue two further shares, free of all cost, for every three then held. The former operation was a typical "issue on bonus terms," the latter a typical "share bonus." Let us examine each process.

The technique of share issues on bonus terms involves few difficulties for the investor in theory or in practice. Almost invariably, the assumption is that the company will at least maintain its existing rate of dividend on its enlarged capital. A simple proportion sum then gives the price at which a holder who does not wish to subscribe new capital can sell his "rights" in the market. If he elects to do so, his original holding and his income therefrom are maintained, whilst his general resources are augmented by the cash value of the "rights." This at first sight looks remarkably like eating his cake and having it. But, in fact, the non-subscribing holder loses something, since he holds a smaller proportion of the total capital after the issue. If he is a large shareholder, this fact may have important strategic and other consequences.

The Murex issue, however, to which reference was made above, provided an additional inducement to subscribing shareholders; for every holder of three shares, after the completion of the operation, was given two additional shares without any further expense whatever. Here we encounter the most familiar form of "capital bonus," and the one which is most subject to misapprehension. In the case of Murex, the offer may quite properly be associated with a legitimate tactical objective—the obtaining of new money. In the great majority of instances, however, it stands entirely by itself and is viewed as a process of "melon-cutting" by its beneficiaries and of "capital-watering" by its critics. How far is either term justified?

The basic factor in any discussion of the theory and practice of capital bonuses is the provision of British law that all limited companies must have a share capital expressed in terms of a fixed sum of money. If a hypo-

thetical concern has an ordinary capital of £1,000,000, divided into £1 shares, then every holder of one share has an equity in a one-millionth part of whatever profits are earned and a right to receive a one-millionth part of whatever amount of money is distributed as a dividend. The denomination of the shares is an accounting convention designed to define the relative claims of different proprietors in the distribution of a given *corpus* of funds. So long as profits and dividends are unchanged, it is immaterial, at any given moment, whether the company has a million shares of £1 each, or 10,000 shares of £100 each, or ten million shares of 2s. each, or even 960 million shares of ¼d. each. Whatever their denomination, the price of the ordinary shares on the Stock Exchange will be based on considerations of earnings and dividends, not of par values. And the latter may not even reflect the price at which the company obtained its capital in its initial stage. The new issue market in the last few months has afforded numerous examples of companies, previously unknown to the public investor, who have succeeded in obtaining subscriptions for their ordinary shares at premiums of 50 per cent. to 300 per cent. or more. On a break-up, again, the value of an ordinary share, unlike that of a debenture or preference share, is not its face value, but its proportionate part of the company's "net worth," i.e. the surplus of total assets over total liabilities, including preferential capital.

Does it follow, therefore, that, if the hypothetical £1,000,000 company considered above were to increase its capital to £2,000,000 by a hundred-per-cent. free capital bonus to shareholders, the operation would be merely a book-keeping transaction, which would leave the material position of the company and its shareholders unchanged? The answer is: Yes and No. The operation certainly would not, in itself, alter the company's profit-earning capacity by a penny. And if the directors had been paying dividends of 2s. per share before, and they continued to pay the same *total amount* of dividend afterwards, then the shareholders would merely receive 1s. on each of two shares instead of 2s. on one share. But, in the vast majority of cases, companies do, in fact, pay out larger *total amounts* in dividend after a bonus issue. And the combined market price of the old and new shares together is almost invariably higher than that of the old shares alone, before the bonus issue. So far as the rise is due to a mistaken impression that shareholders have obtained, gratis, something of value in itself, the movement is irrational; so far as it represents a discounting of increased aggregate dividends, in terms of money, it is strictly logical.

The considerations which induce directors to recommend capital bonuses are, indeed, nearly always psychological. In exceptional cases, directors may do as the Great Western Railway did on a single occasion in the 'sixties, and pay scrip dividends because they have no cash. In the vast majority of instances, however, a company which pays a capital bonus has accumulated reserves by ploughing back profits during a number of years, and the operation involves a transfer from reserve account to capital account. In such instances the term "capital-watering" may convey a misleading idea of the actual transaction. If Company A distributes its profits to the hilt for ten years and then issues £500,000 of new capital for cash, at par, to shareholders, while Company B retains £50,000 of each year's profits and finally capitalises its reserve, is B's new capital any less substantial than A's? In fact, B's earning power is probably the greater, for the company has enjoyed the use of the additional capital during the

nine years it has been accumulating. The expectation of future capital bonuses may, indeed, on occasion, help to reconcile shareholders to present conservatism in dividend policy. An extreme example is afforded by British Home Stores, whose shilling ordinary shares stand at 23s. 9d., and receive regular capital bonuses, although the directors have so far reserved every penny of net profits and paid no cash dividend at all.

The advantages, or otherwise, of a capital bonus policy, from a company's viewpoint, again depend on psychological questions. A company earns its profits by employing assets which may be represented, on the other side of its balance sheet, by so-called issued capital and by reserves. But dividends are expressed as a percentage of issued capital alone. If reserves are considerable, the resulting figure may convey a widespread impression that the company is earning inordinately large profits. In short, there is something to be said for a periodical adjustment which maintains a fair balance between reserve and capital account. In recent years, there has been a tendency among some companies—of which Marks and Spencer and British Electric Traction are prominent examples—to make this adjustment regularly by effecting annual capital bonus distributions of the order of 10 per cent. The process is relevant only for concerns whose profits are increasing more or less in geometric progression; for it ensures that capital shall also rise geometrically. The shares of such companies, incidentally, and for obvious reasons, have a special attraction for surtax payers.

The considerations discussed in the course of this article suggest that, in the last resort, the case for and against capital bonuses turns more on sentiment than on arithmetical considerations. To put the matter in its simplest terms, experience tends to prove that a given rise in the sterling amount of a dividend produces a higher market capitalisation when it is accompanied by a capital bonus than when it is not. The question arises, therefore, whether directors should consciously seek material ends—such, for example, as the issue of new cash capital on better terms than would otherwise be possible—by capitalising public exaltation based on nothing more substantial than a system of book-keeping? If ignorance is bliss, is it folly to be wise? Here we are on the borderland between finance and metaphysics. Our trans-Atlantic cousins have segregated the two aspects by authorising the issue of the no-par-value share. Under our own Company Law, their reconciliation must depend, like the spelling of Mr Samuel Weller's surname, on the taste and fancy of those chiefly concerned.

Investment and Company Notes

Markets on the Ropes.—Investment markets remain in a state of nervous defensiveness. Three months of almost uninterrupted technical correction leave them quite unable to resist the feinting attacks of President Roosevelt. A few months ago these would have been dismissed as mere sparring in the air; now, in the technical phrase, they make contact, with all the effects of a heavy blow. Last Friday the President declared that durable commodity prices were too high, and proposed to divert Federal expenditure to projects requiring more "consumers' goods" and the smallest proportion of high-cost durable materials. So vulnerable are the speculative markets in metals that this statement was read in the most bearish fashion, and not as a confession of the President's helplessness. On Wednesday of this week, the same tactics were employed of using a mouse for an elephant's work. Wall Street slumped; internationals in the London market anticipated their fall; and for a time Kaffir share

quotations were quite nominal. The significance of the rumours regarding a pending change in the United States Government's gold and "twenty-four hour monetary policy" are examined in detail on page 88. So far as the London market's position is concerned, the precipitate offering of good Kaffir shares was associated with fears of a collapse in the price of gold—and these fears are quite plainly exaggerated.

No profound effects were evident in the home industrial markets in mid-week—the *Financial News* index, indeed, was virtually unchanged at 118.1—and the weakness was confined almost entirely to gold and other mining shares, to commodity shares (rubber issues being lower all round on the further fall of the commodity to 12½d.) and to internationally traded securities. The following table shows the course of representative mining and international securities since their peak prices this year, before and after the President's boom-deflating speech of last Friday, and the effects of this week's gold scare:—

	Highest 1937	Thurs. Apr. 1	Fri. Apr. 2	Tues. Apr. 6	Wed. Apr. 7	Thurs. Apr. 8	Fall this week
Gold Shares—							
Anglo-Amer. Corp.	5½	5½	4½	5½	4½	5	½
Cons. Gold Fields...	6½	5½	5½	5½	5½	5	½
Crown Mines	16½	14½	14½	14½	14½	14	½
Randfontein	78/6	60/6	60/6	60/3	58/6	57/6	3/6
Venterspost	55/10½	49/9	48/6	49/6	47/6	46/3	1/9
West Witwatersrand	19½	18	17½	17½	16½	16½	1½
Other Mines—							
Rhod. Anglo-Amer.	42/4½	40/3	40/6	39/6	37/9	37/6	3/6
Roan Antelope	89/3	80/7½	79/6	77/6	75/6	71/1½	7/10½
Trepcan	45/6	41/6	40/6	40/6	38/6	37/6	3/6
Internationals—							
U.S. Steel	129½	121½	117½	119	113½	112½	5½
Int. Nickel	75½	69½	68½	67½	65½	65½	2½

Among metal shares, the reaction seems right and proper, for recent high share levels based upon famine metal prices were clearly not destined to hold. The rate of fall recorded by some leading Kaffir shares this week is perhaps more open to question. The notion that a sudden fall in the sterling price of gold might result

"I parted with £1,600, including all my securities."

Widows with a little capital and no experience in financial matters are sometimes easy prey. The tale is always the same. The tempting bait of high interest yields is swallowed . . . glowing promises are followed by bitter disillusionment and loss of capital. Tragedy indeed. For the protection of your wife, should you leave her a widow, choose the 'Safeguard' plan. None better. It provides a guaranteed income of £3, £6 or £9 per week according to her needs. It will free her from investment worries and shield her from traps laid for the unwary.

The 'SAFEGUARD' PLAN provides a non-fluctuating income of £3, £6 or £9 per week for a period of years after your death and a cash sum, if desired, when the income commences. When the annual income ceases a cash payment of £1,000, £2,000 or £3,000 is made. If you survive the period of your family responsibilities it can be arranged that the cash sums are payable to you.

An enquiry for full details and for an illustration suited to your own circumstances will cost you nothing; rest assured you will incur no obligation by doing so.

LEGAL & GENERAL ASSURANCE SOCIETY LTD.
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Established 1836 Assets exceed £36,000,000
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from any decision of the American Treasury to check the inflow of gold seems dubious in the extreme. It is, however, unlikely that the sterling price for gold has scope for any further increase (the balance of probabilities points in the other direction), while in terms of real income the value of gold is declining. At the same time costs of gold production are steadily advancing. The prospects for sound Kaffir shares, therefore, suggest that relatively stable dividends may be expected, accompanied in some cases by richer mining and reduced working life for certain mines. That is the argument for examining Kaffir holdings with some care at present. The idea that the President's advisers would counsel an attempt to check a developing boom by the woeful deflationary expedient of reducing the dollar price for gold is at this moment surely premature. But for all that, the mere suggestion acts with powerful force on the world's markets.

* * *

The President and Wall Street.—Prices on Wall Street have fallen off severely on similar reasoning of the President's intentions. The gold rumour was immediately repudiated, but the market was prepared to accept the suggestion as in accordance with the known desires of the Administration to restrain commodity and security prices. No serious direct consequences are anticipated from the Administration's determination to direct the flow of Government spending away from capital goods and towards consumption goods. Only for a few commodities is the volume of Government buying decisive. But for the present the repeated shocks of Administration attacks on high prices have produced the desired psychological effect on Wall Street, which begins to see deflation round the corner just as clearly as recently it saw an almost European inflation. In this mood the rumoured reduction in gold price seemed true in substance if not in fact. But it does not seem likely that so clumsy and indirect a weapon would be chosen by the President. Many critics of the Administration maintain that the principal cause of present high stock prices is the heavily unbalanced Federal Budget, and that if the Government wishes to reduce prices on Wall Street it must eliminate its deficits. At the moment this does not seem to be practical politics; recent proposals to cut relief expenditures met an outburst of indignation from numerous State Governors. And the Federal Reserve Board has now joined with other Government agencies in supporting the level of Government security prices. It does not seem unreasonable to suppose that the Government will be restricted to verbal attacks designed to create the right mental atmosphere; this is a time-honoured method in America. For an indefinite period it may doubtless be successful; but it is unlikely that the business boom can for long be completely ignored by Wall Street. Yet the effects of rising costs, labour disputes, and the approach of some industries to the limits of physical capacity, suggest that the time has come for discrimination among Wall Street's favourites.

* * *

Contango Restrictions.—For the last two or three months, brokers on the Stock Exchange have experienced increasing difficulty in arranging contangos. Despite the progressive reduction which has taken place since the beginning of this year, a further sharp curtailment in preparations for the Account which has just closed produced a sharp technical shake-out. An informal lead appears to have been given by the banks, who have increased the discrimination they show in dealing with jobbers' (and in some cases with brokers') loans on securities. In theory, there might be a large contango position without any very considerable proportion of bank finance, and in pre-war times, indeed, non-bank money played a predominant part in the market. To-day, however, the banks are in a key position, though at no time since the depression has the total of bank money approached undue proportions. A policy of circumspection, nevertheless, may be commended, in itself, both on banking and general financial grounds. The

Next Week's Issue of
THE ECONOMIST
will include a
SPECIAL SURVEY
dealing with
UNIT TRUSTS

The Survey will contain an extensive
directory of all the trusts, and articles on

History of the Movement	Operating flexible trusts
Total Sales	The position of trustees
Management Company	Report of Board of Trade
Ownership	Committee
	Costs of management

The Survey will give special attention to
the flexible trusts. It will be the third
Economist Survey published on Unit
Trusts. Earlier Supplements have long
been out of print.

resulting contraction has been effected without any disturbance or discomfort to brokers or their clients whose loans were obviously of first-rate standing; for the rest, the decision has presumably been made in the light of available indications—such as the nature of the securities concerned, and the general conditions surrounding the loan. Obviously, the highest authorities do not view the latest developments with disfavour; and obviously the science of steering the City along an ordained course by directional wireless from a central navigational tower is being steadily perfected.

* * *

Dunlop Report.—The Dunlop accounts inspire the highest praise for their technical excellence, quite apart from their investment interest. No investor could possibly require more information on the group's finances than the directors provide. The statement of group earnings is unrivalled, even by those American companies which show consolidated earnings. The report is issued with commendable promptness, and the 9 per cent. dividend is payable, less tax at 4s. 9d., on the day before the Chancellor's Budget speech. The results of the parent company are set out in detail below:—

	Years to December 31		
	1934	1935	1936
Profits from all sources	2,207,300	1,848,775	2,011,768
Refund of guaranteed preference dividends from subsidiaries	23,561	5,047	11,035
Net profit	2,230,861	1,853,822	2,022,803
Depreciation and obsolescence	396,322	386,459	351,248
Taxation	550,060	419,761	394,900
Directors' fees	8,000	8,000	8,000
Debt and other interest	138,852	171,119	160,848
Earned for dividends	1,137,627	868,483	1,107,807
Preference dividends	290,625	288,281	285,938
Ordinary shares:—			
Earned	847,002	580,202	821,869
Paid	486,765	478,914	571,853
Earned (%)	13.9	9.7	12.9
Paid (%)	8	8	9
Reserve allocations	350,000†	100,000§	250,000†
Carried forward	588,652	589,940	589,956

† £100,000 to general reserve and £150,000 to contingencies.
‡ £250,000 to dividend equalisation; £100,000 to contingencies.
§ Reserve for contingencies.

The aggregate profits of the group increased from £1,860,073 to £2,200,392, while the ordinary earnings of the parent concern have jumped from £580,202 to

The following Abridged Particulars are published for information only of an Offer being confined to the Holders of Ordinary and "A" Shares of Rhokana Corporation Limited.

A copy of the Full Prospectus has been delivered to the Registrar of Companies for registration. Application will be made to the Committee of the Stock Exchange, London, for permission to deal and to the Committee of the Stock Exchange, Johannesburg, for a quotation in the shares of the Company.

The subscription lists are now open and will close on Wednesday, the 21st day of April, 1937.

Nchanga Consolidated Copper Mines Limited

(Incorporated under the Companies Act, 1929.)

SHARE CAPITAL £5,000,000

divided into 5,000,000 shares of £1 each.

Issued or to be issued.	shares credited as fully paid up	£2,000,000
2,000,000	shares to be subscribed by Rhokana Corporation Limited	400,000
400,000	shares to be offered to the holders of Ordinary and "A" shares of Rhokana Corporation Limited	2,500,002
2,500,002	shares in Reserve	99,998
5,000,000		£5,000,000

OFFER FOR SUBSCRIPTION

of 2,900,002 shares of £1 each at par. Payable in full on application.

Two million five hundred thousand and two of the above-mentioned shares are offered to the holders of Ordinary and "A" shares of Rhokana Corporation Limited who were registered in the books of that Company at the close of business on the 2nd day of April, 1937, in the proportion of one share of this Company for each Ordinary or "A" share of Rhokana Corporation Limited held by each of such shareholders on that date. Rhokana Corporation Limited has in terms of the Agreement for Sale dated the 10th March, 1937, agreed to subscribe at par for the remaining 400,000 shares now offered. Provision is made in the Forms of Application accompanying the Prospectus to enable the holders of Ordinary and "A" shares of Rhokana Corporation Limited to renounce their right to subscribe for the shares of this issue in favour of other persons.

DIRECTORS:

SIR ERNEST OPPENHEIMER, M.P. (S.A.), (Chairman).
SIR AUCKLAND CAMPBELL GEDDES, P.C., G.C.M.G., K.C.B. (Deputy Chairman).
STANLEY SHELBORNE TAYLOR, C.M.G., D.S.O. (Managing Director).
SIR EDMUND DAVIS.
JACK BARNATO JOEL.
CARL RAYMOND DAVIS.
JOHN NEVILLE BUCHANAN, D.S.O., M.C.

CONSULTING ENGINEERS, GEOLOGISTS AND MANAGERS IN SOUTH AFRICA:

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED, Ammerosa House, Johannesburg.

BANKERS:

STANDARD BANK OF SOUTH AFRICA LIMITED, 10, Clements Lane, Lombard Street, E.C.4.

STOCKBROKERS:

DAVID A. BEVAN & Co., South Sea House, 37, Threadneedle Street, London, E.C.2, and Stock Exchange, London, E.C.2.

SECRETARY AND REGISTERED OFFICE:

A. W. DURRANT, D.S.O., 11, Old Jewry, London, E.C.2.

The Company was incorporated in England on the 8th day of March, 1937, for the purposes set out in its Memorandum of Association and in particular with the object of acquiring from Rhokana Corporation Limited (hereinafter called "the Vendor Company") of 11, Old Jewry, London, E.C.2, Mining Rights over four contiguous areas in Northern Rhodesia known as Chingola (which includes Nchanga West), Nchanga, Mimbulu and Kakosa, together with the necessary Surface Rights. The above Mining Rights are all held under Special Grants from the British South Africa Company and the Surface Rights are held on leases from the Crown having terms of 92 to 93 years remaining unexpired at rents varying from £45 9s. 6d. to £11 per annum.

The properties are served by a branch line of the Rhodesia Railway system from Ndola, from which point they are 82 miles distant. The above Special Grants have a total area of 38.35 square miles and contain a continuous outcrop of the Lower Bwana M'Kubwa series which has been proved to be copper bearing.

Large sums of money were spent by Rhokana Corporation Limited in exploratory and development work on the above properties. The work accomplished included the sinking of many boreholes, which proved the existence of very large deposits of rich copper ore, details of which appear in the Consulting Engineers' Report, and thereafter the sinking of shafts and underground development work. In Nchanga West confirmation of the presence of high grade ore was given by the development on the 470 ft. level before the workings were flooded in 1931. Work was then suspended and in view of the condition of the copper market at the time was not recommenced.

In October, 1936, it was proposed to limit the initial operations of this Company to the opening of the existing workings in Nchanga West at an estimated cost of £400,000. The Directors have subsequently decided that development of the high-grade Nchanga West ore body on a larger scale and to greater depths than was originally contemplated is warranted and have, therefore, decided to undertake the enlarged programme set out in the Consulting Engineers' Report attached hereto.

The Company has also acquired from the Vendor Company 8 Mining Locations known as the King Edward Mine, situated in the neighbourhood of Lusaka. The Vendor Company has agreed to surrender, on the request of the Company, the Prospecting Rights which it holds over the areas known as Luano and as the Native Compound Site, which are contiguous to the four grants of Mining Rights above mentioned, and has arranged that upon surrender of these Prospecting Rights the British South Africa Company will on the request of the Vendor Company the grant to the Company Mining Rights over such areas, in consideration of the allotment to it of 2,500 shares of the Company, credited as fully paid, which will be taken from the 99,998 shares in reserve.

The Company obtained a Certificate entitling it to commence business on 16th March, 1937.

The following is a copy of the Consulting Engineers' Report:—
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED,
AMMEROSA HOUSE, JOHANNESBURG. 22nd March, 1937.

The Chairman and Directors, NCHANGA CONSOLIDATED COPPER MINES LIMITED,
11, Old Jewry, London, E.C.2.

Gentlemen,—Prior to the year 1931 an active diamond drilling and prospecting programme had disclosed the following ore reserve:—

	Tons	Total % of Copper	Of which Oxide %
Nchanga West	46,500,000	8.9	2.9
Nchanga River Lode	2,280,000	4.2	2.9
Chingola	2,000,000	7.0	6.6
Nchanga	93,000,000	3.51	2.25
Total	143,780,000	4.66	2.53

Note.—The Nchanga West figure includes 6,300,000 tons containing 17 per cent. copper, of which 4.5 per cent. is oxide.

COPIES OF THE FULL PROSPECTUS PARTICULARS CAN BE OBTAINED FROM THE OFFICES OF THE COMPANY, 11, OLD JEWRY, LONDON, E.C.2.

These ore reserves could be much increased by further diamond drilling in the vicinity of proved ore bodies, while there are good prospects of disclosing further ore bodies on Mimbulu special Grant.

Prior to the closing down of the property a shaft sinking and development programme which had as its object the opening up of the high grade Nchanga West ore body, had advanced to the stage where good grade ore was being disclosed by development on the 470 ft. level at No. 1 Shaft. At the end of the year 1931 an influx of water flooded these workings. At that time the low price and the uncertain outlook for copper led to the decision to close down the mine.

Preparatory work in connection with the reopening of the property has commenced and a programme providing for the early exploitation of the high grade Nchanga West ore body has been drawn up. This programme envisages the opening up of the ore body in the vicinity of No. 1 Shaft. The presence of soft hanging wall strata over the ore body which may cause intrusions of large quantities of water dictates that while the water level is being lowered below the level of active mining operations there should be access to the workings from more than one shaft. The safety of persons must be a first consideration and the smooth running of the pumps under all conditions must be ensured. This aspect of the problem has led to the development of a programme whereby two incline haulageways and one new vertical shaft will be sunk in the footwall. One incline will be completely separated from the mine by means of a concrete bulkhead equipped with pipes for drainage purposes. The other will be connected to the mine workings in the first place at the 470 ft. level, thus providing a travelling way to the surface in case of necessity. This incline will permit development of the ore body and the drainage of the overlying beds. With this arrangement it will be possible to run pumps in the pumping incline under all conditions even if the mine is flooded.

While these haulageways will provide for the safe and rapid dewatering of the mine, they will not be suited to the requirements of the mine during the production period, and for this reason it has been decided to sink a new vertical shaft. It is thought that the whole of the Nchanga West ore body can be mined from this shaft and these incline haulageways. It was originally thought that mining operations might be started by dewatering the mine to the 470 ft. level as a first step. Further consideration of the problem, however, had led to the conclusion that the proper course is to dewater the mine to not less than 1,000 ft. below the surface, and this course is recommended.

Power during the preliminary stages will be provided by the existing 500 kilowatt sets, while it is proposed in due course to provide pumping equipment to handle a large volume of water which may be encountered. A steam-driven plant will be installed to deal with pumping the requirements and the additional mine load, such as winding, air compression, etc.

The question of the treatment of the ore is one which requires attention. The Nchanga West ore body contains 46,500,000 tons of ore averaging 6.9 per cent. copper, of which 2.9 per cent. is in the form of oxide. Previous experiments have shown that satisfactory extraction of the sulphide copper should be recoverable by flotation. This method would appear to be more economical than a leaching process with its heavy capital expenditure and high running costs. There is every reason to expect that flotation tests on the ore when available will indicate that flotation will be successful. There are large tonnages of oxide ore at and adjoining Nchanga and the desirability of installing a leaching plant to treat these ores is a matter apart from the immediate problem which is the exploitation of the high grade sulphide and mixed ores on Nchanga West.

It is felt that the programme outlined above will result in the mine being brought to production with the minimum of risk and delay due to water difficulties. In view of the many unknown factors it is impossible at this stage to give a reliable figure for the cost of completing the programme. The amount of working capital which is being raised initially is £2,900,002, and it is estimated that this should cover the major portion of the expenditure on shaft sinking, preparing the deposit for mining and the erection of a mill of a capacity of five thousand tons per day.

Yours faithfully, ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED, Consulting Engineers.

per F. A. UNGER, Technical Director.
The Directors are aware that firm applications will be made for over 2,000,000 shares by shareholders of Rhokana Corporation Limited.

£821,869, equivalent to 12.9 per cent., compared with 9.7 per cent. for 1936. The report disposes of the myth—as the chairman has done in previous years—that the Dunlop Plantations are a source of enormous profits during a period of rising rubber prices. This company has, in fact, refunded only £11,035 during 1936 towards guaranteed preference dividends paid by the parent company in earlier years. It is believed, moreover, that its contribution to Dunlop's total rubber requirements are far smaller than the 50 per cent. figure which has been stated in the press, and that its output consists to a large extent of liquid latex, which is used mainly for the company's new products, such as shoes and clothing. Dry rubber, which is required for tyres, is obtained largely from the market. The company, however, appears to have been successful both in obtaining its rubber supplies on fairly favourable terms, in relation to recent market prices, and in passing on increased costs. In December last it announced an increase of up to 10 per cent. on most classes of tyres. Some of the overseas interests appear to have done well—particularly in South Africa, the Irish Free State and even in America. But the French factories have probably been affected by rising costs and by competition, while for three years the company has been unable to realise a penny of its profits from Germany. If present prices of rubber hold, costs will undoubtedly increase. An element of instability is thus inseparable from the Dunlop profits, for rubber manufacturing is an essentially speculative industry, depending upon rubber prices—now six times their slump level—and upon the company's success in passing on rising costs—a difficult matter where firm prices for rubber manufactures must be quoted. At 35s. 4½d. per £1 unit, Dunlop ordinary stock yields £5 2s. per cent.—a return which is associated with this tendency towards profits fluctuations.

Cable and Wireless Reconstruction.—The directors of Cable and Wireless (Holding) announced the preliminary details of the long-awaited capital reconstruction scheme last week. The market has since been attempting to guess the probable rate of earnings on the ordinary stocks, and to analyse the directors' reasons for putting out the scheme before the full results for 1936 are available. One year's dividend is to be paid out of the profits of 1936 on the 5½ per cent. preference stock, and the 1½ years' arrears are to be settled by an issue of 4 per cent. funded income stock. The "A" ordinary stock is to be reduced to 30 per cent. of its nominal value, and the "B" ordinary stock to £7 10s. nominal for every £100 now in issue. The reduced stocks will then be consolidated into new ordinary stock, together totalling £6,883,092. Stockholders will be asked to vote on these proposals on May 24th, but so far they are in the dark regarding the results of 1936. One school criticises the directors for putting the cart before the horse; another suggests that if good results were shown for 1936 the "B" stockholders might demur at the extent of their cut. Actually, the scheme appears reasonable in its

essential outline. The concern has long been waterlogged, and the "B" ordinary capital has always been valued as an option money speculation rather than on a strict evaluation of its rights.

On the question of earnings, the market moves in the dim light of estimate. Our own conclusion, put forward in *The Economist* of January 30th, suggested that about 1.6 per cent. was earned on the "A" ordinary stock last year, assuming the payment of normal preference dividends. If this basis of estimation is again used, it would appear that some 3½ per cent. might be earned on the new ordinary stock, after making allowance for the service of the new income stock. For the current year, guesses are unusually hazardous. Only two months' traffics indices are available, and even they must be related to the actual cash receipts of 1935. The January and February indices, however, were 17 per cent. higher than those of the corresponding months of 1935, and assuming this rate of increase were maintained, some £600,000 of additional net receipts might accrue (assuming an 80 per cent. operating ratio). On this basis, the earnings on the new ordinary stock might reach 11 per cent. Reliance cannot be placed on this figure, in view of its uncertain statistical basis, but it suggests that the possibilities of the new stock as an international trade recovery medium should be inviting to the speculative investor. On the present price of the "A" stock, the new ordinary would be worth 96.

Armament Company Meetings.—The chairmen's speeches at the Vickers, Cammell Laird and Firth-Brown meetings last week have caused a substantial reaction in the armament share market. At one time this week, Vickers 10s. shares were as low as 30s. 3d., and Cammell Laird 5s. shares at 14s., compared with levels at one time last year of 39s. 6d. and 21s. 6d. respectively. Yet the tenor of General Sir Herbert Lawrence's speech at the Vickers meeting, and Mr W. L. Hichens's speech at the Cammell Laird meeting, was not unsatisfactory. The speeches lacked points upon which the speculator could fix, but they gave ample promise of large profits in the future. Both chairmen, and also Lord Aberconway at the Firth-Brown meeting, gave extraordinary evidence of the increase in their companies' business. Cammell Laird has jumped from severe depression to "more orders now than ever before in the history of the company." The number of men employed by the Vickers group has increased from 35,955 at the end of 1934, to 64,068, and the armament orders alone still exceed the company's capacity. Firth-Brown's orders in hand "represent a substantial increase in the value at the same date in 1935," and the company has been passing through "a period of extreme activity." For the next five years, unless there is some striking change in international relations, these companies' positions should be assured, and, in the words of Sir Herbert Lawrence, "total profits should increase."

In order to handle this tremendous increase in business, however, the companies have been compelled to incur very heavy expenditure for technical reconstruction and extension of plant. The English Steel Corporation's scheme, for example, has cost £1,765,000; Cammell Laird spent £122,661 on capital account in 1936, compared with £62,412 in 1935; Firth-Brown's reconstruction cost over £1,000,000, of which £390,000 was spent in 1936. This work of expansion and modernisation has not yet been completed, and Mr Hichens pointed out that Cammell Laird, at any rate, would in 1937 have expended at least as much as in 1936. The companies will thus need to make large depreciation allocations at the expense of profits which would otherwise be available for dividends. Moreover, all the chairmen were impressed with the need for accumulating reserves against the double danger of a decline

in armament and commercial demand. The Vickers' chairman, indeed, was so insistent upon this point as to assert that "increased total profits would not necessarily mean larger divisible profits." Thus, although the actual "re-armament profits" have hardly begun to accrue yet—there is a time-lag of some two years in naval shipbuilding profits, as Mr Hichens explained—the companies are already talking of conserving a large proportion of them. It was this point which caused the fall in armament shares this week. It robs them of speculative interest, but endows them with investment stability.

Hadfields' Report.—Hadfields, the chief maker of shells, is probably appreciably nearer "re-armament profits" than other armament companies, and is certainly very much nearer them than the naval shipbuilders. The report for 1936 shows a striking increase in trading profits from £158,597 to £262,419. The following table shows the rapid advance during the last three years:—

	Years to December 31,		
	1934	1935	1936
Total profit	140,183	158,993*	270,074*
Fees	2,013	2,200	2,310
Pension fund	...	...	14,620
Debt interest	44,174	40,099	33,721
Preference dividend	41,850†	10,463	10,294
Ordinary—			
Earned	52,146	106,231	209,129
Paid	...	54,050	97,493‡
Earned %	5.8‡	14.7	29.5
Paid %	...	7½	13½§
Carried forward	50,516	102,697	214,334

* After unspecified allowances for depreciation. † Four years' dividend. ‡ Allowing only one year's preference dividend. § An extra distribution of 10 per cent. net was paid in respect of capital profits.

The balance sheet position is extremely strong, and the company has further fortified its capital position by selling its holding in Bean Industries at a profit of £366,900, part of which has been used for extensive capital development. This company's report is more interesting to the investor than recent armament reports, for the possibility of further distributions out of capital profits is hinted at. At 37s. 3d. the shares are not without speculative attractions.

Alliance Trust Progress.—This company is a leader among investment trusts. Its recent improvement in earnings stands out as something solid and appreciable among the somewhat inconclusive trust results of recent months. A rise in gross revenue of over £56,000 shows a satisfactory contrast with the modest increase shown by the previous accounts. Progress has been assisted by the receipt of dividend arrears, but the amount so obtained in the two latest periods was roughly the same—namely, £20,000. The course of earnings is shown in the following table, but comparison is affected by a tax reserve allocation of £60,000 made in the latest but not in the two previous years:—

	1935	Years to Jan. 31 1936	1937
Gross Revenue	596,786	603,473	659,780
Expenses	32,229	26,883	30,050
Taxes and Tax Reserve	90,513	94,428	166,174
Interest	175,779	165,271	160,214
Preference dividends	77,394	76,180	74,355
Ordinary Stock:—			
Earned	220,872	240,712	228,986
Paid	180,951	180,952	186,156
Earned %	26.9	29.3	28.3
Paid %	22	22	23
Contingent Fund	60,000	50,000	40,000
Carry forward	34,354	44,114	46,944

This Special Taxation Reserve Account is not new, though before this large provision it stood at £8,785

only. The earnings on the ordinary stock amount to 35.7 per cent. if this £60,000 is excluded. Allocations to the Contingent Fund, though declining, are still of appreciable amount: the accounts, however, do not disclose the uses made of this fund, for the reserve has remained at £2,100,000 since the 1931 balance sheet. The need for writing down investments is, however, clearly diminishing. It is pointed out that a further appreciation in the portfolio has occurred: bonds and stocks were 8 per cent. in excess of book value according to the 1935 report; while the following year this appreciation had apparently risen to about 15 per cent. At the present price of 600, the ordinary stock yields £3 16s. 9d. per cent. Other large companies among those whose reports have lately been published show a satisfactory if unexciting rise in earnings. *Caledonian Trust* with £131,185, and *Scottish Western Investment* with £149,500 income, have both achieved a rise in revenue of 5½ per cent. Both companies have raised their dividend by 1 per cent., the one to 9 per cent. and the other to 14 per cent., and in both cases this is covered by an extra 2 per cent. in earnings. The income of *Telephone and General Trust*, on the other hand, is practically unchanged at £125,680, though this company cannot be taken as typical owing to the special nature of part of its investments.

Midland Electric Progress.—The report of Midland Electric for 1936 well illustrates the considerable scope for increasing profits under certain sliding scale arrangements. In 1933 an order was made by which the company's tenure was extended by forty years to 1973. A standard tariff was devised, and provision made for a standard return of 6½ per cent. on the existing capital, and 6 per cent. on subsequent capital. The standard rate was to be augmented by ¼ per cent. for every 2½ per cent. reduction in prices below the standard tariff. For 1936, charges were 22½ per cent. below the

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standard, so that the permissible return becomes 8½ per cent. on the 1933 capital, and 8¼ per cent. on subsequent capital distributed from free reserves. The results of the company's active policy are shown in detail in the following table:—

	1934	1935	1936
Capital expenditure	1,123,182	1,455,305	1,691,819
No. of units sold (approx.) (millions)	101	118	141
Increase over previous year ...	30%	17%	19½%
Revenue from sales of energy	385,396	434,668	500,328
Net revenue	118,618	138,053	165,747
Earned for ordinary	68,822	79,600	92,069
Paid on ordinary	43,400	57,866	64,050
Earned %	12.7	11.0	12.9
Paid %	8	8	9
To reserve account	385	20,000	20,000
Carried forward	34,509	36,243	44,262

It is not surprising, therefore, that the company having distributed a capital bonus of 33½ per cent. on its ordinary capital last year, is actually able to pay a dividend of 9 per cent. on the ordinary, against 8 per cent. for 1935 on the smaller capital. It is obvious from the report that the company's active sales policy is being accompanied by a forward-looking programme of capital expenditure.

* * *

Westland Merger Developments.—British Marine Aircraft have taken prompt steps to defend the merger agreement, which, as we reported last week (page 28), is threatened with breakdown. According to an announcement by the liquidator of British Marine, a writ has been issued for specific performance, and counsel has advised that the agreement could be enforced. The next move is with the shareholders, who will have, at the meeting on April 16th, three alternatives before them: to proceed with the action for enforcement, to abandon the merger, or to allow the liquidation to continue and to wind up the company in the usual way. The proprietors may find their choice unenviable, for they will have no further official information to assist their decision at the meeting. The liquidator's circular points out that if the action against Westland is to proceed it is undesirable that any detailed statement should be given of the position between the parties.

* * *

Recent Rubber Results.—After a long spell of exceptional activity the rubber market has relapsed into a disorderly retreat this week. Most observers were unprepared for the very considerable increase in Malayan shipments during March, and considerable doubt has been cast on recent prophecies of an imminent rubber famine. Nor were operators prepared for President Roosevelt's determined attempts to prevent boom conditions in commodity and stock markets. Rubber, however, is still above the shilling mark and the background is still propitious for considering rubber company reports for 1936, now appearing in spate. A

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selection of recent results is summarised in the following table:—

Company and Share Denomination	1935		1936		Current Share Price	Yield on 1936 Dividend
	Earned per cent.	Paid per cent.	Earned per cent.	Paid per cent.		
Bukit Ijok (2/-)	6.7	7.5	12.2	12.5*	5/10½	4.3
Cluny (1/-)	0.8	2.0	5.2	4.0	20/-xd	4.0
Edinburgh (2/-)	1.0	Nil	2.2	2.1	1/-	4.2
Gadek (1/-)	2.2	2.5	6.3	6.0	38/9	3.1
Gula Kalumpang (1/-)	4.2	5.0	7.7	6.25	60/-	2.1
Johore River (2/-)	4.0	4.0	5.3	5.0	3/-	3.3
Kombok (2/-)	2.6	2.5	4.2	4.0	2/6	3.2
Lanadron (1/-)	1.3	3.0	4.7	5.0	21/3xd	4.7

* Plus 50 per cent. capital bonus.

With the exception of the *Gula Kalumpang*, none of the companies included can be regarded as a "market leader." All, however, tell the same story of increased profits as compared with 1935, with varying emphasis only on the magnitude of the advance. *Bukit Ijok* is the largest dividend payer in the group, with an extremely low capitalisation and hence a big stake in rising rubber prices. Receipts per pound increased from 5.8d. to 8.2d. during the year, though profits would have been larger but for the rise in costs by almost a penny a pound. The company's assets have now been revalued and a capital bonus of 50 per cent. paid to shareholders. Standard production this year has been substantially increased and prospects are excellent. Calculations based on ten-penny rubber do not wholly apply to this company (nor to many others), for approximately one-fifth of current output has been sold forward at only 8d. a pound. *Cluny* shows the most striking relative improvement in earnings, thus illustrating the maxim that, in a period of rising prices, high-cost companies are among the most attractive—provided of course that costs do not move upwards correspondingly. This company, too, has received a large addition to its standard assessment for 1937.

* * *

Edinburgh has again entered the dividend list, and its more favourable showing is partly due to its success in limiting the rise in costs. Its capitalisation appears high, however, and its gains from rising prices are limited. The supply of young rubber is satisfactory, however, and the current year's results should show a significant improvement. *Gadek Rubber* nearly trebled its earnings in 1936, thanks largely to its moderate capitalisation. But approximately one-half of this year's output has been sold at about 9½d. a lb., a price appreciably lower than the anticipated average market price. The directors of *Gula Kalumpang* have been conservative in their dividend distribution and have placed £7,500 to replanting reserve. The company has a very large acreage of immature and young rubber, while replanting is also going ahead rapidly. Future prospects are therefore excellent, but are strikingly discounted in the current price. *Johore River* experienced an increase in costs of almost 1½d. per lb., and though average receipts rose from 5.4d. to 7.7d., the increase in profits was limited. On the other hand, costs for *Lanadron* were almost unchanged and profits advanced more than threefold. Finally, *Kombok* improved the estate by manuring and replanting last year, and costs were thus unduly high. Prospects, however, have been much improved and 1937 results should reflect last year's work.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Bank of Scotland, Bank of Czechoslovak Legions, Wesleyan and General Assurance, British Insulated Cables, United Glass Bottle Manufacturers, Associated Electrical Industries, Automatic Telephone and Electric, Anglo-Portuguese Telephone, John Barker, Vickers, Trussed Concrete Steel, and Jasin (Malacca) Rubber Estates. At the 242nd annual meeting of the Bank of Scotland, Lord Elphinstone discussed prosperity in various Scottish industries and made an appeal for free trade. Dr Rudolf Rase, at the Prague meeting of the Bank of Czechoslovak Legions looked forward to better conditions in view of the consolidation of the poli-

Mining Notes

tical situation. Orders last year from fifty countries and increased co-operation in the industry were described at the Automatic Telephone and Electric Company meeting by Sir Alexander Roger. He also gave a detailed review of the progressive rationalisation of the cable-making industry at the British Insulated Cables meeting, and reviewed the Portuguese telephone industry when addressing the Anglo-Portuguese Telephone Company shareholders. Mr J. B. Field described the very varied business of the Wesleyan and General Assurance Society at the Birmingham meeting. At the Associated Electrical Industries meeting, Sir Felix Pole described the company's large foreign contracts, and expressed fears that the Government's policy for the distressed areas would upset the balance of industry. At the John Barker and Company meeting, Sir Sydney Skinner described the effects of increased turnover and rising costs. At the Jasin (Malacca) Rubber Estates meeting, Mr G. H. Champion advocated the continuance of the rubber restriction schemes. Addressing United Glass Bottle Manufacturers' shareholders' meeting, Sir Max Bonn, after describing the race between increasing costs and increasing receipts, discussed the taking over of the Distillers Company's Bottle Works. Those works being ripe for reorganisation and the size of a new unit being such that it would necessarily cause surplus capacity in the industry, it was found more convenient to form a merger. Sir Herbert Lawrence's speech at the Vickers meeting is discussed in a note on page 94. New markets in India were discussed by Mr G. R. Holland at the Trussed Concrete Steel meeting.

* * *

Other Company Results.—On page 120 we give an analysis of the accounts again of about 60 further companies. A number of interesting rubber reports are included. The various reports are discussed on page 104 under the heading "Shorter Company Comments."

Union Corporation.—One of the most interesting features of the annual report of Union Corporation (whose profits were given in *The Economist* of March 27th, page 714) is the news of increased exploration work on the Corporation's new ventures. Perhaps the ageing of Modder Deep after its long life has prompted the widening of interests. Out of last year's gross profit of £773,600 (comparing with £663,230 in 1935), £32,000 has been absorbed by exploration expenses; while of the net profit of £685,040 the sum of £50,000 has been placed to the credit of exploration reserve. In addition, reserve account receives £40,000, bringing the total up to £1,320,000. The outstanding movements in the balance sheet are a marked expansion in temporary advances against securities to £568,950, against £385,950; and in British Government securities at cost, amounting to £1,448,940, compared with £730,730. These changes are reflected in a decline from £4,230,200 to £3,088,830 in cash. The progress of the company's East Geduld, Geduld and Grootvlei subsidiaries is discussed in separate Notes. As to other properties, it is early to form a definite judgment regarding Marievale Consolidated; but on Van Dyk the installation of a reduction plant is to be put in hand following upon the presentation of an ore reserve estimate. Among the Corporation's base metal interests, San Francisco, of course, recently re-entered the dividend list after an interval of six years; and, despite substantial increases in costs, is benefiting from the high metal prices now ruling. The Corporation retains its interest in Selection Trust, which provides a participation in copper, diamond and mixed metal undertakings. The 12s. 6d. shares at £9 12s. 6d. yield slightly under 4½ per cent.

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CAPITAL:

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In 4,250,000 Ordinary Shares of 10s. each and 25,000 Deferred Shares of £1 each.

£2,150,000

DIRECTORS:

SIR GEORGE W. ALBU, Bart. (Chairman)
LEOPOLD ALBU. PAUL STRAKOSCH. A. G. GILL.
C. S. GOLDMAN. J. FRIEDLANDER. S. C. BLACK. C. S. MOLEAN.
COL. M. G. MCCALGAN.

EXTRACT OF ANNUAL REPORT TO 31st DECEMBER, 1936.

Tons crushed	1,990,000 tons.
Yield (3.94 dwts. per ton)	392,013 fine ozs.
Working revenue (27.68s. per ton)	£2,752,469
Working costs (16.76s. per ton)	1,667,996
Working profit (10.90s. per ton)	£1,084,473
Sundry Revenue	59,836
Total Profit	£1,144,309
Credit Balance brought forward from 1935	55,059
Total Available Profit	£1,199,368
Appropriated as follows:—	
Miners' Pfrthesis—Provision on account of outstanding Liability as at 31st July, 1936	£8,400
Income Tax (Government of the Union) (less adjustment for 1935)	419,530
Sundry Taxes, etc.	647
Revenue appropriated for Capital Expenditure	12,476
Ordinary Dividends Nos. 10 and 11, totalling 25 per cent.	£531,250
Deferred Dividends Nos. 1 and 2, totalling £6.848878 per share	171,097
	702,347
Unappropriated Profit carried forward	55,968
	£1,199,368

Ore Reserve.—With gold at a selling price of 140s. per fine ounce, and with working costs at present-day level, the fully developed ore reserve, as re-calculated at the 31st December, 1936, amounted to 10,408,000 tons of an average value of 4.4 dwts. over 44 inches. (1935: 9,984,000 tons at 4.4 dwts. over 44 ins.)

General.—The South Reduction Plant, which came into operation during 1935, was responsible for the increase in tonnage crushed from 1,770,000 tons to 1,990,000 tons. Although the average selling price of gold showed a reduction from £7 1s. 11d. to £7 1s. 2d. per fine ounce, the extended scale of operations increased the profit for the year by £44,538 to the record total figure of £1,144,309, of which amount £432,904, equivalent to 37.63 per cent., was paid to the Government of the Union of South Africa as taxation. The year has been a record one in the history of the Mine from nearly every point of view.

Dividends.—During the year the total amount paid in dividends on the Ordinary Shares since the inception of the Company reached the figure of £1,500,000, and thereafter, in terms of Article 6 of the Company's Articles of Association, the holders of the Deferred Shares became entitled to one-fourth of any distribution of profits.

Copies of the Full Report and Accounts can be obtained from the London Secretary, Winchester House, Old Broad Street, London, E.C.2.

Grootvlei Proprietary.—Although development has so far been carried out only from the workings which extend into the property from the East Geduld property, the treatment plant has now been ordered. Since the close of the accounts the directors have decided to instal works with an initial capacity of 60,000 tons per month, with provision for a substantial increase if required. The financial resources on hand or available at the end of the year amounted to £548,840. As regards underground work, the three drives extended from the East Geduld give a grand total of 10,720 feet. Of this 5,100 feet proved payable, averaging 10.6 dwts. over a reef channel width of 36 inches, equivalent to 381.6 inch dwts. Meanwhile, No. 4 shaft has been sunk to its final depth of 4,382 feet, and driving north and south is now in progress and the sinking of another shaft is proceeding. It is rather early yet to form any idea as to the results likely to be secured.

* * *

East Geduld.—This company is still in its first youth. Production did not commence until about the middle of 1931, and each year since has shown progressive expansion in the results. As a result partly of the treatment of lower grade ore as the total tonnage milled increased, and partly of the lower price for gold, last year's earnings did not rise in proportion to the increase in the scale of operations. Nevertheless, earnings covered a further increase in the dividends. The main figures are set out below:—

	1934	1935	1936
Ore milled, tons	972,500	1,152,300	1,368,500
Average yield, dwts.	6.82	6.26	5.90
Working profit	£1,394,270	£1,500,720	£1,609,390
Dividends, amount	£691,870	£776,880	£855,000
" per cent.	41½	43½	47½
Carried forward	£63,880	£91,330	£91,000
Ore reserves, tons	7,000,000	7,950,000	9,000,000
Value, dwts.	6.6	6.5	6.3
Average price of gold	138/-	141/6	140/-

The outstanding feature of the figures is the growth of the ore reserves. The increase in the amount of development work performed last year opened up substantial quantities of ore, the total of which is sufficient for five years' work. The Union Government's share of the profits, less the allowance for increase in taxation, to which the company is entitled, absorbed £168,540, as compared with £58,800 in 1935. The shares yield slightly under 5 per cent.

* * *

Geduld Proprietary.—This established concern in the Union Corporation group treated a record tonnage of ore last year, but the results were more than offset by a decline in grade, and of course by the lower price of gold. Miscellaneous revenue—principally dividends on the company's holding in East Geduld—brought in slightly more than before; but the increase in the amount available for distribution was due chiefly to the reduced amount required for taxation—£631,470 as compared with £706,620 in 1935.

	1934	1935	1936
Ore milled, tons	1,116,000	1,160,300	1,276,000
Average yield, dwt.	5.81	5.6	5.2
Working profit	£1,413,080	£1,466,050	£1,413,270
Dividends, amount	£986,080	£1,022,600	£1,095,640
" per cent.	13/6	14/-	15/-
Carried forward	£275,590	£296,290	£312,230
Ore reserves*, tons	9,000,000	9,000,000	9,100,000
Value, dwt.	5.4	5.2	5.0
Average price of gold	138/-	141/6	140/-

* On basis of gold at 130/-.

It should be noted that the ore reserves are conservatively estimated on the basis of gold at 130s. per ounce. Even so, last year's computation, after making allowance for sorting, represents about six years' supply for the mill. A study of the map suggests that primary development is now nearing its end. On the basis of last year's dividends, Geduld Proprietary shares yield 7½ per cent.

Simmer and Jack.—Although this company last year treated the rather higher quantity of 1,126,500 tons and the cost average was little changed, the operating profit fell substantially to £441,200 from £548,000. The explanation lies partly in the treatment of a lower grade of ore, but mainly in the interruption to operations and the cost of repairs arising from the serious pressure burst in the Rhodes vertical shaft in the middle of the year. Provided there are no further accidents, results for the current year should show improvement, but fresh trouble has recently been experienced. The depth of the mine, of course, constitutes a handicap. Like its stable companion, Robinson Deep, the company paid less taxation—£94,500 against £164,500—but no less than £215,700 was required for capital. The accident involved a cut in the dividend for the first half-year, but the total of 5½d. paid for the year was only one halfpenny below the 1935 level. Despite the additional footage developed, the ore reserves fell from 2,523,000 to 2,358,000 tons, with a payable percentage of 45.9 as against 58.4. The value, however, was maintained at 4.9 dwts.

* * *

Rand Mines Report.—For the first time for some years this Kaffir finance house received a larger sum from sale of investments than it expended for new purchases. Increased receipts from the company's oil interests, as well as from some of its Rand mining holdings, produced an expansion of approximately £62,000 in profits. Of this sum, about one-half was distributed in an addition of 5 per cent. in the dividend:—

	1934	1935	1936
Total income	899,160	925,530	990,510
Administration expenses	27,030	25,030	28,350
Net profit	862,130	900,500	962,160
Dividends	785,840	811,870	844,230
Rate per cent.	150	155	160
Earned per cent.	148.2	169.4	181.2

To reserve account	193,330	106,010	Dr. 107,030
Carried forward*	400,500	383,700	609,080

* Including forfeited dividends refunded.

The company's investment holdings are conservatively valued in the balance sheet at £3,914,140, against £3,646,560 at the end of 1935. Substantial additions are shown in the number of City Deep, Daggafontein and Durban Deep shares. A new interest in 40,000 shares in the Welgedacht Exploration is also reported. The issue during 1936 of 30,840 ex-enemy shares at £8 10s. each is reflected in the rise of cash and cash assets, which now total £1,595,530, against £1,337,250. On the basis of last year's dividends, the 5s. shares at £8 5s. show a yield of approximately 4½ per cent.

* * *

West Rand Consolidated.—Last year's operations benefited to the full from the new reduction plant at the south shaft; and although (as intended) a lower grade of ore was milled, the profit rose from £1,009,770 to the record figure of £1,144,300. The prescribed cash total has been distributed on the ordinary capital, and the deferred shares ranked for their one-quarter of the divisible profits for the first time. The amount (£171,100) represented slightly over £684 per £1 share. The expansion in mining earnings clearly did not meet this rate of dividend on the deferred, in addition to the usual rate of 25 per cent. on the ordinary. A substantial reduction in taxation and capital expenditure provides the explanation. Under the former heading £420,070 was required against £494,300 and the latter only £12,480 against £54,190. The ore reserves show an expansion of 442,000 tons to 10,406,000 tons, with the value maintained at 4.4 dwts. There is every indication that results for the current year will equal those of 1936. On the basis of the 25 per cent. dividend the ordinary shares yield as much as 6½ per cent.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: APRIL 20 ACCOUNT: APRIL 22

THE New Account commenced with a show of cheerfulness, which, alas, was quickly nipped in the bud. Gilt-edged showed new promise, and leading industrials were well supported. Even tea shares reached the highest level of activity for some months. But this opening promise, already clouded by the struggling condition of some of the commodities on the President's statement at the end of the previous week, was not maintained. And in mid-week the whole market was in retreat on the gold rumours from the United States. Kaffirs were unsaleable for a time, and the leading international counters dropped sharply.

On the whole, however, the gilt-edged market has remained steady. Some early gains on Tuesday were not held, and the market relapsed into idle conditions with a subnormal turnover. In the bond market, Brazilian issues improved at first, but a little selling depressed quotations later. Far Eastern issues lacked drive, and the only features in the European group were an early rise in Germans, which was not held, and some moderate support for Roumanian issues.

Nothing of much note happened in the home rails market. Traffics have been conspicuously good, but though prior charges have remained firm throughout, the crop of accidents and the prospect of labour troubles caused some declines among the ordinary stocks. Among foreign rails, Argentine prior charges have made a good showing, but American and Canadian issues have been persistently weak.

Conditions in the industrial market were very varied. The new account opened fairly cheerfully, but uncertainty about American policy made transatlantic and international shares dull earlier, and distinctly weak later. Armament shares have been quiet as a whole, and some, especially Vickers, fell appreciably. Iron and steel have been generally firm with a particularly big rise in Indian Iron, and an even larger slump later. Among motors, Standard have done remarkably well; so have electric supply shares, and shipping on the news of higher freights. Among the miscellaneous

shares, Cable and Wireless ordinary reacted on the publication of the scheme, recovered and fell back once again. The scheme is discussed in a Note on page 94. Dunlops gained on the publication of the report. Profit taking was noticeable in British Oxygen, and Turner and Newall, but United Molasses did excellently.

Not much interest has been evident in the oil market, and after a strong opening to the new account with good support from Paris, conditions deteriorated later. Internationals lost their moderate gains, and the sharp rise in Mexican Eagles was partly wiped out.

Extreme uncertainty accounts for the very jumpy behaviour of rubber shares. Earlier in the week continued investment buying by the general public partly offset the depressing effect of the setback in the commodity price and the unexpectedly large shipments from the N.E.I., but the American news eventually carried all before it in a severe downward movement. Indeed, boom conditions seem to have been transferred to the tea market, where sharp price rises were caused by an unwelcome amount of speculative buying coming upon otherwise very healthy conditions. But later, uncertainty spread into this market too.

The consequences of Wednesday's rumour of a reduction in the United States Treasury's buying price for gold completely overshadowed all other developments in the mining market. Rhodesians had throughout been quiet and a little depressed, but base metals and West African issues had moved steadily upwards, and good reports from South Africa and a quantity of Cape buying had made Kaffirs firm, despite the labour troubles. These gains have all been obliterated in the last two days. These events are discussed in more detail in Notes on page 92.

"FINANCIAL NEWS" MARKET INDICATORS

	Apr. 1	Apr. 2	Apr. 5	Apr. 6	Apr. 7	Apr. 8
Approximate total of bargains recorded in S.E. List	10,840	11,455	12,225	10,610	11,628	10,530
Corres. day 1936	8,935	8,100	8,767	8,339	7,936	7,196
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100)	118.2	118.1	118.0	118.2	118.1	118.0
Index of 20 Fixed Interest Securities (1928=100)	127.6	127.6	127.7	127.9	128.0	128.2

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 116.3 (Mar. 16); Fixed Interest 126.5 (Feb. 28).

GOLDEN MOMENTS

The Cup Final

Just on time he takes the ball in his stride and slams it into the net—the winning goal. What a Golden Moment for him as he receives the coveted Cup. But even he cannot buy a better tobacco than "Cut Golden Bar" at a shilling an ounce. But it must be Wills's.

2 oz. Vacuum Tin



WILLS'S

CUT GOLDEN BAR

READY RUBBED
In 2 oz. Pocket Vacuum Tins and 1 oz. Airtight Tins
FLAKE FORM
In 2 oz. Vacuum Tins and 1 oz. Packets

1/- AN OUNCE

Made by the Imperial Tobacco Co. Ltd. Great Britain and Ireland, Ltd.

ACTUARIES' INVESTMENT INDEX

Last Tuesday the index of 177 industrial equities stood at 87.0 against 86.5 a week ago and 87.4 a month ago. The corresponding yields are 4.09, 4.09 and 3.98 per cent. A selection from the component indices is given below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Mar. 9, 1937)	Week ago (Mar. 30, 1937)	This week (Apr. 6, 1937)	Month ago (Mar. 9, 1937)	Week ago (Mar. 30, 1937)	This week (Apr. 6, 1937)
	Month ago (Mar. 9, 1937)	Week ago (Mar. 30, 1937)	This week (Apr. 6, 1937)	Month ago (Mar. 9, 1937)	Week ago (Mar. 30, 1937)	This week (Apr. 6, 1937)
Electric light and power (16)	128.1	125.4	127.5	4.02	4.24	4.17
Iron and steel (12)	80.9	79.3	78.0	3.88	4.25	4.30
Electric supplies (10)	157.0	150.7	151.3	3.94	4.04	4.10
Home rails (4)	86.6	78.0	75.3	2.99	2.84	2.93
Shipping (4)	25.3	27.5	29.1	1.18	1.09	1.08
Stores and catering (17)	88.0	81.7	83.1	3.65	3.79	3.73
Breweries and distilleries (21)	142.2	144.8	147.2	4.49	4.41	4.31

NEW YORK STOCK EXCHANGE

MARKETS opened this week still somewhat numbed by the President's attack on commodity and security prices, but the tone was improving, with steel and some motor shares higher. On Tuesday, prices closed above the worst but the trend was downwards. Copper issues were lower on the falling commodity prices. Oil shares gave way again, after an appearance of strength on talk of higher oil prices. Paper issues continued to improve on the strong newspaper position. Later in the week the whole market was overcast by the rumours of impending reduction in the price of gold, and prices fell substantially on a large volume of business. Settlement of the Chrysler strike passed unnoticed. Government issues improved early in the week on the Federal Reserve Board statement that it intends to support government bonds, but there was renewed weakness later on the gold rumour, and the Treasury statement that new borrowing would be required before the end of June. Business reports are as good as ever. *Iron Age* puts steel mill activity unchanged on last week at 91 per cent. of capacity, and does not think the industry will be troubled by the President's attack on steel prices. Electricity output for the week ending April 3rd was 15 per cent. higher than for the corresponding week of last year.

	Mar. 31, 1937 (Close)	Apr. 7, 1937 (Close)	Apr. 8, 1937 (Latest)		Mar. 31, 1937 (Close)	Apr. 7, 1937 (Close)	Apr. 8, 1937 (Latest)
1. Rails & Transport				4. Manufacturing			
Atchafalpa	82½	76½	76	Briggs	49½	47½	46½
Balt. and Ohio	38½	34½	35	Chrysler	124½	117½	115½
B.M.T.	42½	40½	39½	Electric Auto	40½	38½	38½
Can. Pac.	15½	14½	14	General Motors	62½	59½	59½
Ches. and Ohio	59½	59½	60½	Hudson Motor Car	21½	20½	20
Gt. Nth. Ry. Pl.	51½	48½	48½	Murray Corp.	17	16½	16½
Illinois Central	34½	31½	30½	Nash Kelvinator	22½	21½	21
N.Y. Central	51½	46½	47½	Packard Motor Car	10½	10½	10½
Nor. Pac.	32½	29½	29½	Bendix Aviation	25½	23½	24½
Pennsylvania R.R.	47½	45½	44½	Boeing Airplane	41½	38½	37½
Southern Pac.	61½	55½	58½	Douglas Aircraft	62	55½	55½
Southern Ry.	41½	37½	37½	United Aircraft	31½	28½	28½
Union Pac.	145½	141½	141	Air Reduction	73½	70	69½
Greyhound Cp. New	14½	13½	13½	Allied Chem. x.d.	245	238	235

	Mar. 31, 1937 (Close)	Apr. 7, 1937 (Close)	Apr. 8, 1937 (Latest)		Mar. 31, 1937 (Close)	Apr. 7, 1937 (Close)	Apr. 8, 1937 (Latest)
2. Utilities and Communications				U.S. Ind. Alcohol	40½	39	39½
Am. Waterworks	22½	21½	21½	Allis Chalmers	68½	64½	65½
C'wealth & S'tern	3	3	3	General Electric	58½	54	54
Cons. Gas of N.Y.	40½	38½	38½	Westinghouse	143½	134½	136
Col. Gas & Electric	15½	14½	14½	American Can.	108½	107	108½
Elec. Bond & Share	21½	20½	20½	Addressograph	32½	31½	31½
Nat. Pwr. and Lt.	11½	10½	11	Caterpillar	94	89½	89½
North American	26½	25	25½	Cont. Can.	60	57½	56½
Pac. Gas & Electric	31½	31½	31	Ingersoll Rand	135½	131	132½
Pac. Lighting	44½	46½	46½	Intnl. Harvester	104½	99½	100
Pub. Service N.J.	45½	44	44	Johns Manville	143½	131½	131½
Stan. Gas & Elec.	11½	10½	10½	Am. Radiator	25½	24	23½
United Corp.	6½	6	6	Corn Products	67½	64½	64½
United Gas Imp.	17½	16½	16½	J. I. Case and Co.	158	150	149
Am. Tel. & Tel.	171½	170	169½	Glidden	47½	45	43½
Int. Tel. and Tel.	12½	12	12	Gen. Am. Transp.	73	69½	70½
Western Union	74½	69½	69½	Allied Mills	18½	25½	25½
Radio	11½	10½	10½	Celanese of America	33½	32½	33½
Radio B. Pref. New	76½	74	73½	Ind. Rayon New.	39½	40½	41½

	Mar. 31, 1937 (Close)	Apr. 7, 1937 (Close)	Apr. 8, 1937 (Latest)		Mar. 31, 1937 (Close)	Apr. 7, 1937 (Close)	Apr. 8, 1937 (Latest)
3. Extractive and Metal Industries				5. Retail Trade and Food			
Am. Rolling Mills	41½	37	37½	Montgomery Ward	62½	56½	58
Beth. Steel	99	90½	92½	J. C. Penney Co.	99½	98½	98
Beth. Steel Pref. x.d.	124	121	121	Sears Roebuck	91	85½	86
Republic Steel	45½	41	41½	United Drug	14½	14½	14½
U.S. Steel	121½	111½	112½	Walgreen x.d.	30½	30½	30½
U.S. Steel Pref.	145½	144	144	Woolworth	55	51½	51½
Alaska Juneau x.d.	14	14½	13½	Borden	26½	26½	26½
American Metal	63½	55½	57½	Gen. Foods	42½	41½	41
American Smelting	98	89½	90½	Kroger Grocery	22½	22½	22½
Anaconda	68	56½	57½	Nat. Biscuit x.d.	26½	28½	28½
Bohns Aluminium	44½	41½	41	Nat. Dairy	24½	23½	23½
Cerro de Pasco	61½	73½	73½	Standard Brands	15	14½	14½
Int. Nickel	65½	56½	57½	Am. Tobacco B.	84½	82½	82½
Kennecott x.d.	20½	17½	18	Liggett Myers B.	102½	100½	101
Texas Gulf Sulph.	42½	40	39½	Lorillard	24½	23½	23½
U.S. Smelt x.d.	100	91	91	Reynolds Tob. B.	52½	51	51
Vanadium Corp.	36	32½	32½	National Distillers	34	31½	32½
Atlantic Refining	34½	32½	32½	Schenley Distillers	48½	47	46½
Phillips Petroleum	57½	55½	56½				
Shell Union	32½	18½	18½	6. Finance			
Shell Union Pref.	103½	104	104	Commercial Credit	60½	58½	57½
Socony Vacuum	19	18½	18½	Atlas Corp.	17½	17½	17½
Stand. Oil Calif.	27	25½	25½	Com. Invest. Trust	68½	65	65½
Stand. Oil N.J.	22½	21½	21½				
Texas Corp.	61½	58½	58½				

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

	1936		1937		Be- ginning of Year 1937	Mar. 24, 1937	Mar. 31, 1937	Apr. 7, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Jan. 6	Highest Mar. 10				
347 Industrials	112.7	145.9	142.6(d)	155.7	143.2	147.9	150.3	142.6
32 Rails	42.8	80.2(b)	54.6	64.5(f)	54.6	81.0	81.6	58.2
40 Utilities	91.2	111.0(e)	100.0(d)	116.4(g)	111.7	102.8	102.5	100.0
Total, 419 Stocks	97.7	125.4	121.5(d)	132.4	123.5	126.0	127.6	121.5
Average yield*	4.50%	2.65%	3.53%	3.20%	3.53%	3.52%	3.39%	3.60%
	High (c)	Low (a)	High	Low (s)				

* 50 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 23rd. (d) April 7th. (e) December 2nd. (f) March 17th. (g) February 10th. (h) January 13th.

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

Highest*	Lowest†	Mar. 31	Apr. 1	Apr. 2	Apr. 3	Apr. 5	Apr. 6	Apr. 7
180.3	161.8	173.2	171.1	168.9	169.3	170.2	168.5	162.9

* March 6th.

† January 4th.

TOTAL DEALINGS IN NEW YORK

	April 1	April 2	April 3*	April 5	April 6	April 7
Stock Exchange—						
Shares (No. Thous.)	1,210	1,640	640	990	1,250	2,290
Bonds (Thous. \$)	16,900	18,910	8,420	13,860	10,960	12,040
Curb—						
Shares (Thous.)	328	431	156	230	453	543

* Two-hour session.

CAPITAL ISSUES

SOME speculators may be glad of the present respite in the new issue market to consider how best to restore their fortunes after the recent absence of opening premiums. Others who have played with small issues during the last six months or so may be discovering how quickly a market can dry up. The pause, in view of this week's market conditions, is clearly salutary. Only one public issue is reported, and that is not intended to appeal to a wide public, since it is not underwritten nor do the directors disclose any intention to apply for permission to deal on a Stock Exchange. This issue consists of 34,000 6 per cent. £1 preference shares at 21s. and 17,000 10s ordinary shares at 15s. in *Southern Counties Hotels (Southampton)*. The offer is presumably of purely local and private interest. Among this week's introductions, the particulars of *Nchanga Consolidated Copper Mines* (whose shares have been offered to the shareholders of Rhokana, Ltd.) have appeared, unfortunately, at a somewhat unpropitious moment, although the fortunes of this concern will probably extend over more than one boom and slump. Other statements have been published by *Prior Burners, Halesowen Steel, and Metropolitan Housing Corporation*.

TOTALS OF CAPITAL ISSUES DURING WEEK

Net Sales of National Savings Certificates, eleven days ended March 31, 1937, Dr. £50,000

	Nominal Capital	Conversions	New Money
To the Public	42,500	...	48,450
To Shareholders only	1,423,000	...	1,634,500
By Stock Exchange Introduction	250,000	...	271,875
By Permission to Deal	192,756	...	1,217,540
Total Capital Raised			
Including Conversions	1,908,256	...	2,972,365
Excluding Conversions	1,715,756	...	2,780,915
1937 (New Basis)...	154,302,548	122,716,006	Whole Year (New Basis)...
1937 (Old Basis)...	76,718,521	48,074,329	1936 ... 642,017,245
1936 (New Basis)...	154,169,148	108,803,809	1935 ... 698,313,125
1936 (Old Basis)...	112,823,570	67,358,231	Whole Year (Old Basis)...
January 1 to date (Old Basis)...	98,851,437	28,953,605	1936 ... 402,470,003
1935 ...	215,749,890	67,490,582	1935 ... 548,351,393
1934 ...	176,948,000	70,828,230	1934 ... 410,980,300
1928 ...	...	...	1933 ... 467,921,500
			1928 ... 683,000,056

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis)...	93,820,764	27,742,102	1,153,140	122,716,006
1937 (Old Basis)...	41,719,798	6,354,533	Nil	48,074,329

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis)...	30,066,531	13,289,044	79,360,431	122,716,006
1937 (Old Basis)...	17,177,933	23,384,444	48,074,329	88,636,706
1936 (New Basis)...	52,268,369	11,902,234	44,533,206	108,803,809
1936 (Old Basis)...	46,119,830	5,269,201	15,968,200	67,358,231
Whole Year (Old Basis)...	212,817,900	45,062,600	111,177,600	369,058,100
1935 ...	222,064,300	12,733,700	9,982,500	244,780,500
1934 ...	102,769,300	21,481,000	44,878,400	169,108,700
1933 ...	182,185,509	31,696,741	37,265,387	251,147,637
1932 ...	180,521,116	24,423,847	70,828,230	255,773,193
Whole Year (New Basis)...	193,599,713	48,806,822	115,118,905	357,525,440
1936 ...	184,255,833	41,580,731	268,303,201	494,139,765

(Continued on page 104)

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, March 31, 1937

RESOURCES

CASH AND DUE FROM BANKS	\$ 736,909,810.95
U.S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED	662,720,252.21
STATE AND MUNICIPAL SECURITIES	78,044,315.56
OTHER BONDS AND SECURITIES	2,926,493.25
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES	8,208,715.17
BANKING HOUSES	174,578.57
OTHER REAL ESTATE	993,761.19
MORTGAGES	851,077.06
CUSTOMERS' ACCEPTANCE LIABILITY	828,554.30
OTHER ASSETS	22,402,079.43
Total	\$2,553,059,637.69

LIABILITIES

CAPITAL FUNDS:	
CAPITAL STOCK	\$ 100,270,000.00
SURPLUS	100,270,000.00
UNDIVIDED PROFITS	25,032,327.59
Total	\$ 225,572,327.59
RESERVE FOR CONTINGENCIES	15,752,738.74
RESERVE FOR TAXES, INTEREST, ETC.	1,952,934.77
DEPOSITS	2,271,210,827.28
ACCEPTANCES OUTSTANDING	20,069,834.95
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS	11,067,451.09
OTHER LIABILITIES	7,433,523.27
Total	\$2,553,059,637.69

United States Government and other securities carried at \$178,729,298.80 are pledged to secure public and trust deposits and for other purposes as required or permitted by law

BOARD OF DIRECTORS

WINTHROP W. ALDRICH
Chairman Board of Directors

H. DONALD CAMPBELL
President

VINCENT ASTOR
GORDON AUCHINCLOSS
EARL D. BABST
HOWARD BAYNE
JOHN A. BROWN
FRANCIS H. BROWNELL
NEWCOMB CARLTON
MALCOLM G. CHACE

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1936				Prices, Year 1937 Jan. 1 to April 7, inclusive				Name of Security				Price, Mar. 31, 1937				Price, April 7, 1937				Rise or Fall				Yield, April 7, 1937			
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low				
87 1/2	82 1/2	84 1/2	74	Consols 2 1/2 %	76 1/2	76 1/2	+	1	5	d.	40/-	34/6	5(b)	5(a)	Bank of N. Zealand 1	35/-	35/-	...	...	...	...	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 4 1/2 % Red. at par	109	109 1/2	+	1	5	d.	80/10 1/2	71/6	7(a)	7(b)	Bank of England Stk.	337 1/2	338	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+	1	5	d.	...	...				
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102 1/2	100	101 1/2	96 1/2	Do. 3 1/2 % 1944-49	97	97	+	1	5	d.	48 1/2	43/-	2(a)	2(b)	Barclay B. (11)	76/-	76/-	+									

(Continued from page 101)

PUBLIC OFFER

Southern Counties Hotels (Southampton).—Issue of 34,000 6 per cent. cumulative $\frac{1}{2}$ preference shares at 21s. and 17,000 10s. ordinary shares at 15s. Existing hotel business; to acquire two further properties, valued at £96,385. Profits, before fees, tax and depreciation: 1935, £2,419; 1936, £4,857.

BY STOCK EXCHANGE INTRODUCTION

Halesowen Steel Company, Ltd.—Issued capital, 500,000 4s. ordinary shares and 15,000 5 per cent. cumulative $\frac{1}{2}$ preference shares. Incorporated 1908. Manufacturers of "Bright Steel Bars." Net assets, £115,403, excluding goodwill (£15,000). Profits, after depreciation: 1934, £26,014; 1935, £24,385; 1936, £30,513.

Metropolitan Housing Corporation, Ltd.—Particulars of issue of £300,000 4 per cent. 1st mortgage debenture stock subscribed by the Prudential Assurance Company at 98. Ranks *pari passu* with existing $\frac{5}{8}$ per cent. debenture stock. Redeemable by sinking fund commencing 1938. To be redeemed 1972 at par, or from 1967 at par on three months' notice.

Prior Burners, Ltd.—Issued capital, 450,000 2s. shares. Combustion engineers; founded 1927. Net assets, £21,057, excluding goodwill (£5,000). Profits, after depreciation, before interest: 1934, £2,276; 1935, £5,795; 1936, £12,290. Messrs Shaw, Loeb and Company take 185,000 shares at 2s. 11 $\frac{1}{2}$ d. net. Directors receive 5 per cent. of profits available for dividend.

ISSUES TO SHAREHOLDERS ONLY

Central Perak Rubber.—Issue of 1,240,000 2s. shares at 2s. 9d., in proportion of one for two held on March 24th. To finance purchase for £140,460 of 3,009 acres, of which 2,704 planted.

Cow and Gate, Ltd.—Issue of 1,980,000 1s. ordinary shares at par, in proportion of one for three held on April 5th.

North Wales Power.—Issue of 2,000,000 10s. ordinary shares at 11s. 6d., in proportion of one new share for one held.

Swears and Wells.—Issue of 200,000 6 per cent. $\frac{1}{2}$ preference shares at 20s. 9d.

OFFER TO SHAREHOLDERS

Nchanga Consolidated Copper Mines.—Issue of 2,500,000 $\frac{1}{2}$ shares at par, share for share, to holders of ordinary and "A" shares of Rhokana Corporation, which takes 400,000 further shares at par. Chairman, Sir E. Oppenheimer. Acquires rights over four areas in N. Rhodesia; total ore reserves of 143,780,000 tons; 4.66 per cent. copper, of which 2.53 per cent. oxide. Includes, for Nchanga West, 6,300,000 tons ore reserve, containing 17 per cent. copper, of which 4.5 per cent. oxide. Purchase price, £2,000,000 in shares, and reimbursement of £12,000 expenses.

BONUS SHARES

British Timken.—£50,000 of general reserve to be capitalised and bonus shares issued to ordinary shareholders in proportion of one new share for five shares held.

Coleman and Company.—Issue of 10,342 $\frac{1}{2}$ ordinary shares, at rate of one share for 20 ordinary held, to rank for dividend as from January 1, 1937.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Mar. 31, 1937	April 7, 1937
Baber (Chas. H.) Ord. 2/6	5/-	5/-	4/9-5/-	4/7 $\frac{1}{2}$ -4/10 $\frac{1}{2}$
Do. 8% Pref. 10/-	10/6	10/6	10/-10/6	9/8-10/3
Bennett (J.) 5/-	5/9	5/9	4/10 $\frac{1}{2}$ -5/1 $\frac{1}{2}$	4/10 $\frac{1}{2}$ -5/1 $\frac{1}{2}$
Coventry Machine 4/-	5/6	5/6	4/10 $\frac{1}{2}$ -5/1 $\frac{1}{2}$	4/10 $\frac{1}{2}$ -5/1 $\frac{1}{2}$
Doxford (Wm.) Ord. 20/-	...	...	56/3-56/9	53/3-54/3
Do. 5% Pref. $\frac{1}{2}$	...	...	21/3-21/9	21/3-21/9
Gilbert (D. M.) 4/-	7/6	7/6	6/0-6/6	5/9-6/3
Hammerton (Chas.) Ord. 10/-	...	...	22/9-23/3	23/-23/6
Do. 5% Pref. 20/-	...	...	20/6-21/3	20/9-21/3
Holmes Goldrich 2/-	3/3	3/3	3/-3/3	3/-3/3
Hoover 5 $\frac{1}{2}$ % Pref. $\frac{1}{2}$	2/6	2/6	44d-7 $\frac{1}{2}$ d pm	3d-6d pm
Houndsditch Warehouse 5/-	15/-	15/-	12/4 $\frac{1}{2}$ -12/10 $\frac{1}{2}$	12/6-13/-
Do. 5% Pref. $\frac{1}{2}$	20/-	20/-	19/1 $\frac{1}{2}$ -19/7 $\frac{1}{2}$	19/-19/6
Lake George Mining 10/-	...	...	17/-17/6	15/9-16/3
London Electric Transport 2 $\frac{1}{2}$ % Deb.	92 $\frac{1}{2}$	57 $\frac{1}{2}$	2 $\frac{1}{2}$ -12 dis	1 $\frac{1}{2}$ -2 dis
Masson Scott 4/-	...	...	6/1 $\frac{1}{2}$ -6/4 $\frac{1}{2}$	6/1 $\frac{1}{2}$ -6/4 $\frac{1}{2}$
Midhurst Whites 2/-	2/6	2/6	2/1 $\frac{1}{2}$ -2/4 $\frac{1}{2}$	2/3-2/6
Midland Counties Electric 4 $\frac{1}{2}$ % Pref. $\frac{1}{2}$	£1	10/6	...	1/1 $\frac{1}{2}$ -1/7 $\frac{1}{2}$ pm
Nchanga Consolidated $\frac{1}{2}$	...	...	2/3-2/6	2/1 $\frac{1}{2}$ -2/4 $\frac{1}{2}$
Premier Metal (S.A.) 2/-	3/-	3/-	3/10 $\frac{1}{2}$ -4/1 $\frac{1}{2}$	3/10 $\frac{1}{2}$ -4/1 $\frac{1}{2}$
Pullin (R.B.) 2/-	4/-	4/-	4 $\frac{1}{2}$ -5 $\frac{1}{2}$ dis	5-4 $\frac{1}{2}$ dis
Rhodesia Railways 4 $\frac{1}{2}$ % Deb.	98	65	5/3-5/9	5/9-6/3
Riverview Rubber 2/-	...	...	26/4 $\frac{1}{2}$ -26/10 $\frac{1}{2}$	26/6-27/-
Royal Main Lines Ord. $\frac{1}{2}$	...	...	9/3-9/9	9/3-9/9
Smith and Nephew Ord. 4/-	8/6	8/6	7/9	6/3-6/9
Steel and Company Ord. 5/-	7/9	7/9	...	19/3-19/9
Do. 8% Pref. $\frac{1}{2}$	20/-	20/-	6 $\frac{1}{2}$ -7 $\frac{1}{2}$ dis	6 $\frac{1}{2}$ -7 $\frac{1}{2}$ dis
Thomas (Richard) 4 $\frac{1}{2}$ % 1st Deb.	9 $\frac{1}{2}$	9 $\frac{1}{2}$	7/8-8/3	7/8-8/3
Wilson (G.) Ord. 4/-	10/-	10/-	9/3-9/9	9/3-9/9
Do. 8 $\frac{1}{2}$ % Pref. 10/-	...	...	...	...

Investment For Appreciation

by L. L. B. ANGAS

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

A method of forecasting and exploiting industrial cycles. Do not wait for a crisis to read this best seller. Descriptive folder available from Macmillan & Co., Ltd., St. Martin's St., London. Price 6d net

SHORTER COMPANY COMMENTS

COMPANY RESULTS OF THE WEEK.—Stationary profits are shown by WHITBREAD. EXPRESS DAIRY COMPANY report a satisfactory expansion in earnings from £94,965 to £104,835, although the 8 per cent. dividend is unchanged. An increasing number of visitors from abroad, coupled with the modernisation policy, has increased the profits of SAVOY HOTEL by £70,700 to £83,352. Among shipping companies, KING LINE stand out with the remarkable increase in the latest profits of £73,114 by £44,500. This has been used, however, to make good arrears of depreciation, the provision for which is £73,000 against £31,708. MARCONI INTERNATIONAL MARINE, without changing their 7 $\frac{1}{2}$ per cent. dividend, have earned £116,842 against £90,118: the report points out that, although the effect of the international situation on their foreign interests cannot be estimated, the general reserve would cover any loss. With one exception, all the 13 rubber reports show substantial gains, with, perhaps, proportionately greater progress among the small companies. The more important results include CHEVIOT and LABU (F.M.S.), who have made a loss of £12,896 against a profit of £44,881, are ascribed to lower selling prices and to a strike. NORTHERN GENERAL TRANSPORT have suffered a small setback. Earnings of £148,585 compare with £155,794, but the 10 per cent. dividend is maintained. The first annual report of CARPET TRADERS shows profits of £89,632 and a dividend of 7 $\frac{1}{2}$ per cent., while another new company, HEATRAE, LTD., are paying a 10 per cent. dividend (actual), having earned £7,895. Excellent progress is shown by the BRITISH TIMKEN earnings of £111,824 against £66,427. DAILY MIRROR NEWSPAPER profits of £344,466 show a 9 per cent. increase, while the 15 per cent. dividend is again paid. STEEL BROTHERS' profits of £285,456 are £57,000 higher, while the tax-free deferred dividend is raised from 8 per cent. to no less than 25 per cent. VINE PRODUCTS record a satisfactory improvement in profits from £139,757 to £168,134.

APPOINTMENTS AND PERSONAL

The National Bank of New Zealand announces that Sir James Grose is retiring as general manager in New Zealand, and will become an advisory director. Mr. P. R. M. Hanna will succeed Sir James Grose and Mr. G. G. Littlejohn will become assistant general manager.

Viscount Goschen has been appointed to the board of the Bank of British West Africa.

Lt.-Col. Sir John Chancellor has been elected a director of Associated Electrical Industries.

At a meeting of the Bank of England held April 6th the Rt. Hon. Montagu Collet Norman was re-elected governor and Mr. Basil Gage Cattermole, deputy-governor.

Viscount Long of Wraxall has joined the Board of the Ocean Trust Company, Ltd.

Mr. A. E. Phipps has been appointed president and Mr. H. T. Jaffray general manager of the Imperial Bank of Canada.

Messrs Mullens and Company, announce that Mr. Edward Lambert Gosling has retired, and that they are admitting Mr. Cecil Henry Gosling into partnership.

Mr. Neil W. Gardiner has been appointed a director of Huntley and Palmers.

Lord Wardington and Mr. Colin F. Campbell have been re-elected chairman and deputy-chairman respectively, of the committee of London Clearing Bankers.

Mr. Noel Haywood Docker and Sir Eugene Ramsden, O.B.E., J.P., M.P., have been elected to the board of the Birmingham Small Arms Company.

Mr. Francis Goldsmith and Sir Alfred Ernest Tritton have been re-elected chairman and vice-chairman respectively of the London Discount Houses Committee.

Colonel S. E. Monkhouse, M.I.E.E., has been appointed general manager of the North-Eastern Electric Supply Company to succeed the late Mr. H. A. Couves. Mr. E. H. E. Woodward has been appointed assistant general manager.

Mr. H. Bamford has resigned as secretary of B. and F. Carter and Company and Mr. Stanley H. Wilde, A.I.S.A., has been appointed.

Mr. Morris Stephany has been co-opted to the board of Stephany (Furniture Trades) as a director.

Mr. Leonard Parker has been appointed agency manager for Car and General Insurance Corporation, Ltd., and The Motor Union Insurance Company, Ltd.

MINES

CAMP BIRD, LTD.—Profit, £203,702 against £81,296, including surplus of £166,253 against £65,621 on sales of investments. Ordinary dividend 6 per cent. against nil. Net amount of £156,366 against nil written off investments and advances; expenditure of £948 against £56,172 on sundry ventures written off; balance of capital reorganisation expenses, etc., £16,147 written off (last year £5,591); forward, £14,032 against £50,300.

BANKS

CHASE NATIONAL BANK.—Loans and discounts of \$811,209,000, an increase of \$202,000,000 since March 4, 1936. Deposits, \$2,271,211,000, compared with \$2,059,785,000. Total resources, \$2,553,060,000, against \$2,341,493,000. After semi-annual dividend \$5,180,000, undivided profits \$25,032,000.

GUARANTY TRUST COMPANY OF NEW YORK.—Total resources on March 31st, \$1,944,469,028.48 compared with \$1,812,633,568.65 a year ago; deposits total \$1,802,377,016.77 compared with \$1,488,284,606.87; capital and surplus unchanged at \$90,000,000.00 and \$170,000,000.00 respectively; undivided profits, \$9,893,212.80 as compared with \$7,317,042.28. The statement shows U.S. Government obligations of \$582,269,839.30. Cash on hand, in Federal Reserve Bank and due from banks and bankers \$537,924,641.21; and loans and bills purchased \$670,717,877.79.

MISCELLANEOUS

KING LINE, LTD.—Profit for 1936, £83,147 against £49,098. After cost of Lloyd's surveys, £73,000 against £31,708 applied to arrears of fleet depreciation, and £22,860 against £22,545 carried forward.

TURNER AND NEWALL, LTD.—It has been decided to establish an asbestos cement factory in Scotland, probably in the Clyde area.

(Continued on page 121)

COMPANY MEETINGS

BANK OF SCOTLAND

SATISFACTORY RESULTS—INCREASED PROFIT

STRONG LIQUID POSITION

NECESSITY FOR FOSTERING FOREIGN TRADE

LORD ELPHINSTONE'S ADDRESS

The annual general meeting of the proprietors of the Bank of Scotland was held within the Head Office, Edinburgh, on the sixth instant, the Right Honourable Lord Elphinstone, K.T., presiding.

In submitting the directors' report the Chairman said:—My lords, ladies and gentlemen, I assume that, as usual, we may hold as read the report by the court of directors of the affairs of the bank as at February 27th last, a copy of which you have no doubt received.

TRADE AND INDUSTRY

In addressing you a year ago I was able to refer to the improvement in trade generally which had been experienced up till that time, and it is gratifying to record that progress has been maintained and that there has been a steady revival affecting most branches of industry. The improvement is to be seen in the substantial decrease of unemployment, the rise in industrial production, increased profits, and higher wages, with the consequent expansion of the purchasing power of the community. One feature of present conditions, however, which prevents undue optimism is the fact that the improvement is largely confined to the domestic field. We must also keep in view that the rate of progress is bound to be influenced by the heavy expenditure on armaments which has become an unfortunate necessity. We must not overlook the dangers inherent in rising prices of raw materials, higher costs of production and an artificial prosperity in the home market, while our external trade shows only very moderate signs of recovery. The statistics of our foreign trade are by no means satisfactory, and we can only hope that the barriers still imposed throughout the world by a policy of extreme nationalism in the form of quotas, tariffs and currency restrictions will in time be modified and a freer exchange of commodities be possible.

In Scotland the heavy industries are experiencing much more favourable conditions. The iron and steel trade is exceptionally busy and existing plant is working to its full capacity. Engineering generally is also experiencing much greater activity. The output in shipbuilding shows a substantial increase, although this is partly due to Admiralty orders. The Scottish coal trade on the whole has maintained the improvement shown during the previous year, but this has been largely due to home demand, the exports showing a further decline. Agriculture, which we as a bank continue to do our utmost to assist, has experienced more remunerative prices for grain, sheep and wool, but the livestock industry still yields an inadequate return. Little improvement can be recorded in fishing, and the general acceptance of a settled policy would appear still to be essential if more prosperous conditions are to be experienced.

THE BANK'S BALANCE SHEET

Turning now to the bank's balance sheet, I think you will agree that the figures we present to you as the result of the operations of the past year—the two hundred and forty-first in our history—are satisfactory. I am glad to report that our connections generally, both throughout Scotland and at our London offices, continue to extend. Our foreign department again shows progress beyond our expectations.

The deposits amount to £37,635,697, compared with £39,518,484 a year ago. I indicated then, however, that the latter figure included a substantial sum representing lodgments of a temporary nature which came to us in ordinary course from our own customers, and if we exclude this exceptional business we find that the total this year shows a fairly substantial increase. The average for the first ten months of our financial year was again considerably in excess of the figures of the past few years. We experienced, as usual, heavy withdrawals during the last two months.

The note circulation at £3,239,247 is higher by over £110,000. The average circulation for the year is again substantially in excess

of the corresponding figure for the previous twelve months, which is to be expected under the trading conditions now prevailing.

The changes in drafts issued and acceptances do not call for comment.

LIQUID ASSETS

On the assets side, cash, bank balances, documents *in transitu* and money at call and short notice amount to £8,985,885, i.e. 20 per cent. of our liabilities to the public. Bills discounted (including a moderate holding of Treasury bills) and our investments amount to £26,528,655, or 60 per cent., giving a total of £35,514,540, or 80 per cent. of our liabilities to the public in liquid assets.

ADVANCES

When we make allowance for the temporary and exceptional business included in the total of the advances for last year, to which I made reference at the time, the figures this year, viz. £9,799,939, which include no such exceptional transactions, show a moderate increase.

The volume of our smaller advances continues to be fully maintained, and indeed indicates an increased demand for accommodation. It is in the sums normally taken from us by our larger borrowers that there is little evidence of expansion. This appears to be due indirectly to the cheap money policy for which our financial authorities are responsible. It has made available for financing business requirements credit other than that obtainable through ordinary banking channels, and higher prices have induced the realisation of invested funds and the liquidation of overdrafts. New issues of capital, amalgamation of businesses, and higher profits earned have also contributed to reducing the calls for banking facilities.

INVESTMENTS

Our investments at £25,677,231 show an increase of £1,417,181. The market value is substantially in excess of the value in our books. A holding of stock guaranteed by the British Government, which has hitherto appeared in the balance sheet under sundry investments, has now been included in the principal item of investments under the heading "British Government Securities and Securities guaranteed by the British Government."

BANK PREMISES AND HERITABLE PROPERTY

With the object of providing for increased accommodation at our London office which will probably be necessitated before long by the growth of the business there, we have acquired the freehold of the adjoining property at No. 28 Bishopsgate, the leasehold of which we have held for many years. During the year new branches have been opened at Lanark and Quarry Street, Hamilton, and a sub-branch at Westerton, Bearsden. In addition various properties have been acquired throughout the country as business premises and as houses for agents, and several offices have been reconducted. After writing down the initial expenditure involved in these acquisitions and reconstructions, the whole of the properties of the bank, including heritable property yielding rent, stand in the books at £435,000, which it will be recognised is a very moderate figure.

RESULTS FOR THE YEAR

I need not assure you that, in accordance with our invariable practice, before our profits are arrived at every known bad and doubtful debt has been fully provided for.

The net profits are	£317,712
Add the balance from last year	254,158
Together	£571,870
Deduct:	
Applied to reserve fund	£50,000
Transferred to trustees for officers' pension fund	30,000
Transferred to heritable property suspense account	30,000
Dividend at 18 per cent. per annum, less income tax	205,875
	315,875
Leaving to be carried forward	£255,995
The reserve fund will then be	£2,350,000
Add the balance carried forward	255,995
	£2,605,995

BANK STAFF

It is a pleasant duty once again to express on behalf of the court of directors our thanks for and appreciation of the excellent services rendered by the executive, managers, agents and staff throughout the year. In this connection I would once more refer

to the very successful work performed by the staff joint council, which includes five elected representatives of the staff.

Since we last met Mr William Alexander Tait, the secretary of the bank, has retired after long and valued service. The board have already expressed their appreciation of his services, and I am sure the proprietors will join with them in their good wishes. To succeed Mr Tait the directors have appointed as secretary Mr James Waddell Macfarlane, formerly manager at Glasgow.

DIVIDEND

I have pleasure in moving that the report and balance sheet as submitted be adopted, and that a dividend for the past half-year at the rate of 18 per cent. per annum, less income tax, be now declared, payable on 15th current, making, with the dividend paid in October last, 18 per cent. for the year, less income tax, being the same rate as paid for the previous year.

The motion was agreed to.

The Lord Elphinstone, K.T., and The Lord Henry Scott were unanimously re-elected governor and deputy-governor respectively for the current year. Mr James Gourlay, B.Sc., and Mr William Brodie, LL.D., were re-elected ordinary directors.

Mr H. L. Usher, C.A., and Mr R. Arthur Morrison, C.A., were reappointed to conduct the audit of the books for the current year, and a vote of thanks to the chairman terminated the meeting.

WESLEYAN AND GENERAL ASSURANCE SOCIETY

PROGRESS MAINTAINED

The ninety-sixth annual general meeting of the members of the Wesleyan and General Assurance Society was held, on April 6, 1937, at the Central Hall, Corporation Street, Birmingham, Mr John B. Field, the Society's Chairman, in the chair.

The Chairman, in the course of his speech, said:

In all the active departments of the Society its business is steadily increasing. The sums assured in the ordinary department have increased by 6 per cent., and in the industrial by 3 per cent. The other departments reveal satisfactory progress—namely an increase of 29 per cent. in the business of the annuity department and of 8 per cent. in that of the capital redemption. The premium income of the fire and general department has increased by 5 per cent.

The claims paid during the year amounted to £1,205,683, making a total of over £25 millions paid since the establishment of the Society.

The assets have a total value of £14,733,844, an increase of £865,030 on the year.

During the year, the Society earned interest on its funds at the rate of £4 11s. 5d. per cent.

BONUSES

The rate of reversionary bonus allotted to ordinary department with-profit policies has been maintained at 38s. per cent. for endowment assurances, and the same rate has been allotted to whole life policies.

The directors instituted a profit-sharing scheme in 1927, under which industrial department policy-owners are allotted a considerable share of the divisible profits of that department. Between the years 1927 and 1934 £484,378 was applied in providing for the cessation of premiums at age 65 under all whole life policies on which twenty years' payments had been made. Following the valuation at December 31, 1935, the directors decided to allocate £54,492 to provide additions to the sums payable on claims arising either by death or maturity on or before April 5, 1937. Now, the directors have allocated a further sum amounting to £56,055 enabling additions to be made to the sums payable on claims for a further period of two years; that is, up to and including April 3, 1939.

ACTIVITIES OF THE SOCIETY

The Society caters for all classes of insurance business. In the ordinary department the usual whole life policies and endowment assurances are issued on favourable terms. There is in addition a most attractive form of contract for the protection of the young married man. It is called the "Triple Benefit" policy. For a monthly premium of £2 3s. a young man aged 30 next birthday

can obtain the sum of £1,000 at age 65 or at previous death, and, in addition, should he die within twenty years from the date of the contract, his wife will receive £150 a year for the balance of the twenty-year period. It follows that the maximum benefit under the policy is £4,000 and the minimum benefit is £1,000. Furthermore, the policy-owner cannot pay more than £903 in premiums over the period (ignoring the benefit of income tax rebate), and he may pay a great deal less.

The Society continues to transact an increasing business in enabling persons to purchase houses for their own occupation. These transactions are carried through expeditiously, and payments may be made by the borrower in monthly instalments by banker's order or through a Post Office Savings Bank account for a period of twenty-five years or less, after which the house becomes the absolute property of the borrower. In addition, there is valuable protection for his dependants in the event of his death, for then the advance is automatically repaid and the house is freed from mortgage without any further cost.

Other activities of the Society include the granting of annuities at attractive rates, the issue of contracts providing a pension for life from a selected age, the insurance of groups of employees upon special terms advantageous to themselves, the issue of special policies for children, and the transaction of fire, motor vehicle, employers' liability and similar insurances.

The report and accounts were unanimously adopted.

KANSALLIS - OSAKE - PANKKI

(NATIONAL JOINT STOCK BANK)
ESTABLISHED 1889

PAID-UP CAPITAL AND RESERVES - - - - - FMK 432,300,000
DEPOSITS AND CREDIT BALANCES December, 1936 3,425,500,000

Head Office: HELSINKI (Helsingfors) FINLAND

Our large network of branches, comprising 195 BRANCHES ensures prompt and efficient execution of your collection and payment orders

Telegraphic Address: KANSALLISPANKKI

BANK OF CZECHOSLOVAK LEGIONS, PRAGUE

DIVIDEND OF 6 PER CENT. MAINTAINED

The sixteenth general meeting of the Bank of Czechoslovak Legions, Prague, was held, on March 31, 1937, in the Banking Hall in Prague.

Dr Rudolf Raše, the chairman, having welcomed all shareholders and guests present, remembered then with gratitude the deceased collaborators and expressed thanks and appreciation for their services rendered to the Bank. He emphasised that the progressing consolidation of the political situation will consequently bring a further improvement of economical conditions.

At the meeting 205 shareholders were present, representing 51,465 shares and Kč 10,293,000 stock capital.

A detailed report of the activity of the bank during the previous year was then submitted by the general manager, Mr Josef Khyn, who gave an exhaustive explanation of the different items of the balance sheet. He stated that the year 1936 may be regarded as a turnpoint, and that the results justified them in looking forward with confidence. Mr Khyn further drew the special attention of those present to the items of the balance sheets of affiliated banks whose saving accounts amount to Kč 1,132,000,000, debtors to Kč 1,331,000,000, and the total of the balance to Kč 2,203,000,000.

The profits could be considered entirely satisfactory, and from the net profit of Kč 5,984,680.50 a dividend of 6 per cent. would be paid, besides the usual allocations.

The retiring directors, Dr V. Charvát, Ant. Pastýřík, Otakar Trčka and Bohuslav Václavík, as well as the members of the Auditing Committee, Václav Vondrák and Ing. Th. Růžička, were re-elected.

At the close of the general meeting the board of directors re-elected Dr Rud. Raše president, JUDr Aug. Straka first vice-president, and Mr Stanislav Zavadilík second vice-president.

STATEMENT OF CONDITION AS ON DECEMBER 31, 1936

Assets	Kč
Cash, due from banks, State bonds, foreign exchange drafts, checks, etc.	160,839,848.50
Discounted bills	71,099,761.80
Securities	104,889,596.15
Participation	40,593,000.00
Debtors	838,326,696.10
Premises less depreciation of Kč 824,614.15	37,484,200.00
Equipment and fixtures less depreciation of Kč 243,669.85	1,489,785.50
Transitory assets	38,704,177.55
Other assets	1,293,427,065.60
Transit items, Kč 439,288,530.15	

COMPARISON OF BALANCE SHEET ITEMS SHOWING THE EVOLUTION OF THE BANK

Year	Own Means		Entrusted Money		Dividend Paid	Turnover		Securities Managed by the Securities Department	Balance Sheet Total	No. of Employees
	Capital Stock	Reserves	Deposits in Saving Accounts	Deposits in Current Accounts		Cash	Bookkeeping			
1920	Kč. 70,000,000.00	Kč. 14,000,000.00	Kč. 40,358,819.28	Kč. 182,225,042.71	8%	Kč. 23,767,539.65	Kč. 430,859,132.94	Kč. 7,645,076.14	Kč. 277,840,833.15	52
1921	70,000,000.00	18,082,259.26	78,950,291.81	252,924,946.61	8%	745,246,241.73	7,052,994,561.14	150,318,935.18	422,639,709.02	256
1922	70,000,000.00	26,344,508.20	94,053,880.64	412,015,229.13	6%	1,788,701,595.58	18,502,393,649.50	494,654,607.91	726,901,313.38	370
1923	70,000,000.00	26,800,000.00	116,699,555.12	418,810,766.94	6%	1,642,570,288.74	16,226,726,138.74	615,913,107.70	795,215,108.46	384
1924	70,000,000.00	29,200,000.00	148,981,780.49	424,458,656.52	6%	2,078,551,127.91	21,053,799,617.88	695,671,793.92	888,885,593.55	388
1925	70,000,000.00	32,000,000.00	177,934,747.18	478,015,327.39	7%	2,297,356,847.42	21,556,826,978.18	771,288,918.13	909,696,646.87	416
1926	70,000,000.00	39,800,000.00	215,293,824.24	533,589,882.51	7%	2,621,860,800.48	23,953,824,299.18	917,474,273.09	1,014,300,806.70	490
1927	70,000,000.00	40,200,000.00	257,778,925.80	604,280,895.30	8%	3,486,217,850.61	34,744,922,996.16	903,807,034.54	894,207,076.94	446
1928	70,000,000.00	41,000,000.00	292,490,126.60	556,960,289.80	8%	4,880,243,962.80	44,974,684,980.60	996,152,539.75	1,019,665,544.50	540
1929	70,000,000.00	63,736,108.20	333,159,215.85	754,749,066.85	8%	4,514,611,623.45	49,661,231,123.00	1,184,885,885.80	1,280,366,783.30	592
1930	70,000,000.00	100,000,000.00	357,231,470.20	706,423,091.25	8%	5,169,844,042.75	55,630,378,952.90	1,342,440,671.40	1,198,343,035.50	597
1931	70,000,000.00	100,000,000.00	394,578,595.30	595,685,649.35	6%	4,461,128,441.95	33,301,741,738.30	1,401,543,956.40	1,234,998,358.60	630
1932	70,000,000.00	100,000,000.00	443,789,092.65	581,150,855.70	6%	3,317,417,089.55	28,317,822,597.00	1,350,276,210.00	1,179,076,783.45	605
1933	70,000,000.00	100,000,000.00	462,502,600.85	506,063,481.70	6%	3,457,020,922.40	25,457,405,312.00	1,217,086,773.55	1,168,782,645.80	601
1934	70,000,000.00	65,000,000.00	490,496,496.05	498,046,879.65	6%	4,057,764,717.70	32,685,653,052.10	1,361,367,599.10	1,293,427,065.60	592
1935	70,000,000.00	65,000,000.00	511,427,828.90	599,080,626.05	6%					

BRITISH INSULATED CABLES, LIMITED

Manufacturers of all types of Bare and Insulated Cables and Overhead Conductors for the transmission and distribution of electrical energy, including Allied Accessories and House Wiring Systems, also Aluminium and Copper Sheets and Sections, Electric Resistance Welders and Rivet Heaters, Lead Strip and Glazing Sections, Meters, Rail-Joint Bonds, Static Condensers, &c.

RECORD TURNOVER—INCREASED PROFIT

SHARE BONUS DISTRIBUTION

PLANT AND WORKS EXTENSIONS

SIR A. ROGER ON IMPROVED POSITION AND PROSPECTS

The forty-first annual meeting of shareholders of British Insulated Cables, Limited, was held, on Friday, April 2nd, at Exchange Station Buildings, Liverpool.

Sir Alexander Roger, chairman, presided over a good attendance of shareholders.

The Chairman, in moving the adoption of the report and accounts, said: I have pleasure in formally submitting to you the directors' report and statement of accounts, circulated some days ago, which I presume may be taken as read.

Before proceeding with the business of the meeting I should like to refer to the recent resignation from the board of the Hon. Sir Arthur Stanley, owing, I am sorry to say, to increasing physical disability. Sir Arthur joined the board in March, 1909, and by his sound judgment and clear vision has rendered invaluable service to the company. His colleagues very much regret his retirement.

RECORD TRADING FIGURES

The past year's trading has established a record for the company, both in sales and in volume of output. Under fifty headings into which our various manufactures are divided for statistical purposes, as many as forty-three show the highest figures for all time. Our turnover during the year shows an increase of 32.5 per cent. over the previous year, and an increase over 1934 of 54.9 per cent. Whether measured by the volume of our turnover or by the variety of our products, we are comparable in size with the largest of the cable-making firms in the world.

PROFIT AND TURNOVER INCREASES

The net result of our trading shows an increased profit of £93,000 compared with 1935, and of £207,000 compared with 1934. These increases are not attributable to higher profit rates, but are the result of greatly increased turnover, made possible through the installation of additional plant, the expenditure of large sums during recent years in the continued modernisation of our factories, and last, but not least, because of really hard work on the part of all concerned.

The average rate of profit that we obtain upon our turnover shows a remarkable consistency from year to year, and this, of course, points to the fact that the substantial reductions in cost that we are continually achieving are passed on, in effect, to the public. This is, we think, as it should be.

From a manufacturing point of view 1936 may indeed, as in the case of 1935, be described as a year of works and plant extensions and improvements, following research and developments relative to the company's products and co-ordination with our subsidiary and associated companies. I mentioned to you last year that it is the policy of the board to scrap ruthlessly all plant which is no longer the most up-to-date and efficient of its kind, and the profit and loss account witnesses to the benefit of this policy.

You will observe that our profit on trading is struck after "contingent reserves adjustment," a phrase which has not hitherto been used. In businesses of our magnitude there are from time to time large transactions which cannot be settled in a single period of twelve months, and we have attempted in these cases to adjust their results, known or anticipated, to accord with the period under review.

If to the profit of £765,695 the balance brought forward of £303,860 be added, we have a total of £1,069,555. After providing for interest on debenture stock, dividends on both classes of preference stock, interim dividend on ordinary stock and directors' fees, there remains the sum of £874,561 to be dealt with.

We have allocated to depreciation a total of £143,681 14s. 2d. In increasing the amount of depreciation written off we have in mind the heavy capital expenditure of recent years, the speeding up of manufacturing processes and the consequent shortening of

the life of the plant. In former years the annual depreciation appeared in the accounts as a round sum, but as the result of closer investigation we have instituted a scientific basis for the determination of this important item, hence what may seem to you as the oddity of the amount provided.

CASH AND SHARE BONUSES

It is also proposed to set aside the usual amount of £100,000 to reserve account, leaving a balance of £630,879, out of which we recommend a final dividend of 10 per cent. to be paid on the ordinary stock, making, with the interim dividend already paid, 15 per cent. for the year, and your board feel justified in recommending a repetition of the payment of a cash bonus of 5 per cent. These payments will be subject to income tax, and will leave a carry-forward of £380,879, compared with £303,860 brought in.

At our last meeting I mentioned that a share bonus distribution had been suggested in some quarters, and I then informed you that your directors did not think this altogether prudent. Our hesitation arose from the consideration that a bonus of this kind must be paid at the expense of the reserves, and a consequent weakening of the company's position in that respect is not advisable in face of growing competition, and the need to be able to meet all contingencies and maintain our stability. An additional consideration in our minds was the fact that bonus shares, necessarily cause a weakness in the company's position relative to the maintenance of the current rate of dividend.

These considerations are still before us, but we have decided that in view of the company's further improved condition and immediate prospects, the payments of a share bonus at this time would be justified. (Hear, hear.) We therefore propose to ask you at an extraordinary general meeting, to be held after this meeting, to increase our ordinary capital to £2,000,000, to sanction the capitalisation of £333,334 of the company's reserves, and to appropriate that amount in paying up in full the like amount of new ordinary shares, which, when converted into stock, would be distributed as a bonus among the ordinary stockholders on the register at May 1, 1937, in the proportion of 1 of stock to every 15 of stock now held. It is further proposed that the bonus shares in stock will rank for dividend as from January 1st of this year. I may point out that this bonus has a market value much greater than the amount of stock distributed.

WORKS AND PLANT EXTENSIONS

As regards the details of the balance sheet, there are only a few items to which I would direct your attention.

The reserve account, with the addition of £100,000 is increased to £1,620,000.

The item of creditors is divided into two parts. The amount of £295,199 owing to subsidiary companies occurs mainly as part of the process of rationalising the companies concerned. General creditors are up by almost £500,000, owing to largely increased trade and certain contingent credit balances.

Turning to the assets, the item "land, buildings, plant, and machinery," after writing off £143,682 for depreciation already referred to, stands at £1,752,083, a small increase of £38,160, which, however, covers operations involving much larger sums. It embraces extensions to buildings and plant at both Prescott and Helsby for the purpose of increasing our manufacturing capacity to enable us to cope with increasing demands. It also includes plant and machinery and other assets of the Macintosh Cable Company, Limited, and the Croydon Cable Works, Limited, which we have purchased, and to which I shall refer later.

Investments in and accounts with subsidiary companies have decreased in total by £358,294. The first subdivision

is decreased by £186,000, again part of the process of rationalisation of our subsidiaries, while the reduction of the second subdivision is merely a reflection of our trading activities.

Other investments aggregate £1,665,188, an increase of £167,755, which includes investments taken over by us from the Macintosh Company.

As usual, the board have had prepared an estimate of the value of all investments and are of opinion that the intrinsic value is in excess of the value included in the accounts of the company. Most of our investments in these subsidiary and associated companies, not only yield us a fair return on our shareholdings, but in addition give us manufacturing advantages and reduced overhead costs, from which both they and the parent company benefit.

Stocks and works in progress are shown at £1,412,060, due to increased business and in part due to an appreciable rise in the price of raw materials.

Debtors and bills receivable at £1,561,395, show an increase of £760,000, almost wholly due to increased trading, and I think you will be interested to learn that our bad debts last year worked out at 10½d. per £100 of sales, which I should imagine is rather a record. (Hear, hear.)

Cash in banks and in hand at £191,833 is less than the amount usually held, and does not express our liquid resources.

TWO UNDERTAKINGS PURCHASED

Turning now to matters of more general interest, you will recollect that last year I intimated that the board were investigating a form of rationalisation within the ambit of our own group of manufacturing companies. We have since purchased the undertakings and assets of the Macintosh Cable Company, Limited, Derby, and the Croydon Cable Works, Limited, Croydon.

In the past these companies have been controlled by virtue of our shareholdings, but after a thorough investigation your board decided to centralise and distribute manufacture at Prescott and Helsby works. This will effect savings in works management expenses and in general establishment charges, which will ultimately be to the benefit of our profit and loss account, but no part of these savings is reflected in the accounts now under review, as the change-over was only made on September 30, 1936, and regular working under the new conditions was only brought about some time subsequently.

The buildings at Derby and Croydon have been sold at satisfactory prices, and in each case precautions have been taken to ensure that the premises cannot be made available for competitors for a long time to come. The best of the plant and machinery has been transferred to either Prescott or Helsby, to provide the increased manufacturing facilities there necessary. The remainder has been scrapped, and provision has been made in our accounts to cover the costs of the rationalisation.

Some extension of the buildings at Helsby has been necessary to house the plant taken over, and the opportunity has been taken to make provision for an increase in our manufacturing capacity, particularly in the direction of telephone switchboard cables, silk covered wires, etc., as well as for an improved layout for a considerable proportion of the plant.

PRESCOT ELECTRICITY SALE

During the year the formalities connected with the sale of our Prescott electricity undertaking were completed, and on April 1, 1936, it was formally taken over by Liverpool Corporation. It was right, and we believe in the public interest, that this transaction should be carried through and the undertaking placed under the vigorous and progressive administration of Liverpool. We have pleasure in acknowledging the amicable and fair spirit in which these negotiations were concluded. The electric supply needed for our Prescott factory is now obtained from Liverpool at satisfactory rates.

COPPER AUXILIARY

British Copper Refineries, Limited, continues to make good progress, and during the past year has substantially increased its output, measured in value and volume, and is proving in every way to be a very satisfactory auxiliary to your company, both in a financial and manufacturing sense. (Hear, hear.)

It will be interesting to you to know that your company absorbs about 20 per cent. of the copper of all kinds which comes into this country, and about 33 per cent. of the copper used for electrical purposes.

RAILWAY WORK ABROAD

International trade, though still beset with barriers and restrictions, is improving, and although we are exceptionally busy at

home, we have no intention of neglecting our overseas business. Three months ago, in conjunction with Metropolitan-Vickers Company, and the English Electric Company, we completed the first section of railway electrification in Poland, which comprises 179 miles of single track, and in Brazil, again in conjunction with Metropolitan-Vickers, we have actively in progress another contract for railway electrification, extending to 112 miles of single track overhead equipment. This, I may say, is a type of work for which we have a high reputation. Our order books at present generally show an improvement on the past year, and the works both at Prescott and Helsby are working to capacity.

You are, of course, aware of the increasing prices of commodities. These affect our business mainly so far as rubber, copper and lead are concerned. The average market prices of these commodities during 1936 were:—

Rubber, 9½d. per lb., against 5½d. per lb. in 1935.

Copper, £43 2s. per ton, against £35 19s. per ton in 1935.

Lead, £18 7s. per ton, against £15 5s. per ton in 1935.

These prices have again considerably increased during the present year, and you will appreciate that when raw materials have advanced to this extent heavy additional finance is required, which would no doubt have represented a burden upon us had we not built up our reserves over years for this and other purposes.

PLANT WORKING TO CAPACITY

The present excellent showing made by the profit and loss account has been arrived at largely by concentrated effort and by utilising the resources of the company in men and plant almost to the breaking point. A large proportion of our machinery has been working double-shift throughout the year, and in some cases even 23 out of the 24 hours.

One's natural comment on this is, "Why not expand further?" During the past year we have spent about £200,000 on capital, and the work now in hand or in contemplation will probably involve us in a similar amount this year, but we cannot view the future with equanimity, and we are determined to guard against over-expansion of productive capacity. Your board feel that it is dangerous to be carried away by excessive enthusiasm, on the crest of a wave of prosperity. (Hear, hear.)

We all know that soon or late a period of less active trading may be expected to follow in the wake of the present conditions, and it has to be remembered that it is only a comparatively short time since the cable-making facilities in this country were very considerably in excess of requirements. In all our capital expenditure we aim at so increasing our technical efficiency and reducing our costs of manufacture that in periods of depression, when the need is greatest, we may be strongly competitive. To this end also our financial reserves are directed.

DISTRESSED AREAS PROPOSAL

We note and follow with sympathy and interest the efforts being made to create employment in the Distressed Areas, but I am afraid permanent relief will not be found in the direction of building factories for the purpose of participating in a relatively small surplus demand arising from abnormal and temporary prosperity. We hear, for example, of proposals to build two new cable factories. If they come to fruition they will, of course, succeed in getting a certain amount of business, but the promoters would be well advised to pause and consider whether in more normal times the additional manufacturing capacity proposed is justified, even for the present purpose of unemployment relief.

I would suggest that permanent cure for unemployment has more solidity in the direction of new manufactures to meet new requirements, and we speak from definite experience. It is a policy we have pursued ourselves with success, as you will see from the varied lists given in the second page of our annual accounts, and I am not giving away any trade secrets when I disclose that cable-making itself represents less than one half of the turnover of this company and its subsidiaries.

MANAGEMENT AND WORKPEOPLE

In completing a survey of a year of extraordinary activity, I am sure you will join with me in tendering our cordial thanks both to the workpeople and to the staff for their loyal and efficient service, and in especial measure to our managing director, Mr G. H. Nisbett, upon whom the burden of the very hard work necessary to bring about the results placed before you to-day has chiefly fallen.

Last Christmas your board thought it fitting to make some tangible recognition of the excellent service afforded to us by

our workpeople during the year, and in their name and yours gave a gratuity of 20s. each to the higher-paid workers and 10s. each to the juniors. We have reason to know that this gesture gave much satisfaction. The staff, you will remember, have a reward for their efforts over and above their salaries by participation in the company's profit-sharing scheme.

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

Mr John Ferguson, vice-chairman, seconded the motion, which was carried unanimously.

DIRECTORS RE-ELECTED

Mr G. H. Nisbett, M.Eng., managing director, proposed the re-election of Sir Alexander Roger, Mr T. H. Martin-Harvey and Mr W. Travis, as directors of the company.

Major A. L. Chandler, M.C., seconded, and the resolution was carried.

On the proposition of Colonel Bates, seconded by Colonel Tennant, Messrs Chalmers, Wade and Company were appointed auditors.

Mr R. B. McFadden proposed a vote of thanks to the chairman and directors for their services during the past year, and to the chairman for presiding.

Mr T. Gillison having seconded, the motion was cordially agreed to, the Chairman briefly replying.

THE NEW SHARES

An extraordinary general meeting of the company was held subsequently.

The Chairman proposed a series of resolutions increasing the ordinary capital of the company from 1,666,666 to 2,000,000 by the creation of 333,334 ordinary shares of £1 each, undivided profits of the company to be utilised for the purchase price of the additional shares, and such shares to be distributed *pro rata* amongst holders of ordinary stock in the proportions of one new ordinary share in respect of £5 of ordinary stocks now held.

Mr John Ferguson, vice-chairman, seconded the resolutions, which were unanimously adopted.

VICKERS LIMITED

PLANT EXTENSIONS

The annual general meeting of Vickers Limited was held, on the 2nd instant, in London.

General The Hon. Sir Herbert Lawrence, G.C.B. (Chairman), who presided, in the course of his speech, said: The accounts show that net profits for the past year were £1,162,610, an increase of £234,505 compared with 1935. After the transfer of £250,000 to reserve, your directors recommend the payment of a dividend of 10 per cent. on the ordinary stock.

Vickers-Armstrongs Limited, the largest subsidiary in the group, has again had a satisfactory year and has earned sufficient profit to enable it to pay the net sum of £759,684 by way of dividend.

I have frequently referred to the policy we have pursued for some years of bringing the plant and machinery of the various works and companies to a highly efficient state. While this has meant considerable capital expenditure, I can again assure you that without it, we should not have achieved the improved financial results, nor should we have been able to maintain our position as the leading suppliers to the Government Services of the armaments required under the defence programme.

We have now in various stages of construction at our shipyards no fewer than 21 war and commercial ships, including H.M.S. "King George V," one of the first two new capital ships ordered by the Admiralty, and H.M. ships "Illustrious" and "Victorious," two of the new large aircraft carriers.

The English Steel Corporation, Limited, has again shown an increase in trading profits and has paid 20 per cent. dividend (free of income tax) on its deferred ordinary share capital.

The extensions to plant which are being carried out by certain of the subsidiary companies are not yet completed and the results of the past year do not appreciably reflect the increased armament production, the effect of which should begin to be realised during this year.

During this present exceptional period it is necessary and prudent that full provision for depreciation, obsolescence of plant and reserves should be made. With expanding business, total profits should increase, but such increased total profits will not of necessity mean larger divisible profits.

The report and accounts were adopted.

AUTOMATIC TELEPHONE AND ELECTRIC COMPANY, LIMITED

EXPANSION OF TELEPHONE SERVICES

The seventeenth ordinary general meeting of this company was held, on the 5th instant, in London.

Sir Alexander Roger (chairman of the company) presided, and, in moving the adoption of the report and accounts, said he was glad to report that 1936 had been a good year. The net profit on trading and dividends on investments, etc., amounted to £133,564, after making the usual provisions, and compared with £120,283 for 1935 and £97,757 and £87,361 for the two preceding years. Profits, therefore, showed satisfactory progress, and the board proposed to pay total dividends of 10 per cent. on both the ordinary stock and the deferred stock and shares.

Dealing with the balance sheet, the chairman said that a valuation had been taken of the "Freehold land, buildings, machinery, fixtures and fittings standing at £324,210," and the directors were satisfied that in adopting the foregoing basis of cost, less depreciation, they had been prudent and conservative. "Patent rights and goodwill" now stood at only £146,030, and were of much greater value than that figure indicated.

The most important of their subsidiary companies was now Telephone and General Trust, Limited, which had again issued a satisfactory report, and for the seventh year in succession had paid a dividend of 8 per cent. on the ordinary stock and "A" ordinary shares. The final dividends on those securities, declared last week, had not been brought into the 1936 profits of this company.

Elxcel, Limited, another wholly owned subsidiary, was as yet in its early stages, but its Xcel products were meeting with increasing favour. The cash position of their own company was satisfactory.

PROGRESSIVE POLICY OF G.P.O.

One of the most striking events in the national life of the country in recent years had been the expansion of the telephone service, a development which was only comparable with the extended use of electricity for light and power. The far-sighted policy adopted by the Postmaster-General and his Department in reducing rates and so forth had led to an enormous increase in the use of the telephone. Last year there had been a net increase of 238,000. The much-needed "On demand" trunk service was being developed as quickly as possible, and the automatisa-tion of rural areas was making steady progress, in all of which their company was bearing its share. Their new Strowger automatic telephone switch mechanism had been adopted in exchanges in this country, India, South Africa, Australia, Portugal, the Baltic States and elsewhere with complete satisfaction to all concerned, and the company was meeting an increasing demand for private telephone installations in offices, factories and elsewhere.

The company's excellent relations with the Governments and companies with which they had supply agreements had continued unimpaired, and they had carried out important works in Lithuania, Poland, and South Africa, while in Australia, in New Zealand, and other countries the prospects of business were improving, and it was pleasant to report that their large export business, which they hoped would be still further extended in the future, included orders last year from fifty countries.

THE OUTLOOK

Prospects of business for the current year, judged by their order-book, were at least as good as 1936. With some reluctance, as they felt the present prosperity in business was owing in a certain measure to abnormal causes and when those causes disappeared a contraction of business might be seen, the board had undertaken a further extension of the factory in order to increase the company's productive capacity, and they proposed to make use of this period of good business to extend it and improve their efficiency in every direction, thereby reducing costs.

In order to stimulate further efforts of their staff and enable them to realise their complete identity of interest with stock and share holders, the board were now engaged in working out a profit-sharing scheme based on other schemes which had proved of great value elsewhere.

They were associates in a large all-British group of companies which had formed a joint council for technical development and investigation of subjects of interest, which they believed would be productive of economy and efficiency, and be of great advantage to each participant in many other directions.

The report and accounts were unanimously adopted.

THE UNITED GLASS BOTTLE MANUFACTURERS, LIMITED

SATISFACTORY YEAR'S OPERATIONS

INCREASED DIVIDEND

MERGER ARRANGEMENTS

SIR MAX BONN'S REVIEW

The twenty-fourth ordinary general meeting of the United Glass Bottle Manufacturers, Limited, was held, on the 8th instant, at Winchester House, Old Broad Street, London, E.C., Sir Max J. Bonn, K.B.E. (the chairman), presiding.

The Secretary (Mr S. S. Kenyon), having read the notice convening the meeting and the auditors' report,

The Chairman said:—My lords, ladies and gentlemen,—I have first to report the result of the special meetings which have preceded this meeting, and to advise you that the resolutions which were before both meetings were carried unanimously.

Whilst you will, no doubt, regard the understanding reached with the Distillers Company as of paramount interest, I think I should first deal with the directors' report and accounts for the year 1936, by way of retrospect. They have been in your hands for some time, and with your permission I will take them as read. (Agreed.)

BALANCE SHEET

I wish to draw your attention to the expenditure on land and buildings of £17,532. During the year we acquired certain land adjoining the St. Helen's Factory, and it has enabled us to start upon the first section of a new warehouse, which should ensure a more economical way of handling our ware. Plant and machinery (after writing off £92,775, our normal rate for depreciation and wear and tear of moulds) is lower than last year by £1,522. Stocks and stores, debtors and cash, less amounts due to creditors, show a surplus of liquid assets of £682,381.

PROFIT AND DIVIDENDS

The net profit for the year amounts to £171,583 (as against last year £151,125), to which must be added the balance brought forward from the last account of £44,494, making a total of £216,077.

There has been paid and/or appropriated (1) the half-year's dividends to June 30, 1936, on the preference and ordinary shares, £28,957. (2) Amounts transferred to debenture redemption reserve, £16,090; general reserve, £40,000, bringing it to £340,000; staff benevolent fund, £10,000. (3) Provision for works improvements, £20,000, and since December 31st there has been paid the final dividend on the preference shares, £17,195, leaving a balance of £83,835, with which the directors propose dealing as follows: By payment of a final dividend on the ordinary shares of 6 per cent., less tax (as against 5 per cent. last year), and a cash bonus of 2½ per cent. (same as last year), less tax, £39,991, and by carrying forward a balance of £43,844. I should like to refer more particularly to the allocation of £20,000 to a works improvement reserve. This sum is now set aside for the purpose of meeting the cost of various improvements and new amenities, which Mr Moorshead strongly recommends, though they are not of a profit-earning character.

The increase of £21,000 in the net profit is more modest than would appear on the surface, inasmuch as the saving on debenture interest, which became operative this year, amounted to £7,500. The balance is due to the general improvement in trade, and the cumulative effect of many improvements and economies. It was only during the first eight months of 1936 that results showed an improvement over the previous year; as the year went on, the general increases in wages and costs made themselves more felt.

In common with other industrial users of coal, we are apprehensive of an increasing burden, which threatens to affect the general price level of all mass-produced articles.

During the year the board incurred an exceptional outlay by donating £2,500 to the Glass Research Delegacy of the University of Sheffield in response to an appeal for funds for the new buildings of the Department of Glass Technology. This contribution is not entirely free from an element of business interest,

inasmuch as we look to the Glass Delegacy as the Central Research Institute of our industry and the training ground for our young technologists.

HOLIDAYS WITH PAY

Quite recently notices were posted at the works, intimating that the board had decided in favour of the principle of one week's holiday with pay. With our continuous processes, it is unlikely that any offsets can be made which will reduce the full cost of this departure. Nevertheless, I am confident that shareholders will approve of the board's decision. We were guided by the consideration that industries which are mainly engaged in domestic trade, and thus benefit from any improvement in the standard of living and resulting purchasing power, should make contribution, to their full ability, to the spirit of the times. We rely on our operative staff to render some general compensation, by still better time-keeping and generally increased efficiency. If we can keep the cost within our estimates, it will be a further tribute to the efficiency of Mr Hecker and his staff at Charlton, and Mr Galbally's organisation at Sherdley.

SUBSIDIARY ACTIVITIES

I should like to refer to the excellent results obtained by the Box Shop, and to the ever-increasing activities of our subsidiary, Kork-N-Seal Limited, which manufactures metal and moulded closures, lead capsules, etc. Our customers obtain a great convenience by reason of the co-operation between your company and Kork-N-Seal, which ensures efficient sealing of their products.

Better times are reflected in a two-fold direction; firstly, our customers have been more inclined, in an atmosphere of generally rising prices, to order ahead, thus facilitating our production programmes; secondly, the greater sense of stability within the industry has caused all bottle makers to pay stricter regard to their production costs, and to resist the temptation to attract business by price cutting.

THE FUTURE

The first three months of the current year, as far as I can judge, compare favourably with those of 1936. I foresee a close race between increased costs and a better price level, aided by the normal benefits from our regular efficiency and economy campaigns; but barring untoward events, the final results of 1937 should be not less satisfactory. If this be so, the directors would wish to bring the interim dividend into a better relationship with the final dividend declaration.

MERGER ARRANGEMENTS

I would now like to make a few remarks in regard to the merger arrangements which have become operative by virtue of the preceding meetings. It would be difficult to over-emphasise the importance; at the same time it would be easy to exaggerate the immediate advantages.

For many years past we have had most friendly relationship with the Distillers Company as a valuable customer; but the bulk of their own requirements, and a growing measure of outside trade, were catered for by their own bottle works. They were confronted from time to time, primarily from the point of view of their own requirements, with the problem of the reorganisation of one or other of their works. As I remarked last year, it is practically impossible, under modern bottle-making conditions, for anyone to add a new unit of a size to be economical, without automatically creating surplus capacity for the industry as a whole.

Before committing themselves to a scheme of reorganisation which would in the long run have threatened chaos within the glass bottle industry, Mr Herd, the chairman of the Distillers Company, expressed a willingness to review informally the possibilities of some merger which would safeguard the Distillers' requirements, but would also avoid disturbance to the industry as a whole.

A merger, from our own point of view, held out the attraction of retaining a highly valued customer, and of avoiding possible competition on the part of a manufacturer whose general resources far outweighed those of anyone in the trade.

The conclusion of the merger is very largely due to the admirable way in which the initial *pourparlers* were carried on by our respective auditors, Messrs Moores, Carson and Watson, and Messrs Cash, Stone and Company. After the ascertainment of the respective earning powers, I had the pleasure of direct negotiation with Mr Herd, and the final terms were agreed in a spirit of give and take. I think it is a tribute to all those engaged in these protracted negotiations, and especially to the staffs in the various offices, that we were able to issue our first circular before the usual kind of rumours could create embarrassment.

A MILESTONE IN THE COMPANY'S HISTORY

I have had inquiries from several old shareholders on the question of general policy, seeing that the Distillers group will have a predominating interest by virtue of the number of shares to be issued to them in the discharge of the purchase consideration. In amplification of the information given in the circular of March 15, 1937, I wish to say that the merger is conceived to be for the mutual advantage of both parties, and that their interests will lie along the same path. We have already indicated in the circular that "generally speaking, the merger arrangement reflects a reciprocal undertaking for service to be rendered, in return for most-favoured custom and general support."

This, needless to say, was issued in agreement with Mr Herd, and for my own part, and on behalf of my colleagues, I am more than happy with this arrangement, both in its practical bearings and the general advantages which we foresee. I regard it as a milestone in the history of the United Glass Bottle Company, and I look forward to taking an active part in perfecting the new arrangements.

To those who view the merger from a more northern angle, I should like to say that it is our desire and intention to continue things substantially as they are. The works which we have now acquired are admirably situated to meet the special requirements of the distillers' interests as well as the demands of the general trade in Yorkshire and Scotland, which we can at present only serve at the cost of heavy freight.

We shall be manufacturing at Charlton, Kent; St. Helen's, Lancashire; Castleford, Yorkshire; Shettleston, Glasgow; Portobello, Edinburgh; and Kinghorn, Fife—a geographical position which is unique for any glass bottle-making concern in Europe.

CONSTITUTION OF THE BOARD

Before concluding my general observations, I must refer to the increase sought in the constitution of the board and for the directors' fixed remuneration in terms of Article 103, as distinct from the commission to which I am about to refer. In the immediate future we expect to co-opt four representatives of the distillers' interests; possibly, at some later stage, it may be advisable to enlarge the board in a more general way. We therefore require a substantial margin over the existing limit, though I doubt whether the maximum, which we are asking you to authorise, will be reached.

In view of the additional profits which should arise under the new arrangement the board feel that the commission to which they become entitled under certain conditions shall not become operative to the full extent provided in the Articles. They will review the whole situation in consultation with their new colleagues and will bring the matter before you next year.

THANKS TO THE STAFF

On behalf of the board I have to express their appreciation of the excellent manner in which the staff and all employees of head office, factories, warehouses and branches have carried out their duties during the past year. In connection with the recent negotiations I wish to extend a special thanks to the secretariat.

NEW HEAD OFFICES

It may be more than a mere coincidence that the lease of our head office should expire this autumn. We have secured new

accommodation, upon completion, by taking the lease of the upper floors of a building in Leicester Street, facing the Square. I should like to think that the new offices will prove a fitting background for our enlarged activities and a happy workshop for a contented staff.

I now beg to move the adoption of the report and accounts and that a final dividend of 6 per cent. (making 8½ per cent. for the year), less tax, and a cash bonus of 2½ per cent., less tax, on the ordinary shares of the company for the year ended December 31, 1936, be paid, and I call upon Mr Cannington to second the resolution.

Mr J. S. Cannington seconded the resolution, which, in the absence of question or comment, was put to the meeting and carried unanimously.

Mr T. C. Moorshead, M.Am.Soc.C.E., then proposed the re-election of the retiring directors, Sir Walrond A. F. Sinclair, K.B.E., and Major W. F. Dixon-Nuttall, D.S.O., T.D., J.P., which was seconded by Mr H. St. John Judd and carried unanimously.

The auditors, Messrs Cash, Stone & Co., were re-appointed.

The chairman added that, in spite of the presence of their friend, Colonel Smith, he wished again to say that anyone who shared the board's view as to the importance of the merger arrangements owed a great debt of gratitude to the ability of the auditors and their whole-hearted devotion to the interests of the United Glass Bottle Company and he wished to thank them once more.

A resolution was also passed determining the remuneration of the directors.

A GREAT ACT OF STATESMANSHIP

Mr C. V. R. Coutts, F.I.A.: My lords, ladies and gentlemen, before we allow this meeting to break up I think it would be seemly for some reference to be made from this side of the table to the very important agreement with the Distillers Company, to which the chairman has just referred. I think we shareholders ought to be proud of the record of this company in the past ten years. When I look at the figures I see that in 1928 we got a dividend of 5 per cent. and that all through the industrial depression that was actually increased to 7½ per cent., and it is now raised with the bonus to 11 per cent. I think that is an achievement of which the chairman and the board are entitled to be proud. (Hear, hear.)

But I think to-day our minds are mainly concerned with this agreement and merger with the Distillers Company. That agreement reminds me of the old problem of whether it is wiser to keep a cow or employ a dairy. (Laughter.) I think the answer to that problem depends in the main on whether you have an efficient and reliable dairy. Well, pursuing that simile, I think we can say that the Distillers Company have satisfied themselves that they have found a reliable dairy and that it is really a great compliment to the board and a tribute to our technical efficiency that they have seen their way to come into and put themselves in the same boat with us. I think I am voicing the opinion of everybody here when I say that you, sir, and Mr Herd and your respective colleagues deserve the congratulations of all of us on a great act of statesmanship. In these days the tendency is, I think rightly, towards horizontal rather than vertical arrangements, and that is clearly the opinion of the Distillers Company in giving effect to this arrangement. It means in effect that we devote all our energies to making the best bottles, and the Distillers Company devote their energy to making the best stuff to put into them. (Laughter.)

In conclusion, I should like to say how glad I am to see the arrangement under which the staff get a week's holiday with full pay. I am sure that is a very wise and far-seeing proposal. I have always felt there was something wrong with the system under which the lowest paid members and the wage-earners had to suffer a loss of pay when they took a holiday while they saw people about them enjoying their holidays and enjoying their salaries too. I have much pleasure in proposing a vote of thanks to the chairman and his colleagues. (Applause.)

The vote was passed with acclamation.

CHAIRMAN'S ACKNOWLEDGMENT

The Chairman: Mr Coutts, ladies and gentlemen, my colleagues would wish me on their behalf and in my own name to thank you very much, Mr Coutts, for your generous tribute, and you, ladies and gentlemen, for your kind reception of it, and I am sure that our new friends, Mr Herd and his colleagues, would wish me to claim the first prerogative of the merger to thank you also on their behalf. We are, I think, particularly happy that you have found time to come here to-day and give us your personal

ANGLO-PORTUGUESE TELEPHONE COMPANY, LIMITED

FIFTY YEARS OF PROGRESS

INCREASE OF CAPITAL APPROVED

The fiftieth ordinary general meeting of the Anglo-Portuguese Telephone Company, Limited, was held, on the 7th instant, in the Incorporated Accountants' Hall, London.

Sir Alexander Roger (the chairman), in the course of his speech, said:—"The profit and loss account shows a gross operating revenue of £306,862, an increase of £15,490, while operating and management expenses, including royalties to the Portuguese Government and increased allocation to depreciation amount to £182,997. Loan interest is reduced and income tax is increased because the normal charge for the previous year was substantially reduced by a non-recurrent obsolescence allowance on account of exchange plant withdrawn. The result is a net profit of £89,087, compared with £84,634.

Your directors recommend a final dividend of 5 per cent., less tax, on the ordinary stock, making 8 per cent. for the year, and 8 per cent., less tax, on the "A" ordinary shares. After allocating £20,561 to reserve for renewals, a sum of £26,285 is carried forward against £25,698 brought in.

Your company was incorporated in June, 1887, and to-day celebrates the holding of its fiftieth annual general meeting. As can be imagined, your company, which can rightly claim to be one of the pioneers in the telephone operating field, has passed through many vicissitudes, but to-day we are working under a concession which is proving satisfactory to all parties. Our tariffs are now on a modern basis, our 1,800 workpeople are keen and contented, and there is promise of further expansion to the advantage of the Government, the public and the company. We consider that your company is now more firmly established as an integral part of the economic life of Portugal than at any time during its past history.

GROWTH OF THE UNDERTAKING

From small beginnings, when revenues did not permit of dividends being paid, we have made substantial progress. I think we can fairly claim that the company is fulfilling its obligations and the results, in our opinion, have fully justified the large capital expenditure we have boldly undertaken in good times and in bad. So far as the standard of the service is concerned, this is recognised to be as efficient as any in the world.

During the year 3,165 stations (or telephone instruments) were added to the system, the station growth showing an increase of over 7.5 per cent. There was actually a gross increase of 8,900, or, say approximately, for every three stations added two were withdrawn.

Of paramount importance to every public utility company is the question of tariffs, and for some time we have studied how we could simplify the dual system, consisting of a flat rate and message rate, which has been in force since 1928.

The experts of the General Administration of Posts and Telegraphs of Portugal, in cordial co-operation with the company, finally devised a suitable measured rate tariff which met with the complete approval of the Government. Existing subscribers are now in process of changing over as and when their current period contracts expire, and all subscribers will be on the new rates from July 1, 1937, onwards. From results to date we are of opinion that revenue will be at least maintained and development and expansion greatly encouraged.

NEED FOR FRESH CAPITAL

We have continually under review the probable capital requirements of the next few years, for it is not economically wise in the telephone business to plan for short periods only. Suitable buildings must be provided, new exchange equipment designed, cables and associated plant planned. These matters call for specialised technique and your company and its engineers, through its associated companies, is in the fortunate position of being able readily to furnish this. Our studies show that to meet probable expansion for the next five years we can profitably expend about £1,100,000, calling for about £500,000 fresh additional capital.

Portugal continues to make good progress. The company's relationships with the Government and Municipalities continue to be on the most friendly basis, and we have every satisfaction in recording this association of interests and mutual assistance.

The report was unanimously adopted and a resolution passed increasing the capital of the company from £1,350,000 to £1,700,000 by the creation of 350,000 additional shares of £1 each.

bleasing, because I believe in the City you cannot often get away from the great institution which you represent so ably, and if the Mutual Provident Assurance Association come here to-day to give us a pat on the back, that has two very great significances.

First of all, ladies and gentlemen, you all know how high that institution ranks in the insurance world, but what most of us do not know, and what I learnt only recently, was that the Mutual Provident originated the system of staff insurance and have made it a growingly important feature for many years, and the man who insures such a number of staffs as he does must be in the very closest touch with industry as a whole, even if, as he very modestly pretends, he only finds time for his duties as actuary in the City of London. Therefore your tribute to us is very welcome, and the only thanks I can give you is that I pledge you on behalf of my colleagues that the annual premium will be paid as a sustained effort in order to ensure your continued support and confidence. (Laughter and applause.)

At a separate general meeting of the holders of the preference shares and also at an extraordinary general meeting of the company held previously to the annual meeting, resolutions were passed authorising an increase in the capital of the company to £2,600,000 by the creation of 1,100,000 new shares of £1 each, of which 600,000 are to be preference shares and 500,000 ordinary shares for the purpose of acquiring the issued shares of British Bottles, Limited.

JOHN BARKER AND COMPANY, LIMITED

IMPROVED RESULTS

The forty-fourth ordinary general meeting of John Barker and Company, Limited, was held, on the 6th instant, at Derry and Toms Building, Kensington High Street, W. Sir Sydney Martyn Skinner, J.P. (chairman and joint managing director) presided.

The Chairman, in moving the adoption of the report and accounts, said: In addressing you last year, I remarked that, "subject to unforeseen events, the trade barometer would appear to be at 'set fair.'" From the published results to date, that remark has, I think, been justified, and conditions in general point to a distinct revival, which we all hope will continue.

Having dealt with the balance sheet, the Chairman continued: If you will turn now to the profit and loss account you will see that the gross profit, rents received and other income for the year amount to £1,593,771, or an increase of £10,088; this increase is practically all in the gross profit on trading, and your directors consider this a satisfactory achievement.

This additional gross profit is somewhat offset by increases in expenses, mainly in salaries, wages, etc., and in rates. The increase in salaries and wages is largely due to the extensions in Wrights Lane; the increase in rates is in part due to the same cause, but also to a full year's burden of the increased assessments upon the company's properties to which I referred last year, together with advances in the actual rate in the pound.

From statistics published, covering the period from 1933 to 1936, I find that the rates paid by your company have increased by 35 per cent. during that time, and if you add to this impost the cost of imperial taxation, you will realise what a burden this is on our undertaking and upon industry generally.

The profit and loss account submitted to you is so full and self-explanatory that I do not propose to comment further upon it. The final result of the year's operations is a net profit of £390,201, as compared with £386,791, or an increase of £3,409.

To the net profit as above of £390,201 10s. 4d. must be added the balance brought in from last account of £223,791 5s. 11d., making a total of £613,992 16s. 3d.

The usual interim dividends on the preference and ordinary shares were paid during the year; these absorbed £78,404, leaving a balance of £535,588 16s. 3d. available for allocation.

The directors' recommendation as to the allocation of this amount are set out in the report; but I now put them formally before you for your approval—namely, that we write the amount of £50,000 off fixtures, fittings, plant and machinery; that we place the sum of £150,000 to rebuilding and modernisation reserve, and £10,000 to the pension and benevolent fund; further, that we declare a final dividend for the six months to January 31, 1937, on the 5½ per cent. and 6 per cent. preference shares, and a final dividend on the ordinary shares of 10 per cent., making, with the interim dividend already paid, 15 per cent. for the year. These recommendations will leave a balance of £191,868 to be carried forward.

Mr T. A. Bowen (vice-chairman and joint managing director) seconded the resolution, which was carried unanimously.

ASSOCIATED ELECTRICAL INDUSTRIES LIMITED

SUCCESSFUL RESULTS—INCREASED PROFITS

The 37th annual general meeting of Associated Electrical Industries, Ltd., was held, on the 2nd instant, at Bush House, London, Sir Felix J. C. Pole, the chairman, presiding.

The Chairman, in the course of his speech, said that the profit, including dividends from subsidiary companies, amounted to £1,955,624—an increase of £227,105. The directors recommended a dividend of 10 per cent. on the ordinary stock.

All the company's works had continued to be well employed during the year, orders received and in hand at December 31st showing a substantial increase. All their companies were, and had been, exceptionally busy, and orders received so far this year were in excess of the total for the same period last year. Actually they had in hand to-day far more home and export work than they had had for several years past.

As an indication of the fact that their Group had completely emerged from the slump conditions of a few years ago, he would say that whereas the number of employees in all their companies at one time had fallen to about 22,000, the latest total for the Group was 37,838, excluding workpeople away owing to sickness or other cause; never before had there been so large a staff.

The statement in the report that all the company's works continued to be well employed was very modest. How long would that state of affairs continue? So many factors had to be taken into consideration that he hesitated to give an answer beyond saying the board had every reason to anticipate good trade for another year or two. He hoped that the Government would not upset the balance of industry in their desire to help the so-called depressed areas. In the electrical industry productive capacity was ample, and unregulated additions thereto would be calculated to create future difficulties. He was a little alarmed at the possibility of subsidised competition from new factories, and it would be an added injustice to accord such factories preferential treatment in placing Government orders.

OUTSTANDING WORK

Outstanding items of work in progress or completed during the year by the Metropolitan-Vickers Electrical Company were the Warsaw Junction Electrification Scheme in Poland which was nearing completion; the electrification of portions of the suburban lines of the Central Railway in Brazil, the supply of two 60,000 k.w. turbo-alternator sets for the Fulham Corporation Power Station and additional 33,000 k.w. sets for the Victoria Falls and Transvaal Power Company, Ltd.

Much of the plant for which orders had been received was required to meet the growth of demand on the Power Stations of the Grid System of the Central Electricity Board. There was every reason to hope that consumption of electricity would continue to increase, seeing that even the present-day standard of electric lighting in many houses was below what it should be. That fact they and other manufacturers, in co-operation with the Electrical Development Association, were bringing to the notice of the public by what was known as the Better Light Better Sight Movement. There was also a constant increase in the use of a great variety of household electric appliances detailed in the "Modern Ideal Home" diagram in the pamphlet issued with the report.

Notwithstanding the increase of orders in the home market, the board's policy was to do everything possible to develop export business. The task was heavy, but by producing products second to none in quality and performance, and by maintaining an efficient staff overseas, and by personal contact, they were endeavouring to secure their share of the export market.

In his opinion it was necessary to have separate agreements with each of their Dominions, differing according to the circumstances and manufacturing aspirations of each. Throughout the world there was need for a wide extension of international trade, but it seemed unlikely that many of the barriers would be removed for a long time to come.

Few, if any, industries could record equal progress to the electrical industry, and it was gratifying to know that their associated and allied companies had contributed materially to the improvement. Both the British Thomson-Houston and the Metropolitan-Vickers companies spent large sums in research, and their scientific and engineering staff was of the highest order. The result was that throughout the world the companies were recognised as occupying premier positions among designers and manufacturers of electrical plant of all kinds.

The report was unanimously adopted, and a resolution was passed approving the conversion of the issued shares of the company into stock.

TRUSSED CONCRETE STEEL COMPANY, LIMITED

SATISFACTORY TRADING RESULTS

The annual general meeting of the Trussed Concrete Steel Company, Limited, was held, on the 8th instant, at Caxton Hall, London.

Mr G. R. Holland (the chairman), who presided, said that the company was first registered on March 12, 1907. The business had been progressive, and consequently it became necessary to enlarge its capital, and during March, 1936, it was decided to reorganise the company. Its flotation as a public company was a very great success. In the first year's operations under its present formation, the company had only had the benefit of its new capitalisation for nine months. Profits, prior to depreciation, were £41,906 2s. 3d., which, compared with the previous period, showed a substantial increase. From that the sum of £12,840 16s. 10d. had been utilised in depreciating plant and equipment, and in addition £12,314 8s. was written off earlier in the year against the valuation of their property.

Trading results for the past year must be considered satisfactory, representing as they did the largest turnover in the history of the company, and had it not been for certain unforeseen circumstances, there would have been a considerable increase in net profits.

The volume of business in Hy-Rib and Truscon floors continued to increase steadily and profits were maintained. A new and important market had been established in India and the company was in receipt of large orders and was expecting others. Subject to nothing in the shape of a thunder-bolt to disturb the country's affairs adversely, he looked forward to improved results from all departments.

The report was adopted and the payment of a dividend of 12½ per cent. was approved.

At an extraordinary general meeting which followed, a resolution was passed increasing the capital of the company from £250,000 to £285,000. The Chairman advised the shareholders that 114,666 shares would be offered to existing shareholders in the ratio of one in six of their existing ordinary share holding at a price of 9s. per 5s. share.

JASIN (MALACCA) RUBBER ESTATES, LIMITED

PROFIT MORE THAN DOUBLED

The twenty-seventh annual general meeting of Jasin (Malacca) Rubber Estates, Limited, was held, on the 7th instant, at 19 Leadenhall Street, London.

Mr G. H. Champion (the chairman) said: Gentlemen, last year saw a substantial improvement in the fortunes of the rubber-producing industry, with the result that we are able to show a profit on this occasion of £6,826, or more than double that earned in the previous year. The explanation lies partly in a reduction of some £600 in expenditure, but chiefly in the better price obtained for our rubber, which realised an average of 8.10d. per lb., compared with 5.87d. in the previous year. The improved price more than compensated for the small reduction of 16,000 lbs. in our crop, a reduction which, I need hardly say, was due to the greater measure of restriction imposed on the industry.

The results for the year under review enable the directors to recommend a dividend of 10 per cent., less tax, while allowing the carry-forward to be increased by £826, and the current year should show a further improvement. Our standard production for 1937 has been assessed at 813,569 lbs. We have sold forward 134,400 lbs., or 20 per cent. of our exportable allowance, at 8d. per lb. c.i.f., but the remainder seems likely to realise considerably more.

These facts sufficiently indicate that the prospects for the current year are encouraging. Prospects for future years depend largely on the continuation or otherwise of regulation after the expiry of the present scheme at the end of 1938. There is no doubt in my mind, at any rate, that regulation has conferred great benefits on the industry and that, if it were to be removed, we would soon see a repetition of the old evil of excessive planting in times of high prices, with the result of a sudden emergence of an excess productive capacity when the trees came to maturity some seven years later, and, moreover, possibly at a time when the industry was on the downward swing of the trade cycle. Given a wise and moderate measure of regulation I see no reason why the industry should not have in front of it several quite prosperous years.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on April 2, 1937. The amount applied for was £73,025,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday at £99 17s. 3d. about 50 per cent and above in full. The average rate per cent. was 10. 10-80d. The amount allotted was £43,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1-84
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4-32
January 8, 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1-27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5-63
March 25, 1937	45,000,000	70,505,000	42,000,000	0 9 11-36
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10-80

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended March 20, 1937	646,958	£ 485,217
Five days ended March 27, 1937	582,411	£ 421,808
February, 1916, to March 27, 1937	1,289,300,635	£ 1,013,413,314

At the end of February, 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,398,986

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,

APRIL 7, 1937

ISSUE DEPARTMENT

Notes Issued :-	£	Government Debt	£
In Circulation	469,969,887	Other Government Securities	185,853,017
In Banking Department	43,692,037	Other Securities	3,123,749
		Silver Coin	8,134
		Amount of Fiduciary Issue	200,000,000
		Gold Coin and Bullion	313,661,924
	513,661,924		513,661,924

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Reserves	3,119,431	Other Securities	101,071,808
Public Deposits*	24,511,608	Discounts and Advances	£ 7,394,953
Other Deposits :-		Securities	£ 22,301,397
Bankers	£ 94,830,836		29,696,350
Other Accounts	£ 38,367,282		43,692,037
	133,198,118	Notes	29,696,350
		Gold and Silver Coin	921,904
			175,382,157
	175,382,157		175,382,157

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

Both Departments	Amount, Apr. 7, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Notes circulation	469,969,887	- 3,866,873	+ 48,554,177
Public deposits	24,511,608	- 27,734,671	+ 14,907,053
Bankers' deposits	94,830,836	+ 32,484,242	+ 1,390,842
Other deposits	38,367,282	- 95,084	+ 1,224,985
Total outside liabilities	627,679,613	+ 787,614	+ 66,077,057
Capital and res.	17,672,431	- 632,706	- 1,645
Government debt and securities	297,939,923	- 566,144	- 54,545,203
Discounts and advances	7,394,953	+ 256,440	- 2,378,529
Other securities	25,425,146	+ 528,978	+ 11,332,859
Silver coin in issue department	8,134	- 2,494	- 968,139
Coin and bullion (bank's reserves)	314,583,888	- 61,872	+ 112,634,424
Reserves of notes and coin in banking department	44,614,001	+ 3,805,001	+ 4,080,247
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	28.3%	+ 1.6%†	- 0.6%
(b) Gold stocks to deposits and notes ("reserve ratio")	50.1%	- 0.2%	+ 14.1%

† Last week's "proportion" should have been given as 26.7%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1887	£	£	£	£	£	£	%
Mar. 17	513,661	463,815	22,846	93,969	37,257	Nil	2
" 24	513,662	470,526	27,908	81,898	37,568	1	2
" 31	513,662	473,837	52,246	62,247	38,462	Nil	2
Apr. 7	513,662	469,970	24,512	94,831	38,367	Nil	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department				
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Dis- counts & Advances	Other Securities	Reserve and the "Proportion"	
	£	£	£	%	£	£	£	£	%
1937									
Mar. 17	198,091	1,900	314,617	50 ½	94,854	3,765	22,933	50,802	32 ½
" 24	198,169	1,823	314,619	50 ½	94,549	4,756	22,350	44,093	29 ½
" 31	197,977	2,013	314,646	50 ½	100,529	7,139	22,883	40,809	26 ½
Apr. 7	196,868	3,124	314,584	50 ½	101,072	7,395	22,301	44,614	28 ½

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1937				
January 1 to March 24	9,170,262	520,743	897,299	10,588,304
5 days ended March 31	31,266	50,187	50,187	645,685
Week ended April 7	778,266	52,614	97,583	928,463
Total to date, 1937	10,512,780			
Total to date, 1936	8,827,187	604,623	1,045,069	12,162,452
Increase or decrease in 1937	+ 1,685,593	+ 62,336	+ 126,271	+ 1,874,180
	= 19.1%	= 11.5%	= 13.7%	= 15.2%
Total for year 1936	35,039,356	2,039,620	3,537,598	40,616,574
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Increase or decrease in 1936	+ 2,595,781	+ 152,508	+ 308,534	+ 3,056,823
	= 8.0%	= 8.1%	= 9.6%	= 8.2%

PROVINCIAL

(000's omitted)

	Week ended April 3			Month of March			Aggregate Totals January 1 to April 3	
	1936	1937		1936	1937	Inc. or Dec.	1936	1937
No. of working days :	£	£	26	25	%			
BIRMINGHAM	3,358	2,695	10,653	11,321	+ 6.2	37,897	39,544	
BRADFORD	1,589	1,401	4,666	4,579	- 1.8	14,780	15,208	
BRISTOL	1,392	1,108	5,533	5,474	- 1.0	18,002	17,384	
DUBLIN	6,866	6,959				79,905	82,655	
HULL	912	904	3,424	4,017	+ 17.3	11,383	12,989	
LEEDS	1,523	1,170	3,874	4,840	+ 24.6	13,937	15,511	
LEICESTER	1,007	863	3,114	3,325	+ 6.7	10,704	10,799	
LIVERPOOL	7,382	7,462	27,526	35,802	+ 30.0	87,887	102,985	
MANCHESTER	12,752	12,580	44,900	50,681	+ 12.8	144,128	154,830	
NEWCASTLE	1,600	1,616	5,656	6,296	+ 11.3	18,255	19,870	
NOTTINGHAM	704	558	2,116	2,291	+ 8.2	7,617	8,257	
SHEFFIELD	1,474	1,525	4,289	5,960	+ 38.9	14,411	15,811	
	40,559	38,841	115,751	134,586	+ 16.2	458,926	493,013	

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Spain appeared in *The Economist* for August 15. Portugal, in February 6. Estonia, in March 20. Danzig, Hungary, Yugoslavia, Austria, Czechoslovakia, Federal Reserve Reporting Members, Turkey, in March 27. Egypt, Greece, Java, New Zealand, Poland and Roumania, in April 3.

BANK FOR INTERNATIONAL SETTLEMENTS

(In Millions of Swiss gold francs of 0.29 grammes)

Assets	Mar. 31, 1936	Dec. 31, 1936	Jan. 31, 1937	Feb. 28, 1937	Mar. 31, 1937
Gold in bars	24.2	33.1	39.0	35.3	45.1
Cash	9.6	23.3	30.7	39.2	25.6
Sight funds	13.0	5.3	49.4	28.5	28.5
Bills and acceptances :-					
Treasury bills	150.3	134.0	102.0	107.1	101.3
Time funds :-	189.3	147.7	144.9	131.6	130.7
Not exceeding 3 months	36.0	25.6	25.4	28.9	28.7
Sundry bills and investments	226.8	245.7	253.3	259.8	259.4
Other assets	12.6	1.5	1.5	1.4	1.4
LIABILITIES					
Capital paid up	125.0	125.0	125.0	125.0	125.0
Reserves	20.9	22.1	22.1	22.1	22.1
Special deposits :-					
Annuity trust account	154.3	153.3	153.3	153.3	153.2
German Government deposit fund	77.2	76.6	76.6	76.6	76.6
French Government guarantee fund	61.9	43.5	43.4	43.3	42.8
French Government deposit	2.0	1.4	1.4	1.4	1.4
Time deposits of Central Banks :-					
Not exceeding 3 months :-					
For their own account	113.3	98.7	112.0	110.2	105.5
For account of others	3.0	...	...	...	...
Sight deposits of Central Banks :-					
For their own account	26.0	20.6	37.7	24.9	24.1
For account of others	11.3	6.2	4.7	3.6	4.2
Other deposits	0.9	0.9	0.9	0.9	0.9
Sight deposits—gold	19.1	27.3	27.1	23.5	23.3
Miscellaneous items	45.9	41.5	42.6	43.7	40.4



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

U.S.F.R. BANKS RESOURCES	Apr. 8, 1936	Mar. 18, 1937	Mar. 25, 1937	Apr. 1, 1937	Apr. 8, 1937
Gold Certificates on hand and due from the Treasury	7,665,350	8,844,420	8,844,380	8,844,400	8,843,900
Total reserves	8,015,440	9,122,800	9,126,880	9,140,800	9,128,810
Total cash reserves	336,390	265,860	270,410	285,030	273,760
Total bills discounted	5,590	4,330	7,490	12,010	8,150
Bills bought in open market	4,680	3,080	3,410	3,340	3,440
Total bills on hand	10,100	7,410	11,000	15,350	11,590
Industrial advances	30,260	22,650	22,670	22,440	22,570
Total U.S. Govt. securities	2,430,250	2,430,230	2,430,230	2,430,230	2,430,230
Total bills and securities	2,470,880	2,460,290	2,463,890	2,467,920	2,463,200
Total resources	11,090,680	12,495,720	12,317,730	12,339,500	12,333,270
LIABILITIES					
Federal Reserve notes in actual circulation	3,781,040	4,172,760	4,166,730	4,174,230	4,178,660
Aggregate of excess member bank reserves over requirements	2,420,000	1,450,000	1,270,000	1,400,000	1,440,000
Deposits—Member bank—reserve account	5,161,320	6,829,580	6,578,280	6,639,080	6,683,960
Government deposits	964,390	86,540	278,660	310,950	274,870
Total deposits	6,471,280	7,159,560	7,183,160	7,185,580	7,205,400
Capital paid in and surplus	302,710	305,590	305,580	305,580	305,520
Total liabilities	11,090,680	12,495,720	12,317,730	12,339,500	12,333,270
Ratio of total reserves to deposit and F.R. note liabilities combined	78.2%	80.5%	80.4%	80.5%	80.2%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES					
Monetary Gold Stock	10,190,000	11,515,000	11,541,0	11,574,000	11,592,000
Treasury and National Bank Currency	2,505,000	2,538,000	2,537,000	2,542,000	2,539,000
LIABILITIES					
Money in Circulation	5,906,000	6,885,000	6,375,000	6,377,000	6,387,000
Treasury Cash and Deposits with Federal Reserve Banks	3,502,000	2,784,000	3,002,000	3,063,000	3,049,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

	Apr. 8, 1936	Mar. 18, 1937	Mar. 25, 1937	Apr. 1, 1937	Apr. 8, 1937
Total gold reserves	3,139,150	3,556,880	3,430,710	3,581,970	3,504,200
Total bills discounted	3,490	2,250	3,550	4,030	5,090
Bills bought in open market	1,750	1,090	1,320	1,330	1,410
Total U.S. Govt. securities	729,380	852,260	852,260	852,260	852,260
Total bills and securities	742,280	661,410	662,950	663,090	663,090
Deposits—Member bank—reserve account	2,303,770	3,020,900	2,892,080	3,029,400	2,974,550
Ratio of total res. to dep. and Fed. res. note liabilities combined	82.4%	86.3%	85.8%	86.3%	85.0%

FEDERAL RESERVE REPORTING MEMBER BANKS. In \$'s (000,000's omitted)

	Mar. 18, 1936	Feb. 17, 1937	Feb. 24, 1937	Mar. 4, 1937	Mar. 11, 1937	Mar. 18, 1937
Loans	8,246	8,968	9,054	9,121	9,260	9,337
Investments	13,379	13,621	13,621	13,597	13,541	13,361
Reserve with Federal Reserve Bank	4,097	5,333	5,291	5,171	5,242	5,327
Due from banks	2,294	2,321	2,206	2,055	2,017	2,075
Demand deposits	13,773	15,604	15,638	15,501	15,649	15,541
Time deposits	4,923	5,093	5,111	5,167	5,147	5,128
Government deposits	782	383	342	340	379	419
Due to banks	5,888	6,452	6,389	6,239	6,162	6,220

AUSTRALIAN COMMONWEALTH BANK. In £'s (000's omitted)

	Apr. 6, 1936	Mar. 8, 1937	Mar. 15, 1937	Mar. 22, 1937	Mar. 29, 1937	Apr. 5, 1937
Assets						
Gold and English sterling	16,003	16,011	16,011	16,011	16,011	16,011
Other coin, bullion and cash	6,622	5,899	5,613	5,853	5,181	5,674
Money at short call—London	18,616	23,353	23,849	26,380	26,390	25,682
Short-term loans	2,566	7,236	7,205	6,589	5,941	5,641
Securities	76,001	76,811	76,811	77,558	78,056	78,056
Discounts and advances	8,167	8,992	9,152	8,979	9,196	9,463
LIABILITIES						
Notes issued	48,045	47,038	47,038	47,789	48,288	48,288
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	70,828	75,540	75,900	78,243	76,486	76,945

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

	Apr. 1, 1936	Mar. 17, 1937	Mar. 24, 1937	Mar. 29, 1937
Assets				
Reserve of which	190,831	203,107	211,510	210,011
Gold coin and bullion	180,383	182,974	186,237	187,947
Dominion Government securities	108,046	152,463	152,887	152,771
LIABILITIES				
Note circulation	85,983	122,096	124,126	125,970
Deposits: Dominion Government	21,654	26,356	34,917	36,751
Chartered banks	184,174	197,180	194,226	194,275
Ratio of reserves to notes and deposit liabilities	65.0%	58.5%	59.6%	58.6%

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

	Apr. 3, 1936	Mar. 5, 1937	Mar. 12, 1937	Mar. 19, 1937	Mar. 25, 1937	Apr. 2, 1937
Assets						
Gold coin and bullion	27,497	28,303	28,819	29,065	28,883	27,104
Bills discounted: Foreign	5,169	6,014	5,817	6,066	5,455	5,570
Investments	1,737	1,744	1,744	1,742	1,742	1,730
Other assets	16,159	14,585	15,093	14,936	15,216	15,235
LIABILITIES						
Notes in circulation	14,439	15,400	14,700	14,326	15,355	16,312
Deposits: Government	7,454	5,556	5,748	6,394	6,448	4,625
Bankers	22,836	24,204	25,132	24,834	22,621	21,449
Ratio of cash reserves to liabilities to public	58.2%	59.4%	59.6%	59.7%	59.8%	59.5%

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

	Apr. 3, 1936	Mar. 19, 1937	Mar. 26, 1937	Apr. 2, 1937
Assets				
Gold coin and bullion	44,421.7	44,421.7	44,421.7	44,421.7
Rupee coin	59,25.93	62,02.46	61,98.96	61,80.91
Balances abroad	22,45.00	26,68.29	26,49.61	25,60.57
Sterling securities*	67,31.87	78,30.97	79,30.70	79,30.70
Indian Govt. rupee securities*	24,42.73	23,37.17	22,37.52	22,37.52
Investments	5,06.20	7,63.31	7,58.31	7,75.92
LIABILITIES				
Note circulation	1,69,83.56	1,93,47.15	1,94,35.52	1,93,93.38
Deposits: Government	7,88.87	14,59.24	14,52.86	13,93.09
Bankers	35,09.96	23,89.90	23,07.52	23,03.37
Ratio of gold and sterling to liabilities	57.2%	59.0%	59.5%	59.5%

* Held against notes.

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

	Apr. 3, 1936	Mar. 12, 1937	Mar. 19, 1937	Mar. 26, 1937	Apr. 2, 1937
Assets					
Gold	63,917,126	57,358,742	57,358,742	57,358,742	57,358,742
Advances on Gold Coin	1,597,375	1,140,484	1,140,484	1,098,943	1,098,943
Commercial bills	13,527,096	10,029,955	9,686,913	9,968,681	9,945,443
Bills bought abroad	1,099,573	1,289,703	1,281,241	1,165,450	1,165,450
Advances on securities	4,474,330	5,173,234	4,354,671	3,922,538	4,696,534
Loans to State without interest: (a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(b) provisional	...	20,072,096	20,072,096	20,065,793	20,065,793
Negative Fund Dept.	5,707,877	5,639,771	5,639,771	5,639,771	5,639,771
Other assets (excluding forward exch.)	3,755,099	3,929,645	3,978,987	4,259,043	4,289,178
LIABILITIES					
Notes in circulation	84,581,292	86,405,066	85,377,977	85,745,930	86,934,769
Public deposits	2,793,178	1,973,853	2,072,804	1,977,074	2,076,810
Private deposits	7,260,548	16,660,468	16,620,476	16,230,884	14,761,627
Other liabilities	2,643,758	2,794,243	2,621,650	2,725,071	2,686,946
Ratio of gold reserve to sight liabilities	67.4%	54.6%	55.1%	55.1%	55.2%

* The gold stock is based on the franc at 49 milligrams on and after Oct. 2, 1936.

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

	Mar. 31, 1936	Mar. 15, 1937	Mar. 22, 1937	Mar. 31, 1937
Assets				
Gold	71,792	67,417	67,468	67,640
Of which deposited abroad	20,264	18,842	18,842	18,839
Reserve in foreign currencies	5,435	5,588	5,705	5,676
Bills of exchange and cheques	4,255,650	4,461,688	4,405,058	5,110,746
Silver and other coin	166,168	224,197	247,996	176,922
Advances	55,921	42,511	45,424	50,887
Investments	656,371	498,006	494,122	478,649
Other assets	603,693	914,772	831,023	849,628
LIABILITIES				
Reserves	473,561	473,561	492,977	492,977
Notes in circulation	4,267,485	4,522,427	4,444,884	4,938,109
Other daily maturing obligations	767,519	715,802	834,547	970,003
Other liabilities	157,997	352,387	174,406	183,059
Cover of note circulation	1.80%	1.61%	1.68%	1.48%

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

	Apr. 2, 1936	Mar. 4, 1937	Mar. 11, 1937	Mar. 18, 1937	Mar. 24, 1937	Apr. 1, 1937
Assets						
Gold	3,339,417	3,692,477	3,650,992	3,654,122	3,651,136	3,652,352
Silver and other coin	63,571	53,465	53,232	55,588	55,773	53,185
Securities	1,194,587	1,359,870	1,364,547	1,367,160	1,373,336	1,368,686
Advances	79,298	41,164	35,564	38,168	37,627	38,560
LIABILITIES						
Notes in circulation	4,221,975	4,491,517	4,481,868	4,416,894	4,404,429	4,447,529
Deposits: Govt.	37,660	91,133	118,215	157,887	165,638	222,285
Other	609,529	750,817	690,746	726,735	734,074	627,860

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

	Apr. 8, 1936	Mar. 8, 1937	Mar. 15, 1937	Mar. 22, 1937	Mar. 30, 1937	Apr. 5, 1937
Assets						
Gold	713,928	919,578	919,567	919,530	919,512	919,512
Silver	18,444	17,894	17,969	18,484	16,977	17,033
Home bills discounted	24,485	19,890	20,615	20,325	20,821	20,634
Loans and advances in current account	127,427	174,211	176,305	174,332	178,831	178,654
LIABILITIES						
Notes in circulation	782,043	794,368	786,090	786,573	813,797	809,173
Deposits	122,239	356,881	368,185	366,142	342,742	344,266

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

	Mar. 31, 1936	Feb. 27, 1937	Mar. 6, 1937	Mar. 15, 1937	Mar. 22, 1937	Mar. 31, 1937
Assets						
Gold	1,508,545	2,717,567	2,717,623	2,717,773	2,717,949	2,717,916
Of which held abroad	304,907	629,732	629,732	629,732	629,732	629,732
Discounts	98,624	12,756	12,878	13,968	14,534	14,081
Confederation Bills	72,851	17,200	16,500	16,500	16,000	16,000
Advances	83,813	40,274	41,231	40,438	38,898	43,183
Securities	45,371	18,131	18,131	17,946	17,845	17,991
LIABILITIES						
Notes in circulation	1,318,674	1,375,639	1,355,431	1,337,499	1,345,133	1,393,857
Deposits	411,432	1,411,747	1,433,513	1,454,009	1,453,354	1,406,634

† Gold revalued from Oct. 7, 1936. N.B.—Exchange Equalisation Fund and assets included in returns Dec. 31, 1936, onwards at 538,583,653 fcs.

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

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Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1937							
Mar. 11	1	1	1	1	1	1	1
" 18	1	1	1	1	1	1	1
" 24	1	1	1	1	1	1	1
Apr. 1	1	1	1	1	1	1	1
" 8	1	1	1	1	1	1	1

LONDON RATES OF EXCHANGE

I.—Spot Rates

(Range of the day's business)

London on	Par of Exch. per £	April 2, 1937	April 3, 1937	April 5, 1937	April 6, 1937	April 7, 1937	April 8, 1937
New York, \$.	148.64	4.891 894	4.892 892	4.892 902	4.892 911	4.892 903	4.891 897
Montreal, \$.	4.864	4.882 893	4.882 892	4.882 890	4.882 901	4.882 901	4.881 891
Paris, Fr.	124.21	106 1/2	106 1/2	106 1/2	106 1/2	106 1/2	106 1/2
Brussels, Bel.	35.00(4)	29.04 07	29.05 08	29.07 12	29.10 14	29.07 13	29.05 09
Milan, L.	92.46	92 1/2	92 1/2	93 1/2	93 1/2	93 1/2	92 1/2
Zurich, Fr.	25.22	21.46 48	21.47 49	21.48 51	21.50 52	21.48 52	21.45 54
Athens, Dr.	375	540 555	540 555	540 555	540 555	540 555	540 555
He'stors, M.	193.23	226 227	226 227	226 227	226 227	226 227	226 227
Madrid, Pt.	25.22(4)	71 80(1)	70 85(1)	70 85(1)	70 90(1)	70 90(1)	70 90(1)
Lisbon, Esc.	110	110 110(2)	59 50(1)	59 50(1)	59 50(1)	59 50(1)	59 50(1)
Amst'dm Fl.	12.107	8.93 94	8.93 95	8.94 96	8.94 96	8.94 96	8.93 95
Berlin, Mk.	20.43	12.15 18	12.16 19	12.16 20	12.18 22	12.17 21	12.15 19
Registered							
Vienna, Sch.	34.58	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2
Budapest, Pen.	27.82	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2
Prague, Kr.	116 1/2	140 1/2	140 1/2	140 1/2	140 1/2	140 1/2	140 1/2
Danzig, Gul.	25.00	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2
Warsaw, Zlot.	43.38	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2
Riga, Lat.	25.22	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2
Bucharest, Lei	813.8	680 675	680 675	680 675	680 675	680 675	680 675
Const'ple, Pst.	110	612	612	612	612	612	612
Belgrade, Din.	276.32	209 219	209 219	209 219	209 219	209 219	209 219
Kovno, Lit.	48.66	281 291	281 291	281 291	281 291	281 291	281 291
Sofia, Lev.	673.66	390 420	390 420	390 420	390 420	390 420	390 420
Tallinn, E. Kr.	18.159	173 181	173 181	173 181	173 181	173 181	173 181
Oslo, Kr.	18.159	19 85 95	19 85 95	19 85 95	19 85 95	19 85 95	19 85 95
Stockholm, Kr.	18.159	19 35 45	19 35 45	19 35 45	19 35 45	19 35 45	19 35 45
Cop'hen, Kr.	18.159	22 35 45	22 35 45	22 35 45	22 35 45	22 35 45	22 35 45
Alex'ndria, Pst.	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2
Br. India Rup.	18d.	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2
Hong Kong, \$.	25.82d.	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2
Kobe, Yen.	25.82d.	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Shanghai, \$.	25.82d.	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Singapore, \$.	25.82d.	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Batavia, F.	25.82d.	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Rio, Mil.	55.899d.	3 3 1/2	3 3 1/2	3 3 1/2	3 3 1/2	3 3 1/2	3 3 1/2
B. Aires, \$.	11.45	16 1/2	16 1/2	16 1/2	16 1/2	16 1/2	16 1/2
Valparaiso, \$.	40	128 1/2	128 1/2	128 1/2	128 1/2	128 1/2	128 1/2
M'video, \$.	51d.	26 1/2	26 1/2	26 1/2	26 1/2	26 1/2	26 1/2
Lima, Sol.	17.38	18 20	18 20	18 20	18 20	18 20	18 20
Mexico, Pes.	9.76	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2
Manila, Pes.	24.66d.	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2
Moscow, Rbl.	25.82d.	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2
Bangkok, Baht	21.82d.	22 1/2	22 1/2	22 1/2	22 1/2	22 1/2	22 1/2

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 * Sellers. † Pence per unit of local currency. ‡ Par 8.23 1/2 since dollar devaluation on February 1, 1934. § Par, 197.10 1/2 since koruna devaluation on February 17, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Par cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4 1/2 d. sellers. (f) Official rate is the Bank of England: (i) For account Controller of Anglo-Italian debts; (j) under Anglo-Spanish Agreement; (k) under Anglo-Turkish Agreement. (l) Nominal.
 (m) Approximate. Dealings in Roubles at 4 1/2 French francs to 1 Rouble.

II.—Forward Rates (Closing quotations)

London on	Apr. 2, 1937	Apr. 3, 1937	Apr. 5, 1937	Apr. 6, 1937	Apr. 7, 1937	Apr. 8, 1937
	Per £	Per £	Per £	Per £	Per £	Per £
New York, cent.	1 Month (p)	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
" 2 "	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
" 3 "	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Paris, frs.	1 Month (d)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
" 2 "	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
" 3 "	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Amsterdam, c'n	1 Month (p)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
" 2 "	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
" 3 "	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Brussels, cent.	1 Month (p)	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
" 2 "	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
" 3 "	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Geneva, cent.	1 Month (p)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
" 2 "	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
" 3 "	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

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

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

NEW YORK MONEY AND EXCHANGE RATES

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

	April 7, 1937	Mar. 10, 1937	Mar. 17, 1937	Mar. 24, 1937	Mar. 31, 1937	April 7, 1937
Call money.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Time money (90 days' mixed coll.).....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptances:—						
Members—eligible, 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-mem.—eligible, 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Commercial accept., 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

Rates of Exchange, New York on	For Level	April 7, 1936	Mar. 24, 1937	Mar. 31, 1937	April 7, 1937
London—60 days.....	Dollars for £1	4.866	4.866	4.866	4.866
Cable.....	Old par	4.866	4.866	4.866	4.866
Cheques.....	New par	4.866	4.866	4.866	4.866
Paris—cheques.....	Cents for 1 franc	25.22	25.22	25.22	25.22
Brussels.....	Cents for 1 belga	35.00	35.00	35.00	35.00
Switzerland.....	Cents for 1 franc	35.00	35.00	35.00	35.00
Italy.....	Cents for 1 lira	20.48	20.48	20.48	20.48
Berlin.....	Cents for 1 mark	20.48	20.48	20.48	20.48
Vienna.....	Cents for 1 schilling	20.48	20.48	20.48	20.48
Madrid.....	Cents for 1 peseta	20.48	20.48	20.48	20.48
Copenhagen.....	Cents for 1 guilder	20.48	20.48	20.48	20.48
Oslo.....	Cents for 1 kroner	20.48	20.48	20.48	20.48
Stockholm.....	Cents for 1 krona	20.48	20.48	20.48	20.48
Athens.....	Cents for 1 drachma	20.48	20.48	20.48	20.48
Montreal.....	Cents for Can. \$1	20.48	20.48	20.48	20.48
Yokohama.....	Cents for 1 yen	20.48	20.48	20.48	20.48
Shanghai.....	Cents for 1 dollar	20.48	20.48	20.48	20.48
Calcutta.....	Cents for 1 rupee	20.48	20.48	20.48	20.48
Buenos Aires.....	Cents for 1 peso	20.48	20.48	20.48	20.48
Rio de Janeiro.....	Cents for 1 milreis	20.48	20.48	20.48	20.48

THE BANK OF LONDON AND SOUTH AMERICA, LTD., has received telegraphic advice from the Valencia Branch that the gold surplusage for payment of Spanish customs duties has been fixed for the period April 1st to 10th at 144.18 per cent. The previous rate was fixed as from March 21st at 144.16 per cent.

The Albanian Bank Rate was reduced on April 1st from 6 1/2 to 6 per cent. Other overseas bank rates, and exchange rates for South Africa, Central and South America and Australasia appeared in last week's issue.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended April 8, 1937, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD (Into and from United Kingdom)

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British W. Africa.....	124,073	£	Aden and Depen- dencies.....	8,000	£
British S. Africa.....	1,884,661	£	Bombay, via other ports.....	2,500	£
Tanganyika.....	10,503	£	Bahamas.....	2,705	£
Anglo-Egyptian.....	2,705	£	Germany.....	34,345	£
Sudan.....	170,391	£	France.....	98,100	£
British India.....	8,507	£	U.S.S.R.....	71,502	£
Australia.....	33,893	£	U.S.A.....	14,947,639	£
New Zealand.....	3,431,521	£	Other countries.....	1,742	£
U.S.S.R.....	3,886	£			
Netherlands.....	47,126	£			
Belgium.....	14,671	£			
France.....	25,817	£			
Venezuela.....	18,099	£			
Other countries.....	3,981	£			
Total.....	5,779,804	£	Total.....	15,145,828	£

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British India.....	16,370	£	Irish Free State.....	1,002	£
Germany.....	809	£	Aden and Depen- dencies.....	4,000	£
Netherlands.....	6,770	£	New Zealand.....	2,425	£
Belgium.....	17,910	£	Norway.....	1,088	£
France.....	2,291	£	Switzerland.....	2,987	£
French Indo-China.....	49,751	£	Hungary.....	1,470	£
Japan.....	21,716	£	Other Countries.....	1,983	£
Other Countries.....	450	£			
Total.....	66,316	£	Total.....	9,933	£

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

No gold movements were reported at the Bank of England between April 2nd and 8th. Details of previous movements appeared in last week's issue.

GOLD MARKET

Messrs Samuel Montagu and Company write on April 7, 1937:—
 The Bank of England gold reserve against notes amounted to £313,661,924 on March 31, 1937, showing no change as compared with March 24. In the open market about £2,200,000 of bar gold was available at the daily fixing and was mostly taken for New York. Prices ruled at about dollar parity and showed a decline during the week owing to the weakness of the dollar in terms of sterling. There was some uncertainty in the market early to-day owing to rumours that the United States Treasury contemplated lowering its price for gold in order to check the heavy influx; later, however, the rumours were officially denied, Treasury officials having been reported to have said that there had been no change nor any intention of any change in the Government's gold-buying policy. Large amounts of gold continue to arrive from the Soviet Union and are being re-forwarded to New York. Gold shipments from Bombay last week amounted to about £171,000; the s.s. "Viceroy of India" carries £91,500 consigned to London and the s.s. "President Monroe" £79,500 consigned to New York.

SILVER MARKET

A continuation of buying by the Indian Bazaars and speculators carried prices sharply upward during the week, 21 1/2 d. for both cash and two months' delivery being reached yesterday. Offerings consisted mainly of China sales and speculative re-sales, but the rise was again due largely to reluctance on the part of sellers, the price responding more readily in the absence of resistance. At the level mentioned, the market proved overstrained and as there appeared little justification for the sharp advance, the decline on April 7th when prices receded to 21 1/4 d. for cash and 21 1/2 d. for two months' delivery was not unexpected. The reaction may have been due in some measure to the report from Washington that the United States authorities will probably not work actively for the extension of the London Silver Agreement of 1933 which expires at the end of the present year, although in present circumstances it is unlikely that the termination of the agreement would have other than a sentimental effect on the market. In view of recent fluctuations the immediate outlook is uncertain, but a movement towards a slightly lower level, pending improvement in the technical position in Bombay, is not unlikely.

Quotations for gold and silver are shown below:—

quotations for gold and silver					
1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce .999 fine
			Cash	Two Months	
	s. d.	s. d.	d.	d.	1937 Cents
April 1	142 1	11 11-50	20 ¹¹ / ₁₆	20 ¹¹ / ₁₆	March 31 45 ¹¹ / ₁₆
" 2	142 0 ¹¹ / ₁₆	11 11-46	20 ¹¹ / ₁₆	20 ¹¹ / ₁₆	April 1 45 ¹¹ / ₁₆
" 3	142 0	11 11-58	21	21	" 2 45 ¹¹ / ₁₆
" 4	141 11	11 11-67	21 ¹ / ₂	21 ¹ / ₂	" 3 45
" 5	141 7	12 0-01	21 ¹ / ₂	21 ¹ / ₂	" 4 46 ¹ / ₂
" 6	141 9	11 11-84	21	21 ¹ / ₂	" 5 47
" 7	141 10-92	11 11-68	21-125	21-167	
Average	141 11 ¹ / ₂	11 11-63	21	21 ¹ / ₂	

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation				Balance Forward	Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.		Net Profit	Divi- dend
					Prefer. Amount	Ordinary Amount	Rate				
Banks		£	£	£	£	£	%	£	£	£	%
Bank of Scotland	Feb. 27	254,158	317,712	571,870	...	205,875	18	110,000	255,995	316,092	18
Breweries											
Whitbread and Co.	Dec. 31	208,286	347,449	555,735	43,407	184,392	18	100,000	227,936	346,673	18
Canals and Docks											
Sharpness Docks	Dec. 31	...	27,658	27,658	16,975	6,076	2	4,607	...	30,035	2
Electric Lighting and Power											
Midland Electric Cpn.	Dec. 31	36,243	102,707	138,950	10,638	64,050	9	20,000	44,262	90,450	8
Financial, Land, &c.											
British and Chinese Corpn.	Dec. 31	19,613	19,047	38,660	...	18,750	15	Dr. 297	20,207	17,450	10†
Cordova Land Company	Dec. 31	36,859	19,334	56,193	...	16,133	2	13,500	26,560	13,133	2
London and Nat. Pty.	Dec. 31	5,524	61,486	67,010	...	60,000	6†	...	7,010	61,341	6†
Gas											
Primitiva Gas B. Aires	Dec. 31	69,027	162,275	231,302	...	59,989	2†	100,000	71,313	159,304	2†
Iron, Coal and Steel											
Hadfields, Ltd.	Dec. 31	102,697	219,424	322,121	10,294	97,493	13‡	...	214,334	116,695	7‡
Hotels, Restaurants, etc.											
Express Dairy	Dec. 31	61,066	104,835	165,901	40,978	16,000	8†	45,000	63,923	94,965	8†
Savoy Hotel	Dec. 31	53,342	83,352	136,694	17,500	55,420	7‡	12,200	51,574	65,981	5
Rubber											
Anglo-Johore	Dec. 31	176	1,606	1,782	...	...	...	647	1,135	401	Nil
Bandjarsarie (Java)	Dec. 31	1,028	5,637	6,665	...	3,751	8	1,900	1,014	1,151	5
Batavia (Kerkoven)	Dec. 31	Dr. 2,056	3,320	1,264	...	...	...	682	Dr. 1,346	Nil	7‡
Cheviot	Dec. 31	21,325	36,005	57,330	...	26,200	10	7,000	24,130	20,084	Nil
Dunlop Plantations	Dec. 31	...	311,697	311,697	114,375	...	...	197,322	...	204,614	5
Jasin (Malacca)	Dec. 31	5,047	6,826	11,873	...	6,000	10	...	5,873	4,926	10
Labu (F.M.S.)	Dec. 31	18,244	38,389	56,633	...	29,320	12‡	4,329	22,984	24,570	Nil
Nirmala (Java)	Dec. 31	Dr. 47,705	2,484	Dr. 45,221	...	...	...	...	Dr. 45,221	Dr. 4,468	3‡
Pilmoor	Dec. 31	920	9,489	10,409	...	6,967	6‡	1,564	1,878	3,728	3‡
Rosevale	Dec. 31	3,277	3,492	6,769	...	2,794	6‡	283	3,692	1,242	4
Seafield	Dec. 31	14,906	11,588	26,494	...	10,000	5	6,556	9,938	7,874	Nil
Seremban	Dec. 31	1,933	7,307	9,240	...	6,000	3	2,000	1,240	1,114	2‡
Woodend (Kelani Valley)	Dec. 31	2,428	2,305	4,733	...	1,875	2‡	...	2,858	2,965	...
Shipping											
General Steam Navigation	Dec. 31	22,363	33,954	56,317	14,015	18,996	5†	...	23,306	28,331	5†
Houlder Brothers and Co.	Dec. 31	21,159	45,184	66,343	5,500	32,000	4†	3,590	25,253	42,955	4†
King Line	Dec. 31	22,546	73,114	95,660	...	...	...	73,000	22,660	28,548	Nil
Shops and Stores											
Bon Marché	Jan. 31	57,294	66,706	124,000	12,000	51,000	30	7,029	53,971	66,292	30
Horne Brothers	Jan. 31	34,795	56,817	91,612	38,500	...	...	5,000	48,112	47,143	Nil
Tea											
Augusta	Dec. 31	...	Dr. 391	Dr. 391	...	...	...	Dr. 391	...	Dr. 563	Nil
Panawatte	Dec. 31	763	10,389	11,152	...	7,762	4‡	2,500	890	2,920	2
Telegraphs, etc.											
Marconi Int. Marine	Dec. 31	13,914	116,842	130,756	...	89,454	7‡	28,994	12,308	90,118	7‡
Textiles											
British Enka Art. Silk	Dec. 31	Dr. 556,072	Dr. 12,896	Dr. 568,968	...	...	...	...	Dr. 568,968	44,881	Nil
Dunlop Cotton Mills	Dec. 31	9,615	330,262	339,877	111,516	65,000	26†	151,581	11,780	169,406	Nil
Tramways and Omnibus											
Northern General Transport	Dec. 31	43,606	148,585	192,191	19,500	55,405	10	67,378	49,908	155,794	10
Trusts											
Alliance Trust	Jan. 31	44,114	363,342	407,456	74,355	186,156	23	100,000	46,945	316,892	22
British Combined Investors	Mar. 1	18,819	34,378	53,197	23,204	7,750	2‡	...	22,243	30,246	1‡
Edinburgh Investment	Mar. 15	206,096	71,380	277,476	20,756	44,640	9	...	212,080	60,399	7‡
Scottish Capital Investment	Mar. 1	10,432	43,910	54,342	23,068	10,765	3‡	15,000	5,509	36,132	3
Second Scottish American	Mar. 1	23,095	48,431	71,526	9,125	30,667	20	20,000	11,734	46,166	19
Waterworks											
Monte Video Waterworks	Dec. 31	288,952	102,426	391,378	...	52,000	4†	30,746	308,632	85,101	3†
Other Companies											
British Quarrying Company	Oct. 31	18,999	57,513	76,512	14,296	8,125	8A	22,795	19,358	37,076	8A
British Timken	Dec. 31	20,653	111,824	132,477	...	11,938	5B	...	19,358	66,427	10
Carpet Trades	Dec. 31	...	89,632	89,632	15,488	28,594	15	78,000	25,883	(a)	(a)
Daily Mirror Newspapers	Feb. 28	83,465	344,466	427,931	64,000	210,000	15	55,000	98,931	315,325	15
Dunlop Rubber	Dec. 31	589,940	1,502,707	2,092,647	285,938	571,853	9	644,900	589,956	1,288,244	8
Foster (M. B.) and Sons	Dec. 31	86,667	41,357	128,024	...	33,360	17‡	1,000	93,664	39,055	10
Galloway (P. H.)	Dec. 31	11,214	20,078	31,292	7,500	12,000	10	...	11,792	13,619	17
Goldsmiths and Silversmiths	Jan. 31	30,032	38,845	68,877	15,000	15,000	5	...	38,877	16,963	Nil
Goodson's Mantle, etc.	Jan. 19	6,223	11,873	18,096	10,675	1,906	33‡	...	5,515	14,757	(a)
Heatrae, Ltd.	Feb. 28	(m)	7,895	7,895	1,231	5,000	10	...	1,664	(a)	(a)
Hills (R. H. O.), Blackpool	Jan. 31	3,644	23,058	26,702	4,575	11,438	15	5,931	4,758	(a)	6
Howard and Wyndham	Feb. 27	8,426	21,678	30,104	1,144	8,832	6	11,500	8,628	17,197	5
Humphreys, Ltd.	Nov. 30	6,304	28,100	34,404	5,500	10,000	10	7,278	11,626	19,744	8
Hutton (John V.)	Jan. 31	3,470	12,927	16,397	...	7,320	8	6,000	3,077	12,181	(a)
Metal Closures	Dec. 31	...	17,808	17,808	...	6,000	6	5,000	6,808	(a)	5
Olympic Portland Cement	Dec. 31	27,973	39,995	67,968	...	14,741	7‡	21,601	31,626	19,781	100m
Rolls Razor	Dec. 31	2,843	47,531	50,374	11,344	28,594	75	6,200	4,236	47,602	...
Rothmans, Ltd.	Feb. 20	23,645	48,278	71,923	15,950	13,333	31‡	15,292	27,348	...	8†
Steel Brothers and Co.	Dec. 31	29,963	285,456	312,419	183,000	62,500	25†	41,000	25,919	228,492	12‡
Sunday Pictorial	Feb. 28	91,215	247,574	338,789	40,000	131,250	12‡	50,000	117,539	216,696	12‡
Tayside Floorcloth	Feb. 28	38,501	23,162	61,663	...	15,250	12‡	...	46,413	22,072	20
Vine Products	Dec. 31	20,993	168,134	189,127	16,000	101,925	22‡	50,082	21,120	139,757	20
Viners, Ltd.	Dec. 31	14,550	29,294	43,844	5,708	11,438	12‡	15,000	11,698	24,996	12‡

(m) April 29, 1936, to February 28, 1937.

† Free of Income Tax.

(n) Absorbed £19,375.

(a) No comparable figure.

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	Interim or Final	Date of Payment	Comparison with Last Year	Total	
				Latest Year	Previous Year
BANKS				% 3/4	% 2
Ionian Bank	1‡	...	...	...	...
INSURANCE					
Alliance Assurance	10/- p.s.	July 5	Same	18/- p.s.	18/- p.s.
Atlas Assurance	14/6 p.s.	May 1	Same	18/- p.s.	18/- p.s.
British and Foreign Marine	27/6 p.s.	...	Same	55/- p.s.	55/- p.s.
Liverpool and London and Globe	13/6 p.s.	May 25	Same	27/- p.s.	27/- p.s.
Sea Insurance	3/3 p.s.	May 8	Same	6/6 p.s.	6/6 p.s.
Thames and Mersey Marine	1/9 p.s.	...	Same	3/6 p.s.	3/6 p.s.
TEA AND RUBBER					
Anglo-Malay Rubber	...	...	...	3‡	2
Bagan Serai Rubber	...	May 1	...	7	3‡
Batu Caves Rubber	...	May 7	Same	10	10
Ceylon Tea Plantations	7‡	...	...	10	5
Cheras Rubber	...	May 18	...	4	Nil
Dangan Rubber	...	Apr. 28	...	6	2‡
Dusun Durian Rubber	...	...	...	10	5
Emerald Rubber	...	...	...	4	2‡
Grand Central (Ceylon) Rubber	...	...	...	10	10
Kandapolla Tea	5%†	...	Same	15	Nil
Lawas (Sarawak) Estates	...	...	...	5	2
Lower Perak Rubber	...	...	...	8	4
Malakoff Rubber	...	...	...	7‡	5
Medini Rubber	...	...	...	2‡	...
Mount Vernon (Ceylon) Tea	2‡	...	...	2‡	...
Panagula Rubber	...	...	5%*	...	...
Parit Bruas (Malay) Rubber	10%*	...	...	10	2‡
Pullangoda Rubber	...	...	...	7‡	12‡
Pundaloya Tea (Ceylon)	...	...	...	4	2
Rahman Rubber	...	...	...	8	4
Ranj Travancore Rubber	...	...	...	2‡	2‡
Rosehaugh (Ceylon) Tea	...	...	...	2‡	Nil
Rosehaugh (Ceylon) Rubber	...	...	...	5	4
Seaford Rubber	...	Apr. 13	...	5	3
Soengei Rampah Rubber	...	...	...	5	3‡
Stagbrook Rubber	...	...	...	5	3
Straits Rubber	...	...	...	9	5
Sungei Chinch Rubber	...	Apr. 14	...	10	6
Sungei Kruit Rubber	...	...	...	10	6
Sungei Purun Rubber	...	...	...	10	5
Sungei Salak Rubber	7%†	...	...	...	...
Sunsap Para Rubber	4%*	...	Nil*	...	...
Telbedde Ceylon Estates	6%†	Apr. 23	...	10	14
Teluk Piah Rubber	...	...	...	5	3
MINING					
Chenderiang Tin	7‡	Apr. 9	5%*	...	...
Globe and Phoenix Gold	1/6 p.s.	May 1	...	...	...
Do. Do.	1/- p.s.	May 1	...	...	...
Jantar Nigeria Co.	15%*	May 5	Nil*	...	...
Kenya Gold	...	Apr. 30	...	(s) 10	10
Rhodesian Anglo-American	6‡	May 19	First interim	...	...
Roan Antelope Copper	30%*	May 21	Nil*	...	...
Wankie Colliery	5%*	Apr. 17	...	...	...
OTHER COMPANIES					
Acme Tea Chest	4%*	...	Same	...	...
African City Properties Trust	13%†	...	11%†	17	15
Army and Navy Stores (10/-)	1/1 p.s.	Apr. 16	10d. p.s.	15	12‡
British Canadian Trust	3%*	Apr. 6	2%*	2‡	1‡
British Combined Investors Trust	...	...	...	6	6
British Drug Houses	...	...	...	7‡	Nil
British Moss Litter	...	...	...	15	10

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

RECENT advances in commodity prices have encouraged speculation which, in turn, has left the majority of the markets vulnerable to psychological influences. Such a factor was responsible for the sharp general break in prices, which occurred on Wednesday. Unconfirmed rumours of action to check the importation of gold into the United States caused a heavy volume of selling in that country, which induced speculators here to liquidate their holdings. Recovery was, however, general on Thursday.

Thus, the non-ferrous metal markets, which had already developed weakness, suffered a further heavy decline on Wednesday and rubber also lost part of its recent rise. Cotton participated in the general movement, but jute was stronger under the influence of bearish crop reports, and other textile fibres were about unchanged. Linseed rose in price on the anticipation of a shortage of supplies.

Wheat prices, on balance, show little change; an active Continental demand was reflected in rising prices in the early part of the period under review, but most of the gain was lost on Wednesday. Maize, however, was substantially higher in sympathy with Argentina, where United States buying has imparted a strong tone to the market. The London sugar conference, the implications of which are dealt with in a leading article, failed to strengthen the market in sugar, while cocoa was also cheaper. On the other hand, competition was active at the Mincing Lane tea auctions and prices showed an advancing tendency. Among other foodstuffs, potatoes were marked up on short supplies, eggs suffered a further seasonal fall, and provisions were about unchanged in price.

The relapse of staple commodity prices in the United States is reflected in Moody's daily index (December 31, 1931 = 100) which fell from 227.5 to 223.9 in the week ended Wednesday. The index stood at 214.7 a month ago and at 168.8 a year ago.

COAL

SHEFFIELD.—There is a brisk demand for all classes of fuel and pressure for deliveries in view of possibilities of trouble in the coalfields. Full time is being made on the bigger quota for April. Small fuel is unobtainable in sufficient quantities to meet all requirements in the inland market. With the improvement in the weather the call for household coal is less pronounced. Furnace and foundry coke remains a strong market, and gas coke is fully taken up. Export inquiries are on a larger scale, and although prices are rising they do not hamper business. Best hard steams are well taken up for shipment over the next two months, and inquiries cover potential requirements well into next year.

NEWCASTLE-ON-TYNE.—Demand from home and abroad remains strong for all classes of North-East coal. Export merchants receive plenty of offers for odd cargoes, but they are rarely able to execute them through lack of supplies. Northumberland steam coals are unobtainable this year, and all classes of Durham manufacturing coal are in a similar position. Scandinavian consumers are now turning their attention to next year, and are buying large quantities of all grades of steam coal at current prices. Patent oven coke remains a firm market.

GLASGOW.—The coal trade remains busy, and output is expanding. The great bulk of supplies is taken up under contracts, which leaves only small tonnages available for new business for prompt or early delivery. The buoyant home demand continues to hamper exports. Mainly owing to lack of supplies shipments last week showed a fair decline. Prices in all branches of the trade and for all classes of coal are strong.

CARDIFF.—The Cardiff coal market remains firm. Quotations are nominally unchanged, but collieries are finding no difficulty in arranging sales at current figures, and inquiries are still very active. Up to the end of March, production showed an increase of between 8 per cent. and 9 per cent. over the corresponding period last year, and export supplies one of over 15 per cent. Export allocations for the current quarter are 25 per cent. greater than actual performance during April-June, 1936, so that the question of supplementary allocations is not likely to arise for some time. Coke is very firm and patent fuel steady, while in common with other timber prices those for pitwood are steadily advancing and are already being quoted up to 28s. ex ship. Shipments of coal and coke from Cardiff last week totalled 281,500 tons compared with 225,700 tons in last year's Easter week, and for the current year to date the increase in the foreign and coastwise trades is about 700,000 tons. A new wages agreement was entered into on Monday for a period of four years; its principal features are increased standard rates and an advance in the minimum percentage from 25 to 30.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that the volume of new business since the holidays has been restricted by the inability of the steel manufacturers to add to their already crowded order books. On the other hand, requirements appear to be increasing, and a large amount of work has been held up by late delivery and the scarcity of steel materials. The difficulty of obtaining fresh supplies of steelmaking pig iron and scrap is still a serious handicap to the steelmakers in their efforts to maintain output; but recently additional purchases have been made abroad which should ease the situation in the near future.

The shortage of semi-finished steel has not been relieved, and the activity of the consuming industries is being seriously affected. Negotiations are in progress to obtain supplies of foreign material, and it is possible that shortly some of the arrears of the deliveries of Continental steel may be overtaken. In the meantime, the works which have to purchase their semi-finished steel have been obliged in some cases to close down part of their plant.

Demand for finished steel is in excess of supply, and, although producers are endeavouring to apportion their output amongst their customers, the shortage is causing delay in the execution of important orders. Little export business is possible in these circumstances, and orders from overseas markets have had to be refused by British works.

SHEFFIELD.—Conditions on the iron and steel market are becoming increasingly difficult and producers are unable to accept anything like the business on offer. Supplies of forge and foundry iron continue to lag behind demand. New business relates mostly to renewal of contracts, and to small parcels for early delivery. The quantity of imported iron has not been sufficient so far to ease the stringency. Moreover, prices of imported materials are somewhat above home quotations. Derbyshire makers have reached the limit of their present capacity, and Lincolnshire producers are still off the market in this area. With regard to hematite, makers of West Coast material have apparently nothing to offer, but the position on the East Coast is not so difficult, and fair supplies are available. It is expected that by the end of the first half of the year there will be a substantial rise in the prices of both grades. In finished iron business is on a large scale, and most makers are fully booked for some time. Crown iron is in good request, and marked bars are in greatest demand. Makers of basic steel billets are unable to cope with the heavy demand and delay in delivery is hampering re-rollers. The volume of business in acid billets is also on the up-grade. Stainless steel sheets and structural steel requirements are heavy. Iron and steel scrap demand is very considerable in virtually all sections, and merchants are not inclined to book forward business. The price control scheme does not appear to be in full operation at present, and prices are largely a matter of arrangement between buyer and seller.

MIDDLESBROUGH.—Demand for all classes of material remains greater than the supply. The output of pig iron is ear-marked for immediate consumption and for delivery against contracts already on the books. The rationing of foundry pig iron to home consumers continues, whilst the supply of hematite iron is just sufficient to enable home needs to be met, and allow small parcels to be shipped. Actual business is practically non-existent, and in anticipation of an increase in price which is expected to become operative on June 1st, iron masters are not keen to enter into further commitments.

Owing to the decline in imports of semi-manufactured steel, local producers are doing their utmost to keep re-rollers supplied; they have orders which will keep them busy for a long time. Steel manufacturers are concentrating on fulfilling existing contracts. The continued difficulty in securing supplies of raw materials renders difficult an increase in production. Blast furnace coke cannot be obtained under 30s. per ton delivered at the furnaces. Whilst no price is mentioned for best Bilbao rubio ore, odd lots continue to come forward at increasing prices, freight rates tending higher. The position on the scrap market is unchanged, no announcement having yet been made regarding official prices, but 67s. per ton is mentioned as the quotation for heavy steel melting material.

GLASGOW.—While there has been no further serious curtailment of operations in the steelmaking industry, the position is becoming increasingly difficult. There is no improvement in supplies of raw materials, deliveries of which are already much in arrears, and there seems to be no immediate prospect of steady supplies being available. At the same time, order books are well filled, and there is a substantial amount of new business on offer, which makers are unable to accept. Makers of semis and of finished steel are in much the same position. Clyde shipbuilders have obtained further contracts during the present week, and most of the yards are now busy. Carriage and wagon builders, structural and marine engineers, machinery makers and others, in the West of Scotland are all busy and are finding new work plentiful, but they are having difficulty in obtaining supplies of their constructional materials.

CARDIFF.—Business in the tinplate trade continues exceptionally good, and makers are now obtaining from 24s. 6d. to 25s. 6d. f.o.b., compared with the old minimum schedule of 19s. 9d. per basis box. Galvanised sheets are steady at £16 15s. 0d. per ton f.o.b. for export and £17 delivered for the home trade, while steel bars are nominally unchanged at £8 2s. 6d. Tinplate works are fully employed up to their increased quotas, and exports are twice as heavy as they were in April, 1936. Up to April 6th shipments totalled 101,348 tons, compared with 49,635 tons in the corresponding period last year, and in spite of the larger output stocks in warehouses and vans are at the relatively low total of 6,019 tons.

OTHER METALS

COPPER.—The market was easy throughout the period under review, which culminated in a sharp setback on Wednesday. The net loss on the week amounted to about £10 a ton. Heavy selling by frightened speculators on the one hand, and the reserve of consumers on the other, were the factors mainly responsible; but the decline was accentuated by President Roosevelt's statement on Friday of last week that prices of durable goods, especially copper, were too high, and that the U.S. Government would no longer support public works programmes which required mainly durable goods. The market was thus already in a weak condition when American markets slumped heavily on Wednesday, in consequence of the gold scare. In the present state of the copper markets, any forecast of the trend of prices in the immediate future would be futile.

Sales on the London Metal Exchange: 4,600 tons on Monday; 6,500 tons on Tuesday, against 2,300 tons last week; 9,000 tons on Wednesday, against 2,600 tons last week. Domestic spot was quoted at 14.67½ cents per lb. in New York on Wednesday, against 17.02½ cents a week ago and 17.25 cents a month ago. Wednesday's official closing price for standard cash in London was £63 15s. to £63 17s. 6d. per ton, compared with £72 17s. 6d. to £73 a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 24,639 tons, showed an increase of 66 tons, while stocks of rough copper, at 807 tons, were 100 tons larger.

In the pig iron department energetic attempts are being made to increase production by putting blast furnaces into operation which have been superseded by more modern plant, but which may now be relighted as an emergency measure.

LEAD AND SELLER.—Both metals have suffered a substantial setback in price this week, lead falling to the lowest level of the present year, and spelter to the lowest since February 17th. The slump was more severe than in copper or tin, only because the speculative bull account in lead and spelter was heavier than elsewhere. Unsettled conditions prevail, and the future of both markets is at the moment somewhat obscure.

Sales of lead on the London Metal Exchange: 2,100 tons on Monday; 3,500 tons on Tuesday, against 3,300 tons last week; 5,500 tons on Wednesday, against 1,650 tons last week. The New York quotation on Wednesday was 6.00 cents per lb., against 6.95 cents a week ago and 7.75 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £25 13s. 9d. per ton, compared with £31 16s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 3,300 tons on Monday; 3,500 tons on Tuesday, against 2,300 tons last week; 9,500 tons on Wednesday, against 2,100 tons last week. Wednesday's quotation in East St. Louis was 7.00 cents per lb., against 7.50 cents the week before and 7.50 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £26 per ton, against £33 12s. 6d. last week.

TIN.—Although the cash price actually declined from £294 a ton on March 31st to £283 on April 6th, the market showed substantial resistance in the early part of the period under review. Tin shared in the general slump on Wednesday, however, the price dropping to £272. Consumers have been out of the market, but since speculation is not heavy, selling has been less in evidence on this market than in other metals.

Sales of tin on the London Metal Exchange: 200 tons on Monday; 675 tons on Tuesday, against 450 tons last week; 1,000 tons on Wednesday, against 375 tons last week. The New York quotation on Wednesday was 60.12½ cents per lb., against 64.75 cents a week ago and 65.75 cents a month ago. Wednesday's official closing quotation in London for standard cash was £272 to £273 per ton, compared with £294 to £294 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,846 tons, an increase of 260 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was quoted at £14 7s. to £14 7s. 6d. per flask of 76 lb. the same as last week. Chinese antimony was quoted at £79 to £80 per ton ex warehouse, the same as last week. Chinese wolfram for "April-May" shipment was quoted at 65s. to 67s. per unit, c.i.f., compared with 61s. to 63s. last week. Refined platinum was steady on Wednesday at £11 15s. an ounce.

TEXTILES

COTTON.—Manchester.—Spinners and manufacturers continue to hold their ground. A steady business has been done and buyers have had to pay full prices. After a further upward movement in raw cotton prices there has been a reaction and American futures in Liverpool are now over 4d. per lb. below the highest level. Rather more attention has been paid to the probability of a much larger American crop for next season if current prices are maintained. The disposal of loan cotton is to be continued during April, subject to five days' notice of any change in price terms or conditions. Spinners continue to complain of the scarcity of good quality material. There is a tendency to increase estimates of world consumption.

Spinners have not reduced prices in proportion to the decline in the raw material, and there has been a tendency for profit margins to improve. Fair weights have been sold in coarse and medium American counts. There continues a strong call for deliveries of ring descriptions. Steady buying has occurred in Egyptian numbers.

Inquiry for piece-goods for foreign outlets has continued encouraging, with actual business rather patchy. The larger demand for India has been maintained and more business has been done since the beginning of this month than for some time back. Further buying has been reported in prints fine goods and specialties for Java and the Straits Settlements. Prints have moved off fairly well for West Africa and quite a number of manufacturers have had a good week for South America. The recent improvement in the offtake for the Continent has continued. A healthy mixed business has been done for the Dominions and the home trade.

COTTON PRICES

	1937				Corresponding Date	
	Mar. 17	Mar. 23	Mar. 31	April 7	1935	1936
Raw Cotton—Mid. American	d. 8-12	d. 7-85	d. 8-09	d. 7-87	d. 6-54	d. 6-47
" Sakellaridis Fully Good Fair	12-70	12-56	12-96	12-45	8-35	9-11
Yarns—32's twist	13½	13½	14½	14½	10	10½
" 40's twist	13½	13½	13½	13½	10½	10½
" 60's twist (Egyptian)	19½	20	20½	20½	15½	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d. 21 0	s. d. 21 0	s. d. 21 3	s. d. 21 3	s. d. 17 7	s. d. 17 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	29 0	29 0	29 4	29 2	23 9	24 0
38-in. ditto, 38 yds., 18 by 18, 10 lb.	11 7	11 7	11 9	11 9	10 5	10 0
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	10 7	10 7	10 9	10 9	9 3	9 0

LANCASHIRE AND LONDON FINANCE.—For some little time back it has been known that certain London financial houses have shown interest in the Lancashire cotton trade in view of the distinct improvement in conditions during the past six months. It has been reported this week that the Bee Hive Spinning Company, Ltd., Bolton, has been purchased by Mr W. H. Midwood, a leading Liverpool cotton merchant, and it is by understood that he is acting for a syndicate which is being financed by a London firm. A receiver was appointed for the Bee Hive Company several months ago. The concern owns two mills at Bolton, containing about 250,000 spindles. This week it has been reported that a London financial corporation is carrying on negotiations for the purchase of four or five textile merchant firms in Manchester which are chiefly interested in the home trade. The old-established firm of Messrs Fred Taylor and Sons, Ltd., merchants, Manchester, has already been acquired. This

concern, which was established in 1829, was reconstructed in 1924 and the limited company then formed had a nominal capital of £200,000. It is understood that the London house is interested in firms which have been able to make profits throughout the depression.

JUTE.—Dundee.—A decided change has come over the jute market. New crop prospects became unsatisfactory owing to lack of rain in the jute growing areas, and "bears" commenced to cover freely, while the Indian jute mills were reported to be buying considerable quantities. As a result quotations for raw jute advanced by about £2 per ton over last week-end, with sellers showing considerable reserve. The rise was assisted by a good demand for jute goods, which rapidly rose in price, and the jute market has not witnessed a period of such excitement for some years. Dundee spinners and manufacturers immediately raised their quotations, which brought out some business, but buyers have been very unwilling to have passed on to them the advance in raw jute prices.

The full group of Daisies-2/3, after being sold at £19 10s. per ton, rose to £21 10s. and is now quoted at £21 15s., while single marks are named at £22 7s. 6d. and Daisies-4 at £20 5s., April-May. Tossa-2/3, which was unsaleable at £20 10s. per ton, is now priced at £22 7s. 6d. Tossa-4 now stands at £21 15s., after being freely offered a few days ago at £19 10s., April-May. Good First Marks are now named at £24 15s. and good Lightnings at £23 5s., while Hearts, sold this week at £20 12s. 6d., are now £22 5s., April-May.

Buyers of jute yarns have been more interested and have paid from 2s. 1½d. to 2s. 3d. for common 8 lb. cops and 2s. 2½d. to 2s. 4d. for 8 lb. spools. Even yet, the rise in prices is insufficient to compensate spinners for the advance in raw jute. Twist is quoted lowest at 4½d. for 3 ply 8 lb., and sacking yarns are dearer at 2½d. for 24 lb. warp and 3½d. for 8 lb. chains. Rove is firmer at £21 10s. for 48 lb. and £17 5s. for 200 lb., while the finer yarns are up to 2s. 5d. paid for fourth grade 8 lb. warp. Carpet yarns are in good demand at 3½d. for 14 lb. warp.

Manufacturers have not transacted much new business following the advance in raw jute, but they have been compelled to raise their terms to 2½d. for 10 oz. 40 in. and 2½d. for 8 oz., and some are naming ½d. more. Inquiry is fairly good and an improved business can be expected once buyers are reconciled to the altered conditions.

Calcutta hessians were raised to 19s. 3d. for 10 oz. 40 in. and 16s. 6d. for 8 oz. April, 19s. 3d. and 16s. 4d. May-June, 19s. 6d. and 16s. 3d. July-September and 19s. 4d. and 15s. 11d. October-December, an advance of about 1s. 6d. since the end of last week. Indian mills' production is still curtailed by about 20 per cent. as the result of strikes at 15 mills.

GRAIN MARKETS

WHEAT.—After a reaction at the end of last week, the upward trend was resumed, and prices at the close on Wednesday showed little change on the week. An active Continental demand was the factor principally responsible for the rise, which was, however, reversed on Wednesday in consequence of the general slump which affected the markets on that day.

On Wednesday last, "May" futures were quoted in Chicago at 141½ cents per bushel, against 142½ cents the week before and 137½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 58s. 9d. to 60s. per 496 lbs., as against 60s. a week ago, No. 2 Northern Manitoba, ex ship, 57s. 9d. to 59s. 6d., as against 59s. a week ago. According to the *Corn Trade News* total shipments of wheat and flour last week totalled 1,506,000 quarters, against 1,465,000 quarters in the previous week and 1,245,000 quarters in the corresponding week a year ago.

FLOUR.—Home milled is a little dearer on the week, but imported flour has an easier tendency. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 45s. 6d. per 280 lbs., as against 45s. 6d. a week ago; delivered inner London, 45s., as against 45s. a week ago. Manitoba patents, ex store, 44s. to 45s. 6d., as against 44s. 6d. to 46s. a week ago. Australian, ex store, 35s. to 36s., as against 35s. 3d. to 36s. a week ago.

THE FINANCIAL NEWS

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

MONDAY, APRIL 12—THAT METAL MARKET MOONSHINE.—Since the time when Copper and the other leading base metals were clinging tenaciously to the giddy prices reached during the recent boom, we have said very little about them. Having described that boom as "moonshine" at the time, and having recommended a shifting of attention to other commodities, we have simply waited for inevitable events in the Metal market to occur. Now, after a heavy reaction, it is again possible to discuss the metals on a sane and useful basis.

TUESDAY, APRIL 13—TEA AND TEA SHARES.—Tea, after one of its usual lengthy periods in the doldrums, has recently woken from its slumbers and a minor boomlet has developed. This article reviews current prospects for this hitherto disappointing commodity and discusses the outlook for representative shares.

WEDNESDAY, APRIL 14, and THURSDAY, APRIL 15—COTTON TEXTILE SHARES.—These two articles complete our short series on the prospects for the Lancashire Cotton Spinning and Manufacturing Companies.

Dividing the Companies into the Egyptian Spinning Section, the American Section and the Mixed Spinning and Manufacturing Groups, these articles discuss the outlook for such Companies as:

FINE SPINNERS	COMBINED EGYPTIAN
AMALGAMATED COTTON	BARLOW & JONES
MILLS	DEWHURST

FRIDAY, APRIL 16—THE RISE IN SHIPPING FREIGHTS.—The Shipping Share Market is one of the few in which there has been any sustained investment interest over the past month or two. Belief in the possibilities of expanding international trade, together with the continued upward movement of freight rates, has been responsible for this investment interest. This article analyses the rising trend in freight rates on the most important shipping routes and thereby aids the Investor to make his selection amongst the various shipping securities quoted in the Market.

THE FINANCIAL NEWS

(Twopence Daily)

On sale at all railway bookstalls and good newsagents everywhere

BARLEY. "May" futures were quoted at 82½ cents per bushel in Winnipeg on Wednesday, against 84½ cents a week ago. Quotations per 48 lbs. in London on Wednesday were: "English feed," at farm, 36s., to 38s., as against 36s., to 38s., a week ago; "English malting," at farm, 38s., to 45s., against 38s., to 45s., last week. Californian (new), ex ship 49s., to 55s., against 54s., to 61s., a week ago. Chilean, brewing (new), ex ship, 44s. 9d. to 50s., against 44s. 9d. to 50s., a week ago.

OATS. On Wednesday, "May" futures were quoted at 50½ cents a bushel in Chicago, against 49½ cents a week ago and 48½ cents last month, quotations in London, Wednesday: "English black," at farm, 24s. 6d. to 26s. 6d. per 336 lbs., a week ago, as against 24s. to 26s., a week ago; "English White," at farm, 24s. 6d. to 26s. 6d., as against 24s. to 26s., a week ago; mixed Canadian feed (Vancouver), landed, 25s. 6d. per 320 lbs., as against 25s., a week ago.

MAIZE. Since the week-end a firm tone has developed in sympathy with Argentina, which has been influenced by United States buying. "May" futures were quoted on Wednesday at 125½ cents per bushel in Chicago, against 118½ cents a week ago and 108½ cents last month. Quotations in London, Wednesday: "Plate," landed, 30s. 3d. per 480 lbs., as against 29s. 9d. a week ago; "Plate," ex ship, 29s. 3d., as against 28s. 9d. a week ago; "Plate," Apr (new), 29s. 3d., as against 28s. 9d. a week ago; yellow maize meal, ex wharf, was quoted at £7 15s. per ton, as against £7 10s. to £7 12s. 6d. a week ago.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-37:—

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	April 8, 1936	Dec. 30, 1936	Mar. 31, 1937	April 7, 1937
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.—	82½	84½	79½	129	146½	147½
Chicago (No. 2, Winter) —Cents per 60 lb.—	98½	101½	94½	135½	142½	141½

The visible supply of wheat in Canada amounts to 82,568,000 bushels, against 83,841,000 bushels last week, and 111,746,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1933-34 to 1936-37:—

	1933-1934	1934-1935	1935-1936	1936-1937
Estimated sales of home-grown wheat—				
1 week to April 3	Cwts. 152,463	Cwts. 235,416	Cwts. 204,620	Cwts. 289,717
31 weeks to April 3	9,294,463	11,183,998	11,246,268	8,538,578
Average price of English wheat per cwt.	s. d. 4 4	s. d. 4 9	s. d. 6 5	s. d. 9 6

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding weeks in each of the years from 1933 to 1936:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
April 1, 1933	Cwts. 133,958	Cwts. 57,826	Cwts. 28,179	s. d. 5 2	s. d. 6 3	s. d. 5 11
March 31, 1934	152,463	31,031	23,851	4 4	8 5	6 0
April 6, 1935	235,416	60,682	29,128	4 9	7 2	6 11
April 4, 1936	204,620	71,760	40,706	6 5	7 6	6 1
March 27, 1937	190,881	51,503	30,468	9 2	10 1	8 2
April 3, 1937	289,717	83,499	52,922	9 6	10 0	8 3

OTHER FOODS

BACON.—The market was steady to firm. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 92s. to 96s.; Canadian, 85s.; Danish, 92s., against 92s. to 96s., 85s., and 92s. last week. Arrivals in London last week included: Danish, 13,435 bales; Canadian, 6,790; Dutch, 2,303; Lithuanian, 1,209; and Polish, 2,867; as against 13,299, 6,584, 2,713, 1,190 and 3,006 bales, respectively, in the previous week.

BUTTER.—After a slow opening, the market had a steadier tone in mid-week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 100s.; Australian, choicest salted, 100s.; Danish, 114s. to 116s.; compared with 101s., 101s. and 118s. to 120s., respectively, a week ago.

CHEESE.—Demand improved during the week and the tone of the market became firm. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 86s. to 92s.; Canadian, finest coloured, 74s. to 75s.; and New Zealand, finest coloured, 65s. 6d. to 66s., against 86s. to 92s., 73s. to 74s., and 65s. 6d. to 66s., respectively, a week ago.

COCOA.—Prices have suffered a sharp setback, both in London and in New York. The spot quotation in New York on Wednesday was 10½ cents per lb., as against 11½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "April-May," was quoted at 48s. 3d. per 50 kilos., c.i.f. Continent, against 52s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 22,159 bags; delivered, for home consumption, 17,500 bags; exported, 169 bags; stocks, 257,603 bags, against 148,209 bags a year ago.

COFFEE.—The London spot market was quiet, and in New York an easier tendency was evident. On Wednesday, Rio No. 7 (cash) was quoted at 9 cents per lb. in New York, as compared with 9½ cents per lb. last week and 9½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 23 cwt.; delivered, for home consumption, 534 cwt.; exports, nil; stocks, 2,576 cwt., against 11,728 a year ago. Central and other South American: Landed, 9,968 cwt.; delivered for home consumption, 2,698 cwt.; exported, 483 cwt.; stocks, 99,079 cwt.,

against 106,469 last year. Other kinds: Landed, 12,706 cwt.; delivered, for home consumption, 2,647 cwt.; exported, 1,716 cwt.; stocks, 133,261 cwt., against 162,293 last year.

EGGS.—Prices showed an easier tendency in response to heavier arrivals. At Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 10s. to 10s. 3d. per 120, as against 10s. 3d. to 11s. last week; while Danish (15½ lb.) made 8s. 6d. to 8s. 9d., as against 9s. 3d. to 9s. 6d. last week.

FRUIT.—Following the quiet spell which occurred after Easter, business at Covent Garden has shown an improvement and quotations are frequently higher. According to *The Fruitgrower*, apples remain an active trade at firm prices. Pears are selling fairly well, supplies from South Africa now being supplemented by arrivals from Australia; prices for the most part hold steady. South African grapes sell particularly well, quotations being firmer for all varieties. Hothouse grapes are now very limited. South African plums are steady, while peaches and nectarines from the same source are in short supply. English forced strawberries are a rather more prominent item, with finest selling up to 25s. per lb. With the approaching end of the season, oranges are inclined firmer for reliable parcels of Java and Spanish. Grapefruit are selling better, but lemons are a point easier.

MEAT.—After a moderate business had been transacted at Smithfield on Monday, demand became less active and prices eased. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. per 8 lbs., as compared with 3s. 6d. to 4s. a week ago. New Zealand frozen mutton was 3s. 2d. to 4s. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,488 tons, a decrease of 757 tons on the corresponding week last year.

PEPPER.—On Wednesday, Singapore white Muntok, spot, was quoted at 6d. per lb. in bond, against 6d. per lb. a week earlier. Black Lampung, spot, in bond, was quoted at 3½d. per lb. sellers, compared with 3½d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, nil; delivered, 4 tons; stocks, 1,802, against 1,695 last year. White, landed, 5 tons; delivered, 58 tons; stocks, 11,729, compared with 12,581 a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 10s. per cwt. ex warehouse, on Wednesday, as compared with 10s. per cwt. a week ago. "April-May," in singles to Continent and U.K., was quoted at 9s. 1½d. per cwt., against 9s. for "March-April" last week. Movements in London last week were as follows: Landed, 36 tons; delivered, 62 tons; stocks, 1,054 tons, against 923 a year ago.

SUGAR.—Although the week was marked by the opening of a world conference in London to discuss sugar problems, prices were rather lower, both in London and New York. The New York spot quotation was 3.45 cents on Wednesday, as compared with 3.55 cents per lb. last week and 3.55 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "May" delivery at 6s. 6½d. to 6s. 7½d., against 6s. 8½d. to 6s. 9d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 13,279 tons, against 19,353 in the previous week and 7,748 in the same week of 1936; deliveries, 17,894 tons, against 12,953 and 16,367 tons, respectively; stocks, 202,325 tons, against 206,940 and 222,293 tons, respectively.

TEA.—At this week's public auctions in Mincing Lane, 52,611 packages of Indian and 17,322 packages of Ceylon tea came up for disposal. Prices of Indian grades advanced under a strong demand. At Tuesday's Ceylon sale, common and medium teas made better prices, but fine qualities, although selling well, were rather easier.

VEGETABLES.—In consequence of heavier arrivals, cucumbers, forced beans and Canary Island tomatoes are easier in price, states *The Fruitgrower's* Covent Garden report. Asparagus is making a better showing, while lettuce is doing much better. New peas from Guernsey now realise 2s. 6d. to 3s. 6d. per lb., while a few tomatoes from the same source have put in an appearance. All good greenstuff and cauliflowers are doing better, while rhubarb meets a steady sale. Spring onions are dearer and business in carrots, turnips and parsnips has improved. Meanwhile, new potatoes are in increasing supply. Stocks of old potatoes are now reported to be low, and prices have again moved upward. Thus, at the Borough Market on Tuesday, best sitland King Edward realised 10s. to 11s. per cwt., ex market, against 9s. 6d. to 10s. 6d. last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—High and advancing prices have had a restrictive effect on business. Linseed is dearer in sympathy with Argentine options and partly by reason of higher freight rates, but there is very little demand from U.K. crushers. Plate seed is in some request on Continental account. Interest here is mainly centred in the new Indian crop, shipment of which has begun. Business, however, is very slow. The final estimate of the Argentine Government indicated a rather smaller acreage under linseed than that originally returned. Meanwhile, shipment has continued at a high rate, leaving an exportable surplus of only 893,000 tons on March 31st, the total given by the Government after a thorough investigation of stocks in warehouse, on rail, or in growers' hands. The quantity available from India is variously estimated at from 300,000 to 350,000 tons, but this is largely conjectural. Inclusive of supplies from Uruguay and elsewhere world supplies are probably no more than 1,300,000 tons, or rather less than the quantity actually shipped in April-December last year, notwithstanding the larger Plate crop. There have been heavier shipments to Europe, but the main cause of the speedy absorption has been the increased demands of the United States and Canada amounting to 260,000 tons, against 87,000 tons last season. Linseed oil is in fair demand from consumers and is on balance 10s. per ton dearer on the week, being now quoted at the highest level for some years. There has been a sharp break in Egyptian cottonseed and trade remains poor. The oil product, however, is firm and large shipments have recently been made from Hull to America.

RUBBER.—After last week's advance, the market developed an easier tone, and prices were already weak on Wednesday when the general setback on the commodity markets accentuated the decline. Meanwhile, United Kingdom stocks continue to decline, but the labour situation in the United States is still difficult. The spot price in New York on Wednesday was 24½ cents per lb., compared with 26½ cents per lb. a week ago and 23½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 1s. 0½d. per lb., as against 1s. 1½d. on the corresponding day last week. In forward positions, business has been done at 1s. 0½d. to 1s. 0½d. for "May" shipment, as against 1s. 1½d. to 1s. 1½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 51,579 tons, against 53,818 tons a week earlier. A year ago stocks amounted to 147,557 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, April 7th.

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

CEREALS AND MEAT				POTATOES—				WOOL—				INDIGO—			
GRAIN, Etc.—				English King Edward				English Southdown, greasy, per lb.				Cape.....			
Wheat—				per cwt.				" Lincoln hrd, washed				Dry and Drysalted Cape			
No. 2, N. Man. 496 lb.				SPICES—				Queensland, sod. super cmbg.				Market Hides, Manch'tr—			
Eng. Gaz. av., per cwt.				Pepper, per lb.—				N.S.W. greasy, super cmbg.				Best heavy ox and heifer			
Barley, Eng. Gaz. av.				Black Lampong				N.Z., grsy., half-bred 50-56				Best cow			
Oats,				White Muntok				Crossbred 40-44				Best calf			
Maize, La Plata, landed				Cinnamon—1st sort, per lb.				Tops—				INDIGO—			
480 lb.				Cloves—Zanzibar, per lb.				Merinos 70's average.....				Bengal, gd. red-vio. to			
Flour, 1 Lon. stan. ex mill,				Ginger—per cwt.—				" 64's "				fine			
280 lb.				African				Crossbred 48's				per lb.			
Rice, No. 2 Burma, per cwt.				Jamaica, ord. to good				" 46's "				LEATHER—			
MEAT—				Mace				Nutmegs, 65's				Sole Bends 8/4 lb.—			
Beef, per 8 lbs.—				SUGAR—				COAL—				per lb.			
English long sides				Dubny, (11/8 per cwt.)				Welsh, best Ad'ty...ton				Bark Tanned Sole			
Argentine chilled hinds				Centrifugals, 96's, prpt.				Durham, best gas, f.o.b.				Shoulders fm DS Hides			
Mutton, per 8 lbs.—				Crushed				Tyne				Do. Eng. or WS do.			
English wethers				B.W.I., crystallised				Sheffield, best house, at				Bellies from DS do.			
N.Z. frozen				Java, white, c. & f. India				Nits				Do. Eng. or WS do.			
Lamb, per 8 lbs.—				Oct-Dec.....				IRON AND STEEL—				Dressing Hides			
N.Z. frozen				Nominal.				Pig, Cleveland No. 3, d/d.				Ro. Eng. Calf, 20/30 lb.			
Pork, English, per 8 lbs.				REFINED—London—				Bars, M'brough				Aust. Bends Avg. 7/1 lb.			
				Yellow Crystals				Steel rails, heavy				VEGETABLE OILS—			
				Cubes				Tin plates				Linseed, naked, p. ton net			
				Granulated				TEA—				Cotton, refined			
				Home Grown				Indian—per lb.—				Kape, seced, crude.....			
				PEKOE—				Pekoe				Coconut, crude			
				Broken Pekoe				Ceylon—per lb.—				Palm			
				Orange Pekoe				Pekoe				Oil Cakes, Linseed, Eng.			
				Broken Orange Pekoe				Broken Pekoe				per ton.....			
				Ceylon—per lb.—				Orange Pekoe				Oil Seeds—Linseed—			
				Pekoe				Broken Orange				La Plata, p. ton, Apr.			
				Broken Pekoe				Broken Orange				Calcutta—per ton			
				Orange Pekoe				Broken Orange				Turpentine, per cwt.			
				Broken Orange				Broken Orange				s. d.			
				Broken Orange				Broken Orange				40 9			
				Broken Orange				Broken Orange				PETROLEUM PRODUCTS—			
				Broken Orange				Broken Orange				Motor Spirit, No. 1,			
				Broken Orange				Broken Orange				London			
				Broken Orange				Broken Orange				Petroleum, Amer. rfd.			
				Broken Orange				Broken Orange				bri. London...per gall.			
				Broken Orange				Broken Orange				Fuel oil, in bulk, for			
				Broken Orange				Broken Orange				contracts, ex instal.			
				Broken Orange				Broken Orange				Thames—			
				Broken Orange				Broken Orange				Furnace...per gall.			
				Broken Orange				Broken Orange				Diesel.....per gall.			
				Broken Orange				Broken Orange				0 4½			
				Broken Orange				Broken Orange				ROBIN—			
				Broken Orange				Broken Orange				American			
				Broken Orange				Broken Orange				per ton 20/15/0			
				Broken Orange				Broken Orange				RUBBER—			
				Broken Orange				Broken Orange				St. ribbed smoked sheet			
				Broken Orange				Broken Orange				per lb.			
				Broken Orange				Broken Orange				Fine hard para. per lb.			
				Broken Orange				Broken Orange				1 0½			
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				Broken Orange				Broken Orange				TALLOW—			
				Broken Orange				Broken Orange				London town...per cwt.			
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				Broken Orange				Broken Orange				TIMBER—			
				Broken Orange				Broken Orange				Swedish u/s 3 x 8 ... per std.			
				Broken Orange				Broken Orange				23 10 0			
				Broken Orange				Broken Orange				" 2½ x 7 " "			
				Broken Orange				Broken Orange				" 2 x 4 " "			
				Broken Orange				Broken Orange				Can'dn Spruce, Dis... "			
				Broken Orange				Broken Orange				Pitchpine			
				Broken Orange				Broken Orange				per load 11 0 0			
				Broken Orange				Broken Orange				Rio Deals			
				Broken Orange				Broken Orange				per std. 85 0 0			
				Broken Orange				Broken Orange				Teak			
				Broken Orange				Broken Orange				per load 27 0 0			
				Broken Orange				Broken Orange				Honduras Malg logs ... c. ft.			
				Broken Orange				Broken Orange				0 12 0			
				Broken Orange				Broken Orange				African			
				Broken Orange				Broken Orange				Amer. Oak Boards "			
				Broken Orange				Broken Orange				" Ash "			
				Broken Orange				Broken Orange				" 0 6 0			
				Broken Orange				Broken Orange				English Oak Planks "			
				Broken Orange				Broken Orange				" Ash "			
				Broken Orange				Broken Orange				" 0 6 0			
				Broken Orange				Broken Orange				" 0 7 0			
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DAGGAFONTEIN MINES, LIMITED

(Incorporated in the Union of South Africa.)

CAPITAL : Authorised £2,000,000. Registered and Issued £1,750,000.
In 7,000,000 shares of 5s. each, fully paid.

EXTRACT FROM ANNUAL REPORT TO 31st DECEMBER, 1936.

Tons Milled	1,524,000.	Yield (per ton 5.95 dwts.)	453,418 ozs.
Revenue (per ton milled 41 7.791)	£3,173,670	Government Taxes	£411,476
Working Costs (per ton milled 21 2.372)	1,615,261	Government Participation in Profits	241,169
Working Profit (per ton milled 20 5.419)	1,558,409	Reserve for Liability under Miners' Phtisis Act	773
Sundry Revenue, less Expenditure	14,554	Dividend No. 7 - 23 1/2 per cent.	415,625
Total Profit	1,572,963	Dividend No. 8 - 25 per cent.	437,500
Add :-		Directors' Special Remuneration	4,382
Balance to credit of Appropriation Account at 31st December, 1935	91,172	Appropriated for Capital Expenditure	78,373
	£1,664,135	Balance unappropriated at 31st December, 1936	74,837
			£1,604,135

ORE RESERVE.—The Ore Reserve was re-calculated at the end of 1936, and disclosed the following:—

Tons	7,413,021
Stope width (inches)	41.13
Stope value (dwts.)	6.59
Inch-dwts.	271

DEVELOPMENT.—The development accomplished during the year amounted to 55,043 feet, which was a record for the mine. The percentage payable was 56.0, average reef width 18.04 ins., average assay value 18.19 dwts. and inch-dwts. 345. In addition 14,329 feet were developed for East Daggafontein Mines, Limited, and 905 feet for Vogelstruisbult Gold Mining Areas, Limited.

MAY SHAFT.—During the year the shaft was sunk 2,280 feet to a total depth of 3,985 feet, and a further 40 feet of sinking will complete it.

Kimberley Reef.—In view of the encouraging results obtained on certain reefs of the Kimberley Series in No. 3 Shaft, all bands of reef exposed in sinking the May Shaft through this horizon were sampled. At a depth of 2,481 feet one of the reefs of the Kimberley Series was intersected which disclosed satisfactory values. This reef over 8 sections all giving payable results, averaged 6.7 dwts. over a width of 44.4 inches, equivalent to 297 inch-dwts. A station is being cut at this elevation to permit of rapid development on this reef, but actual work will have to wait until the shaft is connected with the workings of this Company and East Daggafontein Mines, Limited, on the Main Reef horizon.

Main Reef.—Later in the year the Main Reef was intersected at a depth of 3,867 feet, and over 20 sections sampled disclosed an average value of 7.19 dwts. over 35.35 inches, equivalent to 254 inch-dwts.

THE FULL REPORT AND ACCOUNTS CAN BE OBTAINED FROM THE LONDON SECRETARIES OF THE COMPANY, ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LTD., 11, OLD JEWRY, LONDON, E.C.2.

WESTERN REEFS EXPLORATION AND DEVELOPMENT COMPANY, LTD.

(Incorporated in the Union of South Africa.)

CAPITAL : Authorised £2,000,000. Registered and Issued, £862,500.
In 3,450,000 Shares of 5s. each, fully paid.

EXTRACT FROM ANNUAL REPORT TO 31st DECEMBER, 1936.

FINANCE.—The Cash Receipts and Expenditure from the Inception of the Company to the 31st December, 1936, were as follows:—

RECEIPTS		EXPENDITURE	
Working Capital—		Property, Options and Rights on Farms	£ 507,640 10 10
2,442,500 Shares at 5s. each	£ 12,212,500 0 0	Shaft Sinking and Equipment	128,447 1 0
1,007,500 Shares at 37s. 6d. each	1,889,062 10 0	Boreholes and Prospecting	225,243 17 0
Sundry Revenue received to date	3,330 10 2	Joint Prospecting Ventures	11,511 6 6
		General Expenditure	40,817 14 6
		Cash and Cash Assets, less Creditors	913,660 15 10
			1,589,366 4 4
			£2,503,027 0 2

OPERATIONS.—The footage drilled during the year under review was 22,165 feet. This footage is considerably less than the 54,350 feet done during the previous year, but this is accounted for by the fact that towards the middle of the year the stage had been reached whereat it was unnecessary to incur further expenditure on diamond drilling. The information disclosed by this work was sufficiently positive to justify the commencement of shaft sinking and development work, and boring operations were discontinued in the area in respect of which it was intended to apply to the Government for a lease of the undermining rights.

Application was accordingly made on behalf of the Company for a Mining Lease, and after this had been granted the preliminary work in connection with shaft sinking was started in September. In this area two shafts are being put down, each of six large-size compartments. At the end of the year the No. 1 Shaft had reached a depth of 34 feet. No. 2 Shaft had been sunk to a depth of 19 feet and the collar set completed.

It is hoped to have the winders for No. 1 Shaft in operation by the end of May, after which rapid progress in sinking should be made. This shaft should intersect the reef at a comparatively shallow depth.

The equipment for No. 2 Shaft, in which the reef intersection is estimated to be at an approximate depth of 4,000 feet, is expected to be in operation towards the end of July.

The Company has also been granted a Prospecting and Mining Lease over an area adjacent to that covered by the Mining Lease. Drilling will shortly commence in this area.

THE FULL REPORT AND ACCOUNTS CAN BE OBTAINED FROM THE LONDON SECRETARIES OF THE COMPANY, ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LTD., 11, OLD JEWRY, LONDON, E.C.2.

EAST DAGGAFONTEIN MINES, LTD.

(Incorporated in the Union of South Africa.)

CAPITAL : Authorised £1,500,000. Registered £1,350,000. Issued £1,216,100 10s. In 1,501,251 fully paid shares of 10s. each, and 930,950 partly paid shares of 10s. each, 1s. per share paid up.

EXTRACT FROM ANNUAL REPORT TO 31st DECEMBER, 1936.

CAPITAL.—Since the end of the year, 267,799 shares have been issued in respect of options exercised, bringing the issued capital to £1,350,000 in 2,700,000 shares of 10s. each.

FINANCE.—The cash receipts and expenditure from the inception of the Company to the 31st December, 1936, were as follows:—

RECEIPTS		EXPENDITURE	
Working Capital—		Purchase of 50 per cent. undivided interest in 179 Discoverer's Claims	£ 100,000 0 0
1,169,050 Shares at 10s. each, fully paid	£584,525 0 0	Survey and Transfer Expenses	2,802 16 7
330,000 Shares at 10s. each, fully paid, issued at 30s.	495,000 0 0	Shaft Sinking, Permanent Haulageways and Equipment	645,609 9 6
930,950 Shares at 10s. each, 1s. per Share paid up	46,547 10 0	Development	124,009 2 0
2,201 Shares at 10s. each, fully paid, issued at 37s. 6d.	4,126 17 6	General Expenditure	54,534 13 3
Sundry Revenue	15,129 17 6	Cash and Cash Assets, less Creditors other than Applicants for Shares at 37s. 6d. as above	926,956 1 4
Sundry Creditors for 267,799 Shares at 37s. 6d., allotted 5th January, 1937	502,123 2 6		720,496 6 2
	£1,647,452 7 6		£1,647,452 7 6

DEVELOPMENT.—The development accomplished during the year was 14,135 feet. This footage was advanced by Daggafontein Mines, Limited. Of the footage sampled during the year, 48.5 per cent. (4,410 feet) proved payable and disclosed an average value of 29.43 dwts. over a width of 10.72 inches, equivalent to 315 inch-dwts. For the previous year the percentage payable was 30.4 per cent. (2,880 feet), the value being 22.59 dwts. over a width of 10.78 inches, or 244 inch-dwts.

ORE RESERVE.—The Ore Reserve was calculated at the end of 1936, disclosing the following:—

Tons	643,181
Stope width (inches)	37.32
Stope value (dwts.)	6.33
Inch-dwts.	239

MAY SHAFT.—During the year this shaft was sunk 2,280 feet to a total depth of 3,985 feet, and a further 40 feet of sinking will complete it.

KIMBERLEY REEF.—In view of the encouraging results obtained on certain reefs of the Kimberley Series in No. 3 Shaft, Daggafontein Mines, Limited, all bands of reef exposed while sinking the May Shaft through this horizon were sampled. At a depth of 2,481 feet one of the reefs of the Kimberley Series was intersected which disclosed satisfactory values. This reef, over 8 sections, gave payable results averaging 6.7 dwts. over a width of 44.4 inches, equivalent to 297 inch-dwts. A station is being cut at this elevation to permit of rapid development on this reef, but actual work will have to wait until the shaft is connected with the Daggafontein and East Daggafontein workings on the Main Reef horizon.

MAIN REEF.—Later in the year the Main Reef was intersected at a depth of 3,867 feet; the 20 sections sampled disclosed an average value of 7.19 dwts. over 35.35 inches, equivalent to 254 inch-dwts.

Development on this horizon is proceeding, and connections with the workings from the existing shafts should be made within a few months.

THE FULL REPORT AND ACCOUNTS CAN BE OBTAINED FROM THE LONDON SECRETARIES OF THE COMPANY, ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LTD., 11, OLD JEWRY, LONDON, E.C.2.

THE SOUTH AFRICAN LAND AND EXPLORATION COMPANY, LIMITED

(Incorporated in the Union of South Africa.)

CAPITAL : Authorised £1,000,000. Registered £350,000. Issued £306,250.
In 1,750,000 shares of 3s. 6d. each, fully paid.

EXTRACT FROM ANNUAL REPORT TO 31st DECEMBER, 1936.

CAPITAL.—The Registered Capital at 31st December, 1935, was 1,992,500 shares which was increased during 1936 by the creation of 7,500 shares, making it 2,000,000 shares of 3s. 6d. each = £350,000.

	Shares of 3s. 6d. each.
The Issued Capital at 31st December, 1935, was	1,727,486
Options exercised during 1936	2,398
Shares issued at the current market price in respect of Options not exercised	116
To Vendors of Witpoortje No. 2	20,000
Making the Issued Capital as above—£306,250	1,750,000
To be issued to Brakpan Mines, Limited, when the transfer of 714 claims from that Company is completed	250,000
	2,000,000

FINANCE.—The Expenditure and Revenue Account for the year shows a surplus of revenue over expenditure amounting to £3,494 3s. 8d. This surplus has been added to the balance of £23,380 16s. 11d. unappropriated at the 31st December, 1935, making a total of £26,875 0s. 7d. Appropriations as shown in the accounts call for £605 6s. 11d., leaving a balance of £26,269 18s. 8d. to be carried to the Balance Sheet. An amount of £12,998 5s. 8d. was expended on Property Account during 1936, representing transfer duty and expenses in connection with the claims acquired on Witpoortje No. 2. The expenditure during the year on Shaft Sinking, Permanent Haulageways, and Equipment, amounted to £468,499 10s. 4d. Development cost £73,076 12s. 1d., and these two items have been debited to "Expenditure on Witpoortje No. 2," increasing the balance of this account from £353,491 7s. 3d. at the 31st December, 1935, to £895,067 9s. 8d. as shown in the Balance Sheet.

OPERATIONS.—From the commencement of development work in 1933, nearly 55,000 feet had been done up to the end of 1936. This work to date has resulted in payable disclosures over 15,120 feet, representing 45.43 per cent. of the total footage sampled. The width of the payable disclosures was 39.3 inches, and the average value 11.8 dwts., giving a figure of 464 inch-dwts.

ORE RESERVE.—The Ore Reserve was calculated at the end of 1936, disclosing the following:—

Tons	1,542,210
Stope width (inches)	49.78
Stope value (dwts.)	6.18
Inch-dwts.	308

REDUCTION PLANT.—The design and layout of the reduction plant has been completed, and a start has been made with the excavations, foundations and erection of the sorting and crushing plant. Orders have been placed for the crushing and treatment plants.

THE FULL REPORT AND ACCOUNTS CAN BE OBTAINED FROM THE LONDON SECRETARIES OF THE COMPANY, ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LTD., 11, OLD JEWRY, LONDON, E.C.2.

BRAKPAN MINES, LIMITED

(Incorporated in the Union of South Africa.)

CAPITAL: Authorised £1,250,000. Registered and Issued £1,150,000.
In 4,600,000 Shares, of 5s. each, fully paid.

EXTRACT FROM ANNUAL REPORT TO 31st DECEMBER, 1936.

Tons milled	1,631,000	Yield (per ton 5.12 dwts.)	417,505 ozs.
Revenue (per ton milled 35 10.86)	£2,928,713	Government Taxes	£473,728
Working Costs (per ton milled 19 8.84)	1,609,516	Government Participation in Profits	133,267
Working Profit (per ton milled 16 2.12)	1,319,197	Reserve for Liability under Miners' Phthisis Act	2,519
Sundry Revenue, less Expenditure	13,156	Dividend No. 48—2½ per cent.	316,250
Total Profit	1,332,353	Dividend No. 49—30 per cent.	345,000
Add:—		Directors' Special Remuneration	7,500
Balance to credit of Appropriation Account at 31st December, 1935	86,153	Capital Expenditure	44,250
	£1,418,506	Balance unappropriated at 31st December, 1936	95,986

ORE RESERVE.—The Ore Reserve was re-calculated at the end of 1936, and disclosed the following:—

Tons	6,600,350
Stope width (inches)	48-65
Stope value (dwts.)	6-12
Inch-dwts.	208

DEVELOPMENT.—The footage accomplished was 65,561 feet which was an increase of 2,090 feet over the period 1935. The percentage payable was 40-0, the average reef width 34-84 inches, and the average assay value 11-36 dwts.

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SPRINGS MINES, LIMITED

(Incorporated in the Union of South Africa.)

CAPITAL: Authorised £1,750,000. Registered and Issued £1,560,000. In 6,240,000 shares of 5s. each, fully paid.

EXTRACT FROM ANNUAL REPORT TO 31st DECEMBER, 1936.

Tons Milled	1,660,300	Yield (per ton 6.11 dwts.)	507,298 ozs.
Revenue (per ton milled 42 9.829)	£3,554,624	Government Taxes	£440,148
Working Costs (per ton milled 18 7.449)	1,545,801	Government Participation in Profits	638,277
Working Profit (per ton milled 24 2.380)	2,008,823	Reserve for Liability under Miners' Phthisis Act	7,238
Sundry Revenue, less Expenditure	397	Dividend No. 34—23½ per cent.	370,500
Total Profit	2,009,220	Dividend No. 35—28½ per cent.	448,500
Add:—		Directors' Special Remuneration	7,500
Balance to credit of Appropriation Account at 31st December, 1935	62,317	Capital Expenditure	97,212
	£2,071,537	Balance unappropriated at 31st December, 1936	59,112

ORE RESERVE.—The Ore Reserve was re-estimated at the end of 1936, and disclosed the following:—

Tons	10,123,021
Stope width (inches)	42-59
Stope value (dwts.)	5-73
Inch-dwts.	244

DEVELOPMENT.—The footage of 19,475 feet accomplished on the horizon of the Main Reef Lender shows a decrease of 3,747 feet compared with the previous year. The percentage payable was 39-35, average reef width 30-35 ins., average assay value 10-67 dwts. Inch dwts. 324. In addition some further exploratory development was done on the Kimberley Reef. In all, 617 feet was accomplished of which 455 feet was sampled disclosing an average value of 0-22 of a dw. over a width of 85-49 ins.

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WEST SPRINGS, LIMITED

(Incorporated in the Union of South Africa.)

CAPITAL: Registered and Issued, £1,900,000. In Shares of £1 each, fully paid.

EXTRACT FROM ANNUAL REPORT TO 31st DECEMBER, 1936.

Tons milled	1,218,100	Yield (per ton 3.06 dwts.)	186,514 ozs.
Revenue (per ton milled 21 5.44)	£1,306,618	Government Taxes	£24,718
Working Costs (per ton milled 14 5.702)	881,612	Government Participation in Profits	164,949
Working Profit (per ton milled 6 11.738)	425,006	Reserve for Liability under Miners' Phthisis Act	2,488
Sundry Revenue, less Expenditure	65,620	Dividend No. 22—5 per cent.	95,000
Total Profit	490,626	Dividend No. 23—5 per cent.	95,000
Add:—		Directors' Special Remuneration	9,000
Balance to credit of Appropriation Account at 31st December, 1935	233,036	Capital Expenditure	134,146
	£723,662	Balance unappropriated at 31st December, 1936	198,366

ORE RESERVE.—The Ore Reserve was re-calculated at the end of 1936, disclosing the following:—

Tons	4,700,040
Stope width (inches)	58-72
Stope value (dwts.)	4-92
Inch-dwts.	264

DEVELOPMENT.—The total footage accomplished during the year was 19,411 feet. The percentage payable was 58-46, average reef width 31-70 inches, average assay value 14-45 dwts. and inch-dwts. 458.

THE FULL REPORT AND ACCOUNTS CAN BE OBTAINED FROM THE LONDON SECRETARIES OF THE COMPANY, ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LTD., 11 OLD JEWRY, LONDON, E.C.2.

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COMMERCE AND TRADE

Labour's Share

AFTER several years of almost unprecedented industrial peace, there has been a marked recrudescence since the beginning of the year, and especially in recent weeks, of disputes between employers and trade unions. Few of these disputes, it is true, have yet reached the stage of strikes, and almost the only important stoppages are those which have occurred in the Clydeside engineering industry. But at least two disputes which are now in their earlier stages threaten to result in strikes of major dimensions. The miners have been polled this week on the question whether they will contemplate a national strike to oust the "industrial" union from the Nottinghamshire coalfield; and the London busmen are threatening to strike in support of their demand for a reduction in the length of the working day.

There are always, of course, at any time, some industrial disputes latent. What is new in recent weeks is not only the number of such disputes which have come to the surface, but the more resolute spirit to be observed in the unions. It is beginning to look as if the period of industrial peace which has lasted for several years is drawing to a close. In the seven years between the end of 1929 and the end of 1936, the number of days lost in trade disputes was only about one-tenth of one per cent. of the number of days worked—an average stoppage for each worker of two hours per annum.

A number of obvious explanations of this extraordinary period of trade union quiescence present themselves. British labour, for more than a decade, has been in a political rather than an industrial mood; during the depression the existence of a very heavy volume of

unemployment has acted as a deterrent to strike action; and the growing smoothness with which the machinery of collective bargaining in British industry works has made it possible for changes in wage-rates, both downwards and upwards, in recent years, to be accomplished peacefully. But more important than any of these causes has been the plain fact that the real income of the British worker rose during the depression. Money wage-rates fell, according to the Ministry of Labour index, by 4½ per cent. between 1929 and 1933 (the average figure for the whole year being taken in each case). But in the same period the cost of living fell by 14½ per cent., so that real wage rates rose by 11½ per cent. This figure refers, of course, only to those who remained in full employment; the percentage of unemployment rose in the same period from 10.3 per cent. to 21.9 per cent. of those insured, and there was a great increase in the amount of short-time worked which did not reveal itself in the unemployment returns. But the fully employed remained the great majority, and their gain in real income undoubtedly outweighed the losses of the unemployed and under-employed. Statistics of the consumption of foodstuffs confirm that the real standard of living of the people as a whole actually increased in the years of deepest depression.

Between 1933 and 1936 the level of real wages has been not quite maintained. Wage rates have increased by about 4½ per cent., but the cost of living has risen by about 5 per cent. Real wages, on the average of the year 1936, were within one per cent. of their 1933 peak. But by December, 1936, they were 2½ per cent. lower, and there have been further increases in the cost of living

since the New Year. During this period of recovery, both unemployment and short-time have been reduced, so that a stable level of real wage rates has not prevented a continued expansion of popular consumption. But the trade unions are always most closely concerned with the standards of workers in full employment, and the explanation of the sudden recrudescence of industrial disputes is mainly to be found in the sharp fall in the level of real wages which has begun in recent months and has every appearance of proceeding further in the immediate future.

There are, of course, other elements in the picture. Profits are still rising rapidly, increasing the unions' estimate of what the employer can afford to concede. In a growing number of industries a real shortage of labour, especially skilled labour, is daily increasing the unions' bargaining power. And finally, there are, as always, insurgent minorities in many unions pushing their leaders forward.

The public must, it thus appears, prepare itself for a period of increasing pressure from the unions for concessions. There is nothing in such a prospect to excite alarm. On the contrary, pressure by the unions in periods when their bargaining power is strong is one of the most valuable means for keeping the managers of industry up to the mark and for stimulating the efficiency of all enterprises. In the circumstances of the present, the distribution to labour of a considerable share in the advancing profits of industry would not merely be wise and equitable from the social standpoint, but would also have considerable economic advantages, since it would maintain, and perhaps increase, the output of consumption goods and prevent the national economy from being excessively diverted into the production of armaments.

It will be a pity, however, if these concessions to labour generally take the stereotyped form of flat-rate additions to standard wage-rates. We should not forget the lesson of 1920, when the principle of adjusting wages by the cost of living was abandoned, in many industries, at the peak of the price-curve, with an incalculable cost in later recrimination. Both Capital and Labour should recognise that no price-level and no wage-rate can be eternal in a world which promises to be little, if any, more stable in the future than in the past. There remains, moreover, the wider question whether Labour's share of advancing prosperity should always take the form of higher wages. There is some danger of Britain's becoming a laggard in the matter of hours, since the 40-hour week is now observed in large sections of American and French industry. The PRIME MINISTER has this week suggested the wisdom of reducing existing hours "in cases where nervous strain plays a large part in the lives of men"; and, in any case, Britain does not wish to be left on a par with Japan or with the slave-States over which the dictators rule. If the rise of prices continues, wage increases will have to become general. But they might well be admixed, where practicable, with reductions of hours, particularly in the form of the institution of the five-day week.

In all this impending period of adjustment, the public will hope that peace will prevail. Open strife, in the industrial sphere as in the international, is a shameful confession of the bankruptcy of statesmanship. But with goodwill, and recognition on both sides of the larger issues involved, there is reason to hope that the adjustments will be made without any serious disturbance of the progress of recovery and without any creation of lasting bitterness in either party.

World Politics and Prices

SEVEN years ago the collapse of world prices launched the Great Depression; and an era of high tension in world politics began. Now, on all hands, we see evidences that the Great Depression is passing. The rapid recovery in world prices which developed barely a year ago received a powerful impulse when the currencies of the erstwhile gold bloc were devalued last autumn; and to-day, despite persistent alarms and excursions in Europe, rising prices and expanding trade have begun to lower the tension of world politics.

But there is another side to this new picture. In dictatorships and democracies alike the Great Depression intensified autarkic expedients; and to-day the burden of self-sufficiency is beginning to be realised—not by the heads of States, but by the feet, where the shoe pinches. And it is natural that where the greatest measure of economic dragooning by the State has taken place for militaristic purposes the pressure of rising world prices should begin to pinch first.

The two European Great Powers most vulnerable to the present upward trend in world prices are Germany and Italy. They both depend on imported raw materials; they have both pushed distortion of their economic structures for military ends to greater lengths than any other European country; and, accordingly, those structures to-day do not possess the degree of adaptability necessary to meet a new, unforeseen state of affairs. In Russia, the third totalitarian Great Power in Europe, the process of autarky was begun early—not without some compulsion from the ex-Allied Powers—a score of years ago; and to-day she is beginning to exploit the forced savings of the past decade and to command the products of the outer world by means of her export surplus and her gold shipments. Of the five European

Great Powers to-day, Russia cannot be upset by the quick turnover of the world economy from depression to boom, while France and Britain still have the ability to adapt their economic structures to it. But Nazi Germany and Fascist Italy cannot do so without destroying the ponderous economic apparatus reared during the depression. Thereby hangs a political tale, the implications of which are worth pursuing.

Both Italy and Germany were able, during the depression, to drive hard bargains with the smaller States who could not dispose of their raw materials and foodstuffs elsewhere owing to the collapse of prices, the rise of tariffs, and import quotas. Then it was a buyer's, a debtor's, market. Hungary, Bulgaria, Roumania, Yugoslavia, Greece, Poland, even Scandinavia, the Low Countries, and Central and South America were constrained to sell to Germany and Italy; and when the time for payment came most of them found themselves with blocked balances, convertible only by degrees into imports of specific manufactures—even munitions. In some cases, so great was Germany's and Italy's need of free foreign currencies wherewith to pay for imports that could only be bought from the free markets of the world, that these totalitarian customers shipped their imports from the smaller States on to the world market. They made a loss, but they obtained at least some free devisen. Germany used up almost all her gold reserves; and the Abyssinian adventure depleted those of Italy. Moreover, both Governments requisitioned all foreign assets of their nationals, individual and corporate; and especially in the last twelve months, the export subsidies of Germany and the calamitous running import surplus of Italy (who has not yet recovered her pre-sanctions foreign trade) have had to be financed by regular sales

of such assets on foreign Stock Exchanges. Again, in the recent scramble for the available supplies of tin, zinc, copper, nickel, iron ore, rubber, and even wheat, cotton and wool, Italy and Germany have been the least favoured. Trade with them is hampered by cumbrous restrictions; they must secure more export orders to pay the higher world prices; and they cannot raise the prices of their exports in anything like the same proportion as those of the imported raw material. Both countries are so tangled up in exchange controls of their own creation that it is hard to see how, unilaterally, they could ever extricate themselves.

In these circumstances, the growing movement among the democratic nations for freer trade—led by the United States, Belgium, Holland and Scandinavia—acquires a deep political, as well as economic, significance. On Monday and Tuesday, DR SCHACHT was the guest of the Prime Minister of Belgium, M. VAN ZEELAND, who has for long been canvassing the possibilities of freer trade, and is now engaged in drawing up a report on the requisite first steps, with the concurrence of the British and French Governments. DR SCHACHT admitted on Tuesday that Germany's efforts at self-sufficiency in certain fields were much more expensive than a return to freer trade. He declared that Germany would co-operate with those countries undertaking to reverse the present trend; that Germany would contribute to M. VAN ZEELAND's preparatory work; and that Germany would certainly admit Russia into an international agreement. Although DR SCHACHT spoke for himself alone, the significance of his declarations cannot be overlooked. If less than a year of expanding trade and rising raw material prices can transform the economic and political outlook in Europe, even only to this extent, the possibilities of political and economic appeasement which

might be realised by determined and effective leadership among the democratic nations at this juncture impose on the British Government the responsibility for seeing that the opportunity is not allowed to slip. They are assured, beforehand, of the unstinted support of the Oslo group of the Scandinavian and Low Countries, of France, and of the United States; and the countries of the Danube basin, including Austria and Hungary, are to-day nearer economic harmony than at any time in the last seven years. This is too imposing an array of peaceable and powerful countries to be disarrayed by the British Government's attachment to the almost empty achievements of narrow, Ottawa imperialism. MR NEVILLE CHAMBERLAIN's answer in the Commons on Monday is therefore the more disturbing in its equivocation:—

Mr Boothby asked if the right hon. gentleman contemplated entering into negotiations with the United States and France for the conclusion of an economic agreement covering a rather wider field and of a more permanent nature.

Mr Chamberlain said he was not contemplating that at the present time "We did say at the time the agreement was made that we hoped it might be followed by further measures with a view to lowering the restrictions in the way of international trade. The question that I was asked just now was whether I contemplated entering into negotiations for that purpose to-day, and I replied in the negative."

We repeat what we said last week in this respect: for Britain, for the British Empire, for democracy, and for an economically well-founded peace, it is now or never. If the British Government reply "Not now," they are really replying "Never." Theirs is the responsibility; but the cost will have to be paid for many years after this Government and its members have passed away.

The Finance of Football

A WEEK ago 105,449 people watched Sunderland and Preston North End win their way to the Final in the two semi-final ties of the Football Association Cup. This figure is greater than the population of Grimsby, Burnley, Halifax or Walsall; but the enthusiasm which it illustrates is by no means new. From the ancient days of Greece and Rome crowds have flocked to witness games. Every competitive game is spectacular; and, to-day, when we live in a world of towns, we more than ever find release from the workaday round in the thrill and skill of athletic contests.

We no longer bait bears or match fighting cocks; nor, in this country, have we any enthusiasm for the bloodthirsty art of bull-fighting. But our sports are legion, and there is money in all our games. ARCHIE COMPTON is reputed to make £1,000 a year in side-bets alone on his golf games. FRED PERRY has earned £20,000 in a few months of professional tennis. One five-day Test Match at Melbourne brought in over £90,000 at the gate. The towering stands of Aintree, Epsom, Wembley, don, Wembley and Twickenham bear witness of the money spent on sport.

Association Football is, however, the most popular of all our games. It is the national sport. It is played by more people than any other game; and more spend their holiday afternoons in watching the clash of its highly-skilled professional exponents than in any other way. From September to May the competitions for the League and the Cup are waged before the eyes of millions of spectators. Over 90,000 people watch the Cup Final in April or May at Wembley, and they pay nearly £25,000.

Despite the national status of the game, however, the

financial side of football is shrouded in relative obscurity. Attendance figures for League matches are regularly estimated; the actual gate receipts of games in the later stages of the Cup competition are published; and large sums are occasionally mentioned in connection with the transfer of players from one club to another. The full facts, however, are little known. What are the sums involved, the incomes of well-known football clubs, their expenses and their profits? Only approximate answers can be given, but the available data are sufficiently accurate to give some idea of the money spent in England on our national game.

The majority of Football League clubs are organised as private limited companies, and some information can be gleaned from their balance sheets. But the main items of income and expenditure, i.e. gate receipts and wages, are not easy to ascertain. The figures of the money paid by spectators at the gate in the current Cup competition, from the Third Round (when the crack teams of the senior Divisions of the League began to participate) have, however, been published as follows:—

	Number of Matches	Receipts £'000
Third Round	36 (4 replays).....	58.6
Fourth Round	20 (4 replays).....	43.4
Fifth Round	10 (2 replays).....	34.0
Sixth Round	6 (2 replays).....	25.0
	72	161.0

The two semi-final matches (which followed the Sixth Round) realised over £10,500, and last year's Final brought in £24,857. We can, therefore, estimate that the receipts from Cup matches, from the Third Round to the Final, are about £190,000.

The gate receipts of League matches are much more difficult to estimate. The capacities of the grounds of different clubs vary greatly. Some clubs, like Charlton Athletic, devote most of their accommodation to banked standing places for spectators paying 1s. and 1s. 6d. Others, however, like the Arsenal, reserve much more space for the more highly-priced seats. The receipts of a First Division club may be anything from £1,000 to £3,000 for a home Saturday match; and £1,500 is probably a reasonable estimate of the average gate receipts on fine afternoons for First Division matches.

There are 22 clubs in the First Division. Each plays 42 League matches in a season, about 39 of which are arranged for Saturdays and Bank Holidays. The receipts of all the First Division clubs, taken together, can be put at approximately £16,000 a week, and £640,000 in a season. Receipts in the Second Division and the two sections of the Third are much smaller, but the average takings per Division (22 clubs) are probably not much less than half the average for the First Division. Thus we reach an estimate of annual takings for the whole of the Football League of about £1,500,000.

By far the most important charge on these large annual takings is the remuneration of the players. The Football League lays down certain maximum rates of payment. Most regular First Division players receive a weekly wage of £8 in the playing season and £6 in the summer. Each player also receives £2 for every match won in which he plays and £1 for a drawn game. The average earnings of the ablest players are probably about £420 a year. In addition, most regular players are given a benefit at the end of every period of five years' service, but the proceeds must not exceed £650. Actuarially, football is not among the overpaid professions. A footballer is lucky if he remains fit, skilful and unhurt until the age of 35. He usually plays for a crack club and earns the maximum wage for only a part of a short, precarious career and receives no pension.

It is impossible to determine from club balance sheets exactly what actual sums are paid out in wages and benefits, since these items are usually combined with transfer fees. The latter attract more notoriety than any other of the game's financial features. Price-levels in this traffic in men are sometimes spectacularly high. In June, 1934, Aston Villa paid Portsmouth £10,775 for the transfer of J. ALLEN. In 1928 the Arsenal paid £10,340 to Bolton Wanderers for the services of DAVID JACK. In the season 1935-36, Aston Villa, threatened with relegation from the First Division to the Second, spent £40,000 on seven players—and were relegated, after all. In 1929-30, Chelsea paid £25,000 for three players.

These transfers are commercial propositions with a high element of risk. In an accounting sense they may be regarded as an advance capitalisation of the financial advantages expected from the presence of new players. But a player who is brilliant in one team may be a complete failure in another. Transfer, consequently, is never a certain short cut to success. Against Aston Villa's experience in 1935-36 may be set that of Sunderland, whose brilliant team of 1935-36 was made up almost entirely of inexpensive men, transferred from junior clubs at a nominal fee.

The income of football clubs, after wages, benefits and transfer fees have been paid, is largely devoted to ground expenses, the payment of dividends and the repayment of debt charges. An examination of available balance sheets reveals marked contrasts in this class of expenditure.

Some clubs, like the Arsenal, Manchester City, Charlton Athletic and Brentford, own their grounds. Their fixed assets, consequently, are high and their liabilities proportionately large. The Arsenal has raised large sums to buy the Stadium at Highbury and to reconstruct and improve its amenities. Other clubs, like

Aston Villa and Chelsea, hold their grounds on lease, and their fixed assets and liabilities are correspondingly low. Chelsea's fixed assets, for example, are no more than £1,700 against the Arsenal's £137,548.

The following table summarises certain items from the balance sheets of ten prominent clubs.

Club	Issued Capital	Debentures and Loans	Total Liabilities	Fixed Assets
Arsenal	5,789	66,362	168,443	137,548
Aston Villa	9,765	409	14,948	9,765
Brentford	4,000	39,453	71,987	69,233
Charlton	1,000	111,540	120,684	73,409
Chelsea	6,932	...	16,425	1,700
Everton	1,947	...	50,404	38,006
Leeds United	9,523	29,024	43,983	38,341
Manchester City	1,216	45,000	128,668	117,057
Sheffield Wednesday	9,590	20,580	33,124	24,553
Sunderland	2,700	27,000	37,734	29,121
Total (10 clubs) ...	52,452	339,368	686,400	538,733
Percentage of liabilities	7.7	49.5	100.0	78.6

The proportion of share capital, as a rule, is small; and as the laws of the Football Association preclude the payment of more than 7½ per cent. on ordinary or preference shares, the clubs are usually unable to distribute more than a part of their profits. Thus, Manchester City carries in its profit and loss account a balance of £72,047, equal to 56 per cent. of its total liabilities and sixty times its share capital. The Arsenal has a general reserve of £60,000. In a few cases, the number of shareholders is also small. Charlton Athletic has only eleven shareholders, and two persons hold 88 per cent. of its shares. Four persons hold 35 per cent. of the shares in the Arsenal club.

That, in outline, is the tale of football finance: an income derived chiefly from gate receipts from Cup and League matches, and expended in the payment of wages, benefits and transfer fees, ground expenses, dividends to shareholders, and debt repayment; and the accumulation of large reserves. The sums involved are considerable, but the game is a precarious business, in which many are called but few are chosen. Industrial depression, or failure on the field, may shatter the goodwill of a team in a short time. The decline of Cardiff City and the more recent setbacks of Blackburn Rovers and Newcastle United can be closely correlated with depressed local industrial conditions. The rise to fame of numerous London clubs shows the other side of the same medal. For struggling clubs in the lower Divisions, moreover, these spectacular figures are unrepresentative. The Arsenal may regularly attract crowds of 40,000 or more; Gateshead must make both ends meet on gates of 3,000 or less.

Altogether, professional football is not a game in which large fortunes are directly made. Players, shareholders and directors earn only a modest reward, and take a good deal of risk. Their own receipts, indeed, are insignificant compared with the vast betting turnover for which the game provides an occasion. In *The Economist* of February 29, 1936, we estimated the total annual turnover of the football pools at £30 millions. That figure is twenty times the annual income of all the League clubs from all League matches. In any case, the game's professional exponents are but a small fraction of the number of those who regularly play it for health and pleasure. Indeed, recent events suggest that the most immediate danger to Association football lies not in its "commercialism" but in politics. The only football match which *The Economist* has "reported" in recent times was played at Vienna last month between Austria and Italy; and its upshot was certainly not helpful to international relations. Incidents at certain matches at last year's Olympic Games in Berlin provide a similar warning of the unfortunate consequences of confusing national flags with corner flags.

Great Cities—IX

Leicester's Growth

LEICESTER, with an estimated population of 262,000 since the increase in its area in 1935, is the smallest of the great cities of Britain. In all probability it is the youngest, for, despite the antiquity of its chief industry, hosiery, the industrial Leicester of to-day is almost completely the product of the heyday of Victorianism, the forty years following 1860.

A century ago, Leicester was not much more than a large country town, with rather less than fifty thousand people, a market-centre for the rich grasslands of the county. Though it was also the largest knitting centre in the country, the industry was entirely a domestic one. The 14,000 stocking-frames were operated by 28,000 workers on back premises in their own houses.

Frames were hired at a weekly rent, yarn was bought by the 200 "hosiers" and distributed among the "manufacturers," who knitted the articles required in their cottages. This purely cottage industry survived until well past the middle of the century and was to be found also in a hundred villages of the county. Except to satisfy a very local demand, the other great staple industry of Leicester, boots and shoes, had not appeared, even by 1850; nor, naturally, had the important engineering industry, which grew up to provide the necessary hosiery and boot and shoe machinery.

By 1860, the new trend was becoming apparent. The first steam-engine had arrived in 1818 in a yarn-mill, but the steam power-loom did not come until 1847, and its adoption was slow. Soon afterwards, the first hosiery factory was started, and about the same time a Leicester man, one Thomas Crick, devised the method of riveting soles to uppers instead of stitching them laboriously with waxed thread, and so made boots and shoes a factory industry.

Leicester's industrial revolution came, therefore, after 1860. In the last years of the reign the population of the city trebled. The last features of the country town, except the medieval open-air market which still occupies its old site, dropped away; cottage industry died out, though slowly; the long week-ends of the operatives, with hang-overs lasting until Tuesday and even Wednesday, became a thing of the past; and hosiery and footwear became entirely factory industries, with a new engineering industry to supply them with their specialised machinery.

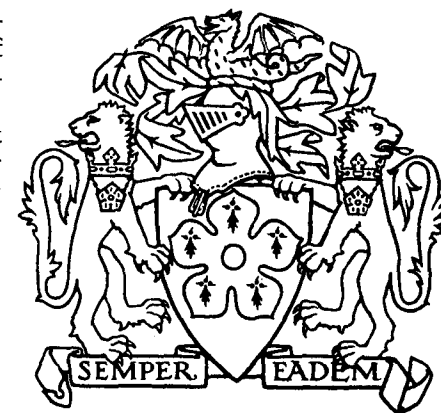
Steam-power and factories concentrated the two industries to some extent in Leicester, but many of the surrounding villages, particularly to the south of the town, are purely industrial to-day. Leicester itself has a gainfully-occupied population of about 140,000, of whom just about one-half are employed in the two staple industries. Hosiery, which now embraces every variety of knitted goods, employs about 35,000; the boot and shoe industry, which is actually almost entirely the manufacture of shoes for women and children (men's footwear being made at Northampton) employs 30,000. Engineering, still chiefly the manufacture of hosiery and boot and shoe machinery, though electrical engineering is now also important, employs 10,000. Three hosiery workers out of four are women; two boot and shoe workers out of three are men. Engineering employs

mostly men. Leicester is thus remarkably well balanced in this respect. Family incomes tend to be much higher than in most industrial towns, though, partly as a consequence, the cost of living is also very high for a

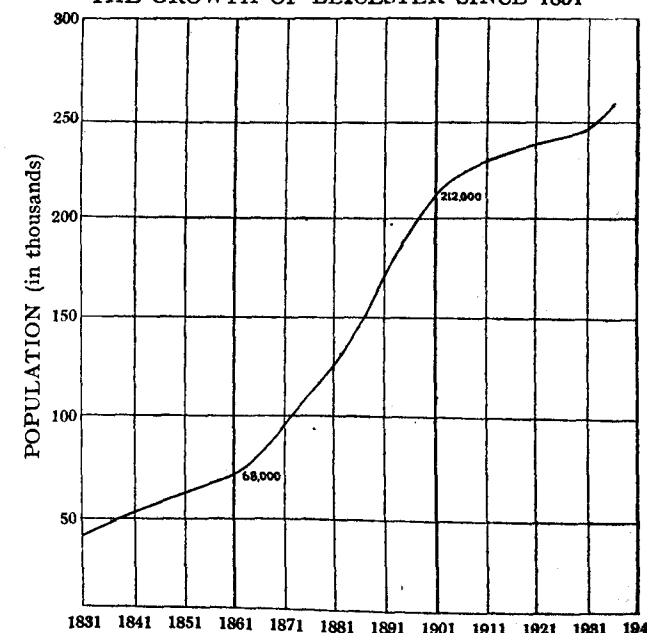
provincial town; and there is no great surplus female population driven to accept low wages in domestic employment. If one of the two industries is temporarily depressed, wages are usually coming in from the other; and many workers are able to switch over from one industry to the other at short notice. Thus there is an unusual degree of stability in the employment of the town, and this, together with the peculiar character of its industries, has made it the most prosperous industrial town in the country, second only to Lille in the whole world.

It is, therefore, somewhat odd to discover that, since de-rating, all the mills, factories and workshops of such a city to-day pay less than half the rates paid by the poorest class of householder (those with houses of a rateable value of £10 and under) and considerably less than the small and usually struggling shopkeeper.

Three generations of practically uninterrupted prosperity have made Leicester a town with marked characteristics of its own. The residential districts are very extensive for a place of this size and still wear an air of late Victorian solidity and comfort. Most of the houses



THE GROWTH OF LEICESTER SINCE 1831



of the well-to-do are the massive but ill-planned structures of the days when domestic labour was cheap, bearing on their ornamented façades the date of their erection in the late 'eighties and 'nineties when fortunes were being made rapidly and by a great number of people. This comfortable middle-class, running family businesses of various sizes (and, however the public company may intrude elsewhere, more than ninety per cent. of Leicester's firms are still family concerns), is much more numerous than one finds in other towns of comparable size. There are no counterparts here of the Bradford millionaire or the Manchester cotton man; wealth was

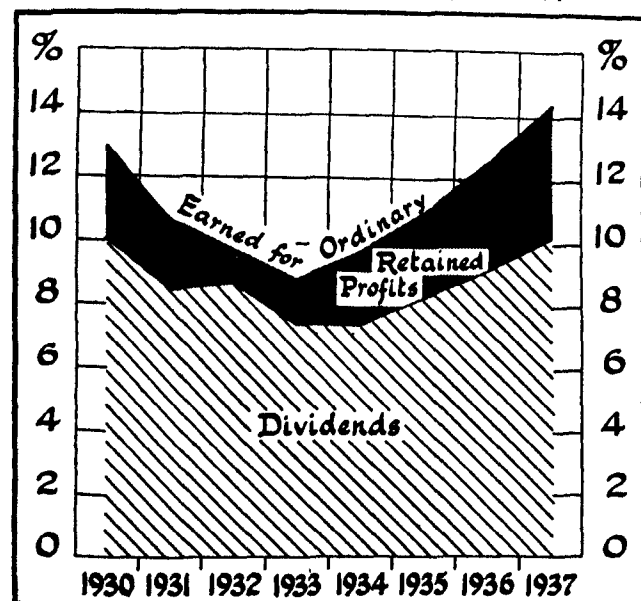
more evenly spread in the hosiery and shoe trades when they were being built up, though every year death reveals at least one fortune of unsuspected magnitude. It is, perhaps, this expansive tree-lined suburb, with its large Victorian houses, that helps to give Leicester its air of somewhat old-fashioned complacency also, though this characteristic is common to all classes and parts of the town. Apart from the residuum of hopeless poverty of all cities, Leicester has never known the real poverty and want of industrial depression.

Nevertheless, all has not been plane-sailing; the profound changes of post-war years have struck here also. But the town has adapted itself to these changes solidly. The hosiery man does not profess to understand the remarkable change in clothing fashions since 1920, but he has met this new demand all the same. Heavy knitwear machinery is still being scrapped in large quantities. In Leicester, they say that it formerly took the wool of two sheep to clothe a woman; now it is a matter of a few inches of artificial silk. The other great change has been the loss of the export trade to a large degree, which is due to factors common to all our export difficulties.

The Trend of Profits

INDUSTRY, Parliament and the Press have lately been giving much time and space to the potential consequences of rising production costs. In the earlier stages of recovery, gross receipts easily outran total expenses, but more recently the margin has shown signs of narrowing. This possibility has contributed to the decline of 6½ per cent. in *The Financial News* index of ordinary share values since the middle of last November. Our latest computation of industrial profits, however, affords no evidence of a serious check, as yet, to the rising trend of industrial earnings. During the past three months we have analysed the annual reports of as many as 628 British companies, whose total paid-up ordinary and preference capital amounts to £852 millions. We propose in the following article to discuss the conclusions sug-

PERCENTAGE EARNINGS ON ORDINARY CAPITAL AND THEIR DISTRIBUTION, 1930-37



gested by the resulting figures, which are set out in the detailed tables at the foot of the opposite page and in supplementary tables on page 182.

The identity of the constituent companies in our sample of reports varies from year to year. To obtain a conspectus of their profits during the last seven years of depression and recovery, therefore, we have employed the statistical device of a "chain index." The results, as set out in Table I, suggest that disclosed profits declined by approximately one-third between

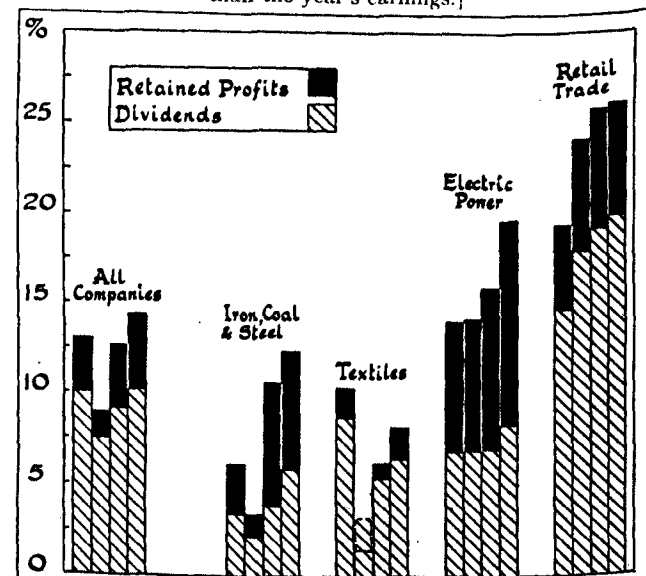
Before the war about 25 per cent. of Leicester's shoes went abroad; in 1930, only about 10 per cent. In hosiery the export trade has fallen by more than a half, particularly since 1925, when the large Dominions trade began to drop. As Leicester has found to its cost, hosiery is an easy industry to foster behind tariff barriers.

Few, if any, towns have benefited so much as Leicester from the remarkable rise in standards of consumption that has taken place in the post-war years, and on the same grounds one would expect the town to have an assured and prosperous future. Its industries are almost entirely producers of consumers' goods, and in the absence of a major catastrophe in the near future we may expect the standards of consumption of the world to go on rising. Yet it is a curious fact that Leicester's share of the provincial cheque clearings has dropped appreciably since 1930, and is now below the proportion of pre-war years. Whether this is a temporary relapse is difficult to say yet, but the grim probability of rising taxation may reduce Leicester's share of domestic trade still further in the next few years. Beyond that it is impossible to look.

the first quarter of 1929 and of 1933 (i.e. between accounting periods covering, for the most part, the calendar years 1929 and 1932 respectively). Recovery at the outset was relatively slow, but during each of the last three years the profits index has risen by approximately 11 points, and the pre-depression level of earnings has now been regained and surpassed. Table III confirms the impression that the process of recovery has been remarkably steady and continuous. Comparison of percentage rises in earnings between successive quarters may be misleading, for the size of our sample of companies varies considerably between one quarter and

ORDINARY EARNINGS AND THEIR DISTRIBUTION IN CERTAIN GROUPS OF INDUSTRIES

[Note—The chart is based on earnings published in the first three months of 1930, 1933, 1936 and 1937, respectively. In 1933 the textile companies paid out more, in the aggregate, than the year's earnings.]



another. If comparison be made, however, between each quarter and the same quarter of the preceding year, the percentage figures will be observed to decline as recovery proceeds. The amount of each year's increase, in other words, has been relatively stable, but it has been expressed in terms of a steadily increasing basic figure.

Table II gives an interesting insight into the distribution of the fruits of prosperity between different groups of industries. Among the 628 companies whose reports have been published during the past quarter,

the rubber concerns make the best showing. Next, in order of percentage rise (in those groups whose reports are sufficiently numerous to be representative) come finance, iron, coal and steel, electrical equipment, road transport (tramway and omnibus), shipping, tea, and newspapers and printing. Some of the more "prosperous" trades, such as brewing, tobacco, building materials, and retail trade (shops and stores), have, on the whole, shown less than the average rise in profits during their latest period.

The lot of the average investor has progressively improved in the last four years. But the relevant tables and the charts reproduced in this article confirm the view we have previously expressed that the majority of companies are paying out dividends more conservatively, and retaining a larger proportion of earned profits, to-day than in earlier years. On the basis of "first quarter" results, ordinary shareholders are receiving practically the same return (approximately 10 per cent.) on their capital to-day as in 1930, although the present rate of total earnings is as high as 14.4 per cent. against 13.0 per cent. Our first chart reveals that reserves have grown during the recovery period with the opportunity to make them. At the nadir of earning-power, the first quarter companies of 1933 retained only 16 per cent. of their total ordinary earnings; to-day, the proportion is as high as 29 per cent.

This tendency is even more clearly brought out by a comparison between different groups of industries in the crucial years. In our second chart we show the percentages of retained profits and dividends for all companies, for iron, coal and steel, textiles, electric

power and retail trade, respectively, according to reports presented in the first quarters of 1930, 1933, 1936 and 1937. Although the coal and steel companies have doubled their earnings since 1930, their percentage dividends show only a moderate increase, and the greater part of the rise in total profits has been put back into their businesses. The textile companies—whose earnings throughout have been well below the average for all industry, and have still to regain the level of 1930—have throughout been less conservative than the iron and steel companies. The electric power concerns and the retail trading companies have both secured profits well above the average, and their earning power was more than maintained in depression. The retail trading companies, however, have tended to put much the same amounts to reserves throughout; i.e. in other words, they have passed on most of the fruits of recovery to their shareholders. The electric power concerns, on the other hand, have allocated the greater part of their increased earnings to reserves, and only slightly increased their percentage dividends. Incidentally, "reserves" of many electricity companies include an element of depreciation provision.

The general conclusion suggested by our analysis is that while there is no evidence, as yet, of a check to recovery in earning-power, revival remains persistent rather than spectacular, and its incidence between different industries is strikingly uneven. How far these conclusions are confirmed by results drawn from a larger area of the industrial field will be evident three months hence, when our sample will be augmented by the figures of many additional concerns for the year 1936.

INDUSTRIAL PROFITS

TABLE I.—INDUSTRIAL PROFITS INDEX

(" First Quarter " Companies)				
Published during First Quarter of	No. of Com- panies	Net Profits (after Debenture Interest)		Chain Index (1930 = 100)
		Year stated	Same Companies preceding year	
		£	£	
1930	...	...	...	100.0
1931	596	67,736,226	75,816,474	89.3
1932	548	54,314,815	63,403,727	76.5
1933	562	52,046,133	57,105,291	69.7
1934	547	55,751,307	52,922,902	73.4
1935	592	67,137,498	58,577,585	84.1
1936	569	75,731,976	66,839,644	95.3
1937	628	94,733,138	84,661,458	106.7

TABLE II.—NET PROFITS IN INDIVIDUAL INDUSTRIES (after payment of Debenture Interest, etc.)

Group	No. of Reports	Reports Published in Quarter ended March 31st			No. of Reports	Reports Published in Nine Months ended March 31st		
		1937	Compared with 1936	+ or -		1937	Compared with 1936	+ or -
		£	£	%		£	£	%
Breweries	15	1,971,537	90,421	4.8	87	15,868,903	1,252,564	8.6
Canals and docks	6	437,784	14,889	3.5	6	437,784	14,889	3.5
Electric lighting & power	24	9,879,543	910,929	10.1	28	10,515,707	1,025,723	10.8
Finance, land & investmt.	47	6,257,563	1,662,375	36.2	136	11,192,950	2,377,587	26.9
Gas	31	3,267,217	36,389	1.1	34	3,381,228	45,500	1.3
Hotels & restaurants	4	78,782	9,152	13.1	17	604,573	53,297	9.6
Iron, coal and steel	34	6,707,721	1,679,126	33.3	101	15,193,697	4,033,764	38.1
Motors, cycles & aviation	7	1,470,500	155,918	11.8	35	5,795,305	1,232,468	27.0
Oil	1	179,555	57,101	46.8	9	1,405,386	429,890	44.1
Rubber	62	707,196	371,008	110.3	234	2,215,782	519,783	30.7
Shipping	6	948,945	175,885	22.7	14	3,063,546	63,240	2.1
Shops & stores	42	10,024,738	727,829	7.8	64	13,060,725	1,031,505	8.6
Tea	4	38,197	6,807	21.7	49	745,944	406,846	119.9
Telegraphs & telephones	3	363,253	45,909	14.4	3	363,253	45,909	14.4
Textiles	30	4,198,365	350,492	9.1	60	5,643,373	501,609	9.7
Tramway and omnibus	9	1,314,696	262,147	24.9	16	1,248,798	203,313	19.4
Trusts	69	3,552,069	314,288	9.7	142	6,144,628	439,340	7.7
Waterworks	20	786,102	16,151	2.0	20	806,139	15,394	1.9
Building materials	28	4,399,904	398,448	9.9	53	6,462,527	657,412	11.3
Food, confectionery and drink	23	1,828,625	107,837	6.3	55	6,319,025	127,569	2.0
Elect. equip-ment	7	2,664,677	590,867	28.5	14	3,305,130	714,474	27.6
Newspapers, printing, &c.	18	2,218,030	366,078	19.7	42	3,691,891	584,053	18.8
Tobacco	8	14,370,133	742,770	5.5	13	21,617,771	1,073,572	5.2
Warehouse & trading	15	468,327	43,415	10.1	25	1,054,359	123,720	13.8
Miscellaneous	113	16,599,679	1,040,514	6.7	246	25,701,011	2,404,743	10.8
Total	628	94,733,138	10,071,680	11.9	1503	165,942,475	19,256,336	13.1

TABLE III.—PERCENTAGE COMPARISON WITH PRECEDING YEARS

	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37
Third quarter	-6.4	-35.5	-28.6	-5.5	+27.7	+12.2	+14.9
Fourth quarter	-18.1	-53.9	-2.9	+30.3	+32.9	+16.9	+15.2
First quarter	-10.6	-14.3	-8.9	+5.3	+14.6	+13.3	+11.9
Second quarter	-19.4	-21.8	+3.3	+18.2	+17.8	+10.6	...
Year ending June 30...	-14.7	-26.5	-6.7	+12.1	+19.5	+12.6	...

TABLE IV.—ORDINARY SHARE RATIOS

Cos. reporting in First Quarter of	Total Ordinary Capital		Ordinary Earnings		Paid on Ordinary		"Ploughed Back" (Ratio to Ord. Capital)
	£'000	(%)	£'000	(%)	£'000	(%)	
1930	383,642	13.0	10.0	3.0	...	...	...
1931	494,000	10.7	8.5	2.2	...	...	...
1932	430,189	9.9	8.7	1.2	...	...	...
1933	443,645	8.9	7.5	1.4	...	...	...
1934	441,919	9.8	7.5	2.3	...	...	...
1935	483,029	11.0	8.3	2.7	...	...	...
1936	484,890	12.6	9.2	3.5	...	...	...
1937	527,503	14.4	10.2	4.2	...	...	...

TABLE V.—DISTRIBUTION OF PROFITS

	Net Profits after payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
1936	£	£	£	£
First quarter	75,731,976	44,481,431	58.7	14,457,695
Second quarter	92,280,660	47,225,745	51.2	20,527,591
Third quarter	28,974,570	14,647,169	50.5	5,728,751
Fourth quarter	42,134,767	22,557,828	53.5	7,390,205
Total 1936	239,121,973	128,912,273	53.9	48,104,242
Total 1935	203,246,889	111,720,344	54.9	46,278,011
1937	94,733,138	53,609,355	56.6	18,775,905
First quarter	...	...	...	...

TABLE VI.—AVERAGE RATES PAID

	On Debenture Capital				On Preference Capital				On Ordinary Capital			
	1934	1935	1936	1937	1934	1935	1936	1937	1934	1935	1936	1937
1st quarter	4.73	4.64	4.81	4.89	4.9	5.1	5.3	5.8	7.5	8.3	9.2	10.1
2nd "	4.75	4.75	4.58	...	5.2	5.7	5.6	...	8.0	8.7	7.3	...
3rd "	4.88	4.67	4.81	...	4.1	4.9	4.9	...	8.0	6.7	7.6	...
4th "	4.95	4.64	4.78	...	3.7	4.5	4.8	...	6.8	7.9	9.2	...
Year	4.82	4.72	4.62	...	4.8	5.2	5.2	...	6.5	7.4	8.2	...

The Englishman's Bacon

"Mr Prohack's breakfast consisted of bacon, dry toast, coffee, marmalade. . . . In last week's Economist [declared Mr Prohack] it said that the Index Number of commodity prices had slightly fallen these last few weeks." "I don't know anything about indexes and The Economist," Eve retorted, "but I know what coffee is a pound, and I know what the tradesmen's books are." ("Mr Prohack," by Arnold Bennett. First edition.)

SINCE the day when Charles Lamb's house-burning Chinaman discovered a new dish and inspired a new proverb on the relationship of means to ends, the flesh of the domestic pig has been accounted a delectable delicacy among many peoples, though it has been wholly abjured by others. In most countries, however, it appears on the dinner table as pork, rather than on the breakfast table as bacon. The popularity of the latter form, indeed, is largely confined to English-speaking peoples.

The traditional English method of curing bacon is to sprinkle it with dry salt and to place it in a store for a lengthy period. This procedure was well suited to the leisurely days of the past, but the modern curer calls for a speedier process. Hence, the new bacon factories are adopting the Danish method of tank curing—i.e. curing in a solution of brine. Whereas the old method took several months to produce a good side of bacon, the Danish method achieves it in four or five days.

In the unregulated days before 1933, the pig market was subject to wide cyclical fluctuations and was further disturbed by the seasonal nature of the demand for pork. The latter dish, unlike bacon, whose vogue runs from January to December, is popular only between September and April, and especially around Christmas. Nature, however, has failed hitherto to recognise this fact and to make the necessary adjustment between demand and supply. In 1933 a serious attempt was made on the British Government's initiative to remedy this defect by the setting up of a marketing scheme. Actually two schemes under the Agricultural Marketing Acts came into force in September, 1933—one for bacon itself and the other for bacon pigs. But the pork market was left uncontrolled. The essential object of the schemes was to stabilise the total supply of bacon* at the average level of the years 1925 to 1930, namely at 10,670,000 cwt. annually. No provision was made for any increased demand due to the growth of population or for any rise in the standard of living; and it was apparently assumed that this restriction of supplies would be sufficient to restore bacon prices to their pre-depression level.

An important feature of the machinery thus created was the contract system, under which all pigs destined for bacon production were to be sold on contract between farmer and bacon curer, the terms of sale being negotiated between the two marketing boards. Since contracts were signed in the autumn, to cover supplies during the following calendar year, a fairly accurate estimate of the home supply of bacon was possible. When the home industry had decided what proportion of the permissible total it was capable of producing, overseas suppliers were to be allowed to make good the deficiency. Imports, accordingly, were regulated by quota. In practice, however, the contract system was not wholly successful. Negotiation of the terms involved the two marketing boards in an annual wrangle, and the farmers—who frequently claimed that they could secure better prices on the open market—appear never to have been satisfied with the treatment they received. By 1935, some of the smaller farmers were already voicing their strong dissatisfaction, and at the end of last year the contract system entirely broke down. The farmers failed to offer on contract sufficient pigs to keep the bacon factories working economically throughout 1937,

*For the purpose of the marketing schemes "bacon" includes hams.

and the curers are now obtaining their supplies on the open market at prices which are no longer fixed in advance. Meanwhile, the Board of Trade continues to regulate imports on the basis of its own estimate of home production.

Since 1933, therefore, the Englishman has been allowed to eat, at his breakfast table, only a fixed annual ration of bacon, partly produced at home and partly imported. The marketing scheme was explicitly designed to reserve an increasing share of the market for the home producer. How far, in fact, has this object been achieved? Although the total number of pigs in this country is at present declining, the Bacon Development Board recently estimated that it was 25 per cent. greater than at any time before 1933. The amount of bacon and hams cured by registered curers in Great Britain (including home production from imported carcasses) rose by 37 per cent. from 1,736,183 cwt. in 1934 to 2,376,891 cwt. in 1935, and by a further 16 per cent. to 2,752,910 cwt. last year. The comparable figures for Northern Ireland were: 488,000 cwt. in 1934; 583,500 cwt. in 1935, and 725,200 cwt. in 1936. Meanwhile, imports of bacon and hams into the United Kingdom have been:—

	(Thousand cwt.)		
	Empire	Foreign	Total
1931	436	11,529	11,965
1932	541	11,651	12,192
1933	911	9,042	9,953
1934	1,457	6,870	8,327
1935	1,589	6,015	7,604
1936	1,898	5,343	7,241

Imports, altogether, have been cut by 41 per cent. since 1932; but they still comprise over two-thirds of total supplies. Shipments from the Dominions have been fostered under the Ottawa Agreements, and the decline in foreign entries since 1932 has consequently been no less than 54 per cent. Denmark still occupies a pre-eminent position among overseas suppliers, accounting for about one-half of total imports. Canada, however, has made an impressive advance and now comes second on the list of supply countries.

How far have bacon prices been affected by the marketing schemes? In the absence of adequate data of retail prices the question must be decided in the light of available records of wholesale prices. The following annual average prices (in shillings and pence per cwt. of the "number 1 sizable" grade on the London Provision Exchange) have been calculated by the Imperial Economic Committee:—

	English	Danish	Canadian
1933	—	74/6	66/-
1934	93/-	88/3	81/3
1935	91/6	88/6	79/6
1936	93/3	93/6	84/-

These figures confirm the view that British and Danish bacon cater to some extent for separate and distinct tastes. English bacon has fluctuated with a stationary trend in the past three years, but a 39 per cent. cut in supplies of Danish has produced a 25½ per cent. price advance. Canadian bacon has enjoyed a comparable gain in price, in spite of a heavy increase in imports.

What of the future? The Bacon Marketing Board has formulated certain amendments to the marketing scheme. Its preference is for the regulation of imports by tariff rather than by quota, and it desires to use the proceeds in order to subsidise the British producer. Whatever happens, however, the principle that the home industry must be "adequately safeguarded" remains the cardinal purpose of official policy. There is every reason to believe that the Government shares this view at a time when the question of home-produced food in time of war looms large in contemporary discussion. Altogether, it seems unlikely that this particular constituent of British breakfasts will be cheaper in the near future.

Notes of the Week

Bilbao and Westminster.—General Franco's threat to prevent any ship carrying food and other goods not covered by the non-intervention agreement from reaching Bilbao, which he has invested, has led the British Government into a quandary. The Prime Minister announced on Monday that, in view of General Franco's declared willingness to risk an incident with a British warship conveying food ships within the three-mile limit, the British ships bound for Bilbao with food had been advised by the Government to go elsewhere. Government spokesmen in the debate on the Labour censure motion on Wednesday defended this decision on the grounds that to force an attempted "blockade" of Bilbao, even though the British Government had not accorded either side in Spain the status of belligerents, would, in fact, amount to partiality for the Spanish Government; and that this might lead other Powers who favoured the insurgents to tear up the arrangements for supervision of Spain's coasts and frontiers, due to begin next week. It is hard to see how General Franco, or Signor Mussolini for that matter, could have dared to wage war on this country if we had used the Navy in defence of our rights; and *The Times* correspondent at St. Jean de Luz described on Thursday how four British destroyers had sufficed to free British ships from molestation. The Labour spokesmen took the line that the British Government were really making General Franco's blockade effective, despite his legal inability to claim such a blockade *vis-à-vis* British shipping. Unfortunately this is true; for, as the Government's spokesmen confessed, if the British Government took their stand on their rights, they would be legally justified in convoying their ships into Bilbao harbour, as long as the ships did not carry goods prohibited under the non-intervention agreements.

The Government's maintenance of the principle of non-recognition of belligerency has faced them with the need to decide whether to throw overboard part of the *corpus* of international maritime law, or to convoy British shipping into Bilbao in defence of British rights. They have chosen the former, but have tried to soften the blow by asserting that, in principle, they maintain the rights which, in practice, they renounce. As Sir Archibald Sinclair and others in the debate pointed out, such casuistry is dangerous; and Sir John Simon's and Mr Eden's attempts to sweeten the pill by a declaration that British ships ignoring the Board of Trade's warning would be protected up to the three-mile limit carry little comfort. What is the British Government's position thereafter if they are confiscated or sunk by a piratical warship belonging to the insurgents? And what happens to

our jealously guarded principles, which the Government expressly reserve? The majority of British observers will think that *The Times* put it mildly on Thursday when it said "no one would pretend that this, in itself, is a very satisfactory position." If General Franco now enlarges his threats and actions to proclaim mined areas all round the Spanish coasts, and to declare similar "blockades" of Barcelona and other ports in the hands of the Spanish Government, the British attitude will, in effect, be actively assisting him to achieve an otherwise impossible blockade. There will not, then, be much chance for Mr Churchill's "daydream," in which both sides in Spain would be brought to an *impasse*, and would settle down under the ægis of an international commission. Many people by no means disposed to oppose the Government, especially those in the Services, will now feel that to give in to Franco for fear lest Signor Mussolini tear up the non-intervention agreements is running a very great risk. Everything now turns on the speed and efficacy of the supervision of non-intervention next week.

Mr Baldwin's Impending Retirement.—The Prime Minister took the first public step in his departure from politics when he spoke of his impending retirement to a meeting of his constituents last Saturday. On Tuesday, he addressed a much larger audience in a broadcast speech at a dinner of the British Federation of Industries. At Worcester, Mr Baldwin surveyed three decades of political change: the immeasurable effects wrought on European mentality by the Great War; the collapse of millions of people in Russia, Italy and Germany before the impact of new ideas alien to our own democracy; and the need to preserve the freedom of the British Constitution. At the F.B.I. dinner, the Prime Minister's theme was appropriately industry rather than politics. Again he looked back, this time for fifty years. Work and the conditions of work had, he said, become progressively easier; but increasing mechanisation had brought increasing speed, and nervous strain was fast becoming the common lot of all. He pleaded for shorter hours of work to ensure health. There was in all these sentiments the unrhymed and dignified idealism which we have come to expect from Mr Baldwin, whenever he withdraws from the sound and fury of political strife. On the eve of permanent retirement, Mr Baldwin remains typical of the so-called practical Englishman; unable easily to adjust himself intellectually to a period of radical change; a little afraid of progress and the future; always reduced to compromise accordingly; but comforted by a proper belief in personal responsibility and individual liberty.

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Cabinet Salaries.—The Bill to revise the salaries of Ministers of the Crown was read a second time on Monday. This measure will raise the salary of the Prime Minister to £10,000 a year; and in addition to equalising the salaries of seventeen other Ministers at £5,000 a year, it will provide pensions of £2,000 for ex-Prime Ministers and a salary of the same amount for the Leader of the Opposition—at a total cost of £37,000 a year. In Monday's debate there was general agreement with the major propositions of Sir John Simon and Mr Baldwin that the salaries of men in responsible positions should be adequate to meet the calls made upon them; that at present the Prime Minister is underpaid; and that the existing anomalous differences between other ministerial salaries ought to be removed. There was, however, dispute over the scope and extent of the Bill. Mr Henderson wished to revise the salaries of Ministers without increasing the aggregate annual charge. Sir Archibald Sinclair was equally of the opinion that the proposed increases were excessive, and he agreed with Mr Henderson that the remuneration from fees enjoyed by English Law Officers was disproportionately large. A number of private members on both sides of the House were uneasy about the measure, either because to increase the rewards might endanger the integrity of politics, or because the rewards of Ministers seemed already unduly larger than the £400 a year paid to ordinary members of the House. Indeed, the possibility of an increase in members' salaries vied with the provision of a salary for the Leader of the Opposition for chief interest in the majority of speeches. It was shown that there were many unfortunate cases of poverty among the rank and file. Mr Baldwin promised his sympathetic attention to the matter and the possibility of an increase of £100 per annum has been unofficially canvassed. The dispute about the Leader of the Opposition was based on constitutional, rather than on economic grounds. On the one hand, it was argued that to pay him was to recognise his constitutional importance; on the other, it was contended that the salary would destroy his independence. The debate showed throughout a sense of the importance to democratic government to-day of these self-searchings. And the Home Secretary displayed an academic glee in contemplating the statutory recognition of the Prime Minister and the Cabinet, which this Bill will incidentally afford.

Labour Problems.—The epidemic of strikes—recorded on page 72 of last week's *Economist* and discussed in a leader on page 129 of this week's issue—is so intimately associated with the pace of industrial recovery and the rise in the cost of living that it is easy to overlook the deeper problems of industrial conciliation and trade union functions which are involved. Trade union methods and organisation are being equally tested, though in different ways, on the Clyde and in the coalfields. It is true that existing methods of wage negotiations have been proved markedly satisfactory by the recent agreements in the South Wales coalfield and in the transport area covered by the Scottish Motor Traction Company; the agreements which came into force this week in Lancashire, whereby 110,000 weavers have received advances in wages averaging over 7 per cent., provide a further example. In the cases of the engineers at Messrs Beardmore's Parkhead Works and the Clydeside apprentices, however, the present machinery has not been found adequate, and the strike weapon has been brought into use to bridge alleged gaps in procedure. Some 1,500 engineers at Parkhead, backed by all the engineers' associations on Clydeside, have refused, in spite of contrary advice from the national executive of the Amalgamated Engineering Union, to submit their case for wage increases to the national conciliation machinery—on the ground that Messrs Beardmore only joined the Employers' Association after the dispute had arisen. Last Sunday, a meeting of Clydeside engineering shop stewards voluntarily agreed to levy 1s. per man in support of the Parkhead strikers; and £87 has been contributed by engineers in other parts of the country.

Difficulties of procedure have proved even more important in the dispute which has brought out over 12,000 Clydeside apprentices on strike to enforce their demand for higher scales of pay. The youths have no formal machinery for arbitration with their employers, and the appropriate unions have no status in the dispute, although they have agreed to give strike pay. The Employers' Association have refused to discuss the apprentices' wages with the unions; and, in reply, a one-day strike of 100,000 Clydeside shipyard workers and engineers was called for April 16 in support of the apprentices' claims, and a ban on all overtime was declared until the matter is settled. These instances show how vital it is that there should be uniform, flexible and comprehensive machinery for negotiation between employers and all grades of workmen if the resort to force is to be avoided.

Unionism in the Coalfields.—Attention has been temporarily concentrated in the field of labour on the Clyde troubles, and the lightning strike of about 1,000 busmen in Kent. The Kent strike affects the employees of the Maidstone and District Motor Services and the Chatham Traction Company; it is a protest against speeding-up, like the threatened strike in London Transport, but resembles the Parkside strike in two important particulars—an increase in wages of 2d. an hour is demanded, and the strike has not been recognised by the national body, the Transport and General Workers' Union. By far the most important labour problem, however, and the one which involves most closely the basic principles of trade unionism and negotiation, is the threatened national strike in coal. The Nottinghamshire Miners' Association, which is affiliated to the Mine-workers' Federation of Great Britain, has been faced since 1926 with an Industrial Union through which alone the owners have negotiated. After a strike at Harworth Colliery last autumn, the management tried for a time to make membership of the Industrial Union a condition of re-engagement, and they refused to negotiate with the Association. In February, however, draft heads of agreement were drawn up between the Association and the Industrial Union, final consideration of which was deferred in March by the Mineworkers' Federation until the particular dispute at Harworth was settled. The Harworth management still refused to negotiate with the Association until amalgamation was completed; and the Association, speaking for the Federation, has refused to complete the amalgamation until it first secures recognition in its own right. In particular, the Association claims that the reinstatement of miners at Harworth should be done in consultation with its officials, in accordance with Federation practice, and to obviate discrimination. The fundamental principle of English unionism, that men should be free to join the union of their choice, is said to be at stake; and on Thursday and Friday of this week a national ballot was held in all the British coalfields, affecting half a million men, to decide whether or not the Nottinghamshire Association should be supported by a national strike in their attempt to secure the recognition of the Federation in that area. The danger is great, but the principles involved have been an accepted part of labour practice in this country for several decades.

Supreme Court and Labour.—The Supreme Court of the United States continues in its determination to demonstrate that even elderly justices can be liberal-minded. On Monday, five cases involving the constitutionality of the Wagner Labour Relations Act came up for judgment. The Wagner Act was passed after the demise of the National Industrial Recovery Act, and was an open attempt to salvage the famous Section 7 (a) of the latter Act. It imposes upon employers the obligation of bargaining collectively with their employees, establishes the rule that representatives designated by the majority of workers may negotiate for the whole, and

sets up a National Labour Relations Board, with some powers of compulsion, to invigilate. From the point of view of the Constitution, the crucial point is whether or not the power conferred upon the Federal Government of regulating commerce between the States covers the relations of employers with their workers. In the past, and the recent past, the Court has held that it does not. On Monday, the Court decided in all five cases that the Federal Government's responsibility for inter-State commerce must be held to cover the conditions under which the goods moving in that commerce are produced. One case concerned an omnibus company and the precedents for Federal regulation of transport are so strong that the Court was unanimous. In the other four cases—which concerned the production of newspapers, steel and clothing and the transport of goods—the Court divided five to four.

The direct effects of these decisions will be very large. The tactical position of the labour-unions will almost everywhere be improved; although, in places, the majority rule may work to exclude them from representation. The indirect effects are less obvious. To some people, the decisions have been welcome as showing that there is no need to "liberalise" the Court. But other sections of opinion are seizing the opportunity of the narrow majority to point out that the law of the land on a matter of vital importance has once again been decided by the "personal economic predilections" of one man. Moreover, the whole battle of labour is by no means decided, even if the Court's present interpretation stands. The Court has still to speak on such matters as the prohibition of child labour, the establishment of minimum wages for adult males and other such subjects. Mr Roosevelt has shown not the slightest sign of willingness to compromise on his demands, and the recent tergiversations of the Court, even though they have been in the direction of liberal ideas, may yet work upon public opinion in his favour.

A Setback for Fascism.—M. van Zeeland's courageous decision to take up in person the challenge from M. Degrelle has been brilliantly justified by the event. At the polling in Brussels last Sunday, the Prime Minister won 275,840 votes and the Rexist leader 69,242, which gave M. van Zeeland a majority of 206,598. Of the total votes cast, M. van Zeeland won 75.89 per cent. and M. Degrelle 19.05 per cent.—the remaining 5.06 being invalid. Most important of all, M. Degrelle, who this time received the Flemish Nationalist as well as the Rexist vote, polled 4,479 votes fewer than the combined figure of the Rexist and the Flemish Nationalist poll at the last election—and this although the total number of effective votes this time was larger than the corresponding total last time. If Fascism cannot afford ever to stop advancing, it can still less afford ever to retreat. On this showing the result of last Sunday's polling in Brussels is extremely disconcerting both for M. Degrelle himself and for his foreign backers; for it shatters a dream that Belgium might be made to revolve round "the Berlin-Rome axis." M. Degrelle and his friends had evidently been hoping to discredit M. van Zeeland (a banker!) as a creature of the Reds, and to induce the Catholics at any rate to spoil their voting papers, even if they might shrink from actually casting their votes in M. Degrelle's favour. These hopes were confounded by the action of the Cardinal Archbishop of Malines. On Friday of last week—that is, two days before polling day—Archbishop van Rooy declared, first that Rex was a danger to the country and to the Church, and second that no good Catholic ought to abstain from voting. The effects of this pronouncement are visible in the figures given above; for the percentage of spoiled or blank voting papers was very small, and an overwhelming majority of the Catholics must have duly cast effective votes and duly given these against the candidate who had been branded by the Cardinal's censure. Last Sunday's voting in Brussels may well be remembered as a landmark in

European history. The Fascist tide is still on the ebb; and it may so continue as long as democracies, too, can produce real leaders.

Great Britain and Italy in the Narrow Seas.—In spite of the signature of an Anglo-Italian goodwill pact on January 2nd last, Anglo-Italian competition in naval and air armaments is continuing in the Mediterranean and the Red Sea. An appreciable part of the British rearmament programme is allocated to the strengthening of our position in these waters and around their shores. That was the purpose of Sir Samuel Hoare's tour of inspection in the Mediterranean last September. And it is not surprising to find Italy retorting. On April 10th a Cabinet Council at Rome approved the creation of a naval command and an army corps in Libya, and the construction of a new port at Assab, and these measures follow upon the fortification of the island of Pantellaria. Pantellaria is a counter-Malta; Assab is capable of being turned into a counter-Aden. In fact, Italy is challenging the British Empire's naval command of both the Straits of Bab-el-Mandeb and the narrows between the eastern and western halves of the Mediterranean. It is not easy to see how this competition can be brought to an end by an Anglo-Italian armaments limitation arrangement on an agreed ratio, since either one or other of the two Powers must have the whip hand at each of these two vital strategic points; and neither Power is likely to acquiesce in being at the other Power's mercy.

Between Italy and Great Britain in the Red Sea and in the eastern and central Mediterranean there is now the same clash of vital strategic interests as there has long been in the western Mediterranean between Italy and France. The present Italian state of mind is displayed in the expulsion of English Protestant missionaries from Abyssinia and in closing the Abyssinian branches of the British-Indian firm of Muhammed Ali—in both cases on the charge that the missionaries and the firm have been acting as secret agents of His Majesty's Government. These cases were the subject of questions in the House of Commons on Monday. Italy's policy of expansion in the Mediterranean will doubtless draw together not only Great Britain and France but also most of the other countries with Mediterranean sea-boards; and against this array of forces it seems inconceivable that Italy should be able to establish a preponderance of armaments as a result of the present unrestricted armaments race. This obvious difficulty will no doubt incline the Italian Government to look for some continental means of redressing the Mediterranean balance; and the obvious means is for Italy to draw closer to Germany. But while the trouble in the Mediterranean and the Red Sea increases the danger of a division of Europe into two opposing armed camps, it is by no means certain that Herr Hitler will always assist Signor Mussolini to trail his coat before the British. Indeed, it is certain that the Führer will not pay for the Duce's new coat when he needs one.

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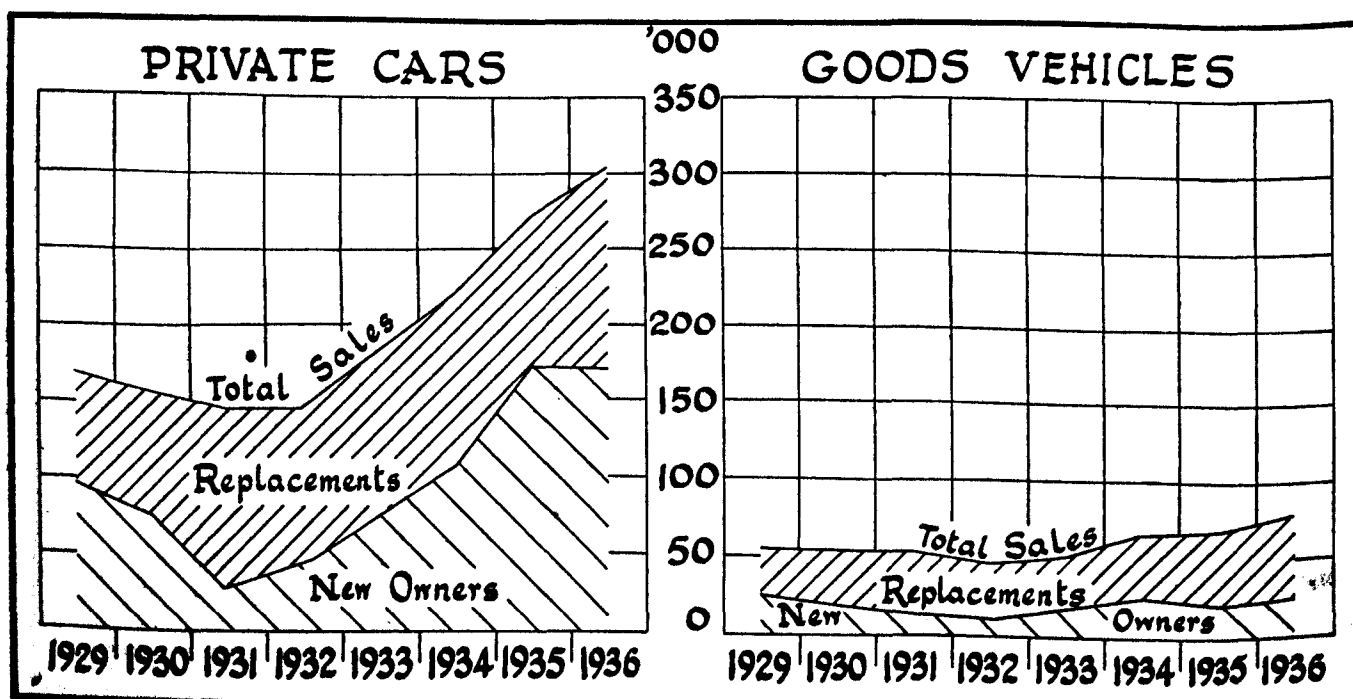
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South-East Europe and the Mediterranean.—In the Mediterranean setting the recent Italian-Yugoslav Pact is highly significant. It binds Yugoslavia not to do anything from which any aggressor against Italy might derive advantage. This is a bilateral pact—which is expressly forbidden by Article 6 of the Statute of the Little Entente; and Italy would in effect determine what constituted aggression. It thus enables her to close the Adriatic between Brindisi and Valona in her vassal-State, Albania. Italy need not, therefore, keep as strong a fleet in the Adriatic as she has had to do ever since 1919 in order to protect Pola, Zara, Ancona and other Italian towns in the event of a conflict with Yugoslavia. It enables her to strengthen *pro tanto* her West and East Mediterranean forces; and it puts Albania, Yugoslavia, and even perhaps Austria and Hungary at Italy's mercy; for they cannot be reached *via* the Adriatic now that Dr Stoyadinovitch has hung Yugoslavia on Signor Mussolini's "Berlin-Rome axis." In future, Albania can be nothing else than a base for Italy; and it will be hazardous for any British Government to repeat the small naval expedition to Durazzo, which in 1935 sufficed to make the Duce retract his Italianisation of Albania at the cost of British undertakings there.

Meanwhile, the closer relations between Czechoslovakia and Roumania, which were developed during the Roumanian Prime Minister's, M. Tatarescu's, recent visit to Prague, have been carried rapidly farther by three important events. First is the natural reaction to the Yugoslav Prime Minister's, Dr Stoyadinovitch's, accomplished pact with Italy. Second is the unification, under the leadership of M. Mihalache, of the long-divided Roumanian Peasant Party, the only effective alternative to the present Roumanian Government and the supporter of the former Foreign Minister, M. Titulescu. This will exert powerful pressure on the Government to deal with the notoriously Fascist Iron Guard. Third is the sudden blow, indirect but crushing, against the Iron Guard this week, in the form of the divestment of Prince Nicholas, the King's brother, of his royal titles and Inspector-Generalship of the Army, on the somewhat incongruous ground of his morganatic marriage. The ex-prince and his wife are to be exiled. As he was closely linked with the Iron Guard, and was in effect their representative at Court and in the Army, this event has a greater political importance than the popular Press has attributed to it. For with a now united Peasant Party friendly to M. Titulescu, with M. Tatarescu and his Government orientated away from Italy and Yugoslavia, and with the first real blow at the Iron Guard, the long-discussed Russo-Roumanian

pact is a real possibility. M. Titulescu fell last autumn because of his advocacy of this policy. Now there are reports that M. Tatarescu's Government, who ousted him, are prepared to enter both a Russo-Roumanian pact of mutual assistance on the Franco-Russian and Czecho-Russian models, and also a Black Sea pact comprising Russia, Roumania, Turkey and Bulgaria. This gradual *remaniement* in South-Eastern Europe owes a lot to Dr Stoyadinovitch's lapse into the Italian orbit. It is capable of bringing powerful influences for peace to bear, both in Central Europe and in the Eastern Mediterranean. For this, we in this country may have good reason to be grateful.

The Demand for Automobiles.—The demand for all durable goods is made up of two elements. First, there is the demand arising from the necessity of maintaining the existing stock of durable commodities by the replacement of obsolete units. Secondly, there is the demand which goes to satisfy additional requirements. Among other things, replacement demand varies in accordance with the life of individual commodities. In the case of houses, for example, replacement demand normally represents a much smaller proportion of the total output than in the case of wireless sets and automobiles whose life is appreciably shorter. The ratio between "additional" and replacement demand, moreover, is often subject to considerable variation from year to year. In the diagram below an attempt has been made to distinguish between the replacement and expansion demands for automobiles since 1929. The figures for expansion demand, represented by the lower area designated "new owners," have been obtained by tabulating the annual increase in the number of vehicles in existence. Replacement sales have been obtained by deducting expansion demand from the total sales in each year. The slight decrease in total sales of private cars between 1929 and 1932 conceals a marked fall in expansion demand during the downward movement of the trade cycle. Between 1932 and 1935, when incomes were increasing rapidly, the expansion demand for private cars rose very rapidly and considerably exceeded replacement sales in 1935 and 1936. The whole of the further increase in total sales last year, however, appears to have been for replacement purposes, thus indicating the approach of saturation point. In the case of goods vehicles, expansion demand has been limited by legal restrictions, replacements representing the bulk of total sales in recent years. The diagram indicates that the private car industry is now much more vulnerable to depression than in 1929, when replacement demand was relatively greater than in recent years.



Congress and Responsible Government.—A fog of misconception and distrust still hangs over Indian politics. Whether it is thickening it is difficult to say; the answer depends upon whether extremism or moderation is allowed to profit by the lapse of time. Some patches of misunderstanding may have been dispersed by Lord Zetland's statement of April 8th, the gist of which was in his final paragraph:—

"The reserve powers are an integral part of the Constitution, and cannot be abrogated except by Parliament itself. . . . Having said so much, let me add that . . . there is no reason why the reserve powers of the Governors should come into play. . . . It is in that spirit of cordial co-operation with and sympathetic understanding of the position of Ministers, from whatever party they may be drawn, that the Act will be administered."

Mr Gandhi's reply was to confess that he had never read the Act but had accepted the opinions of Congress lawyers, and to propose that a legal tribunal should decide whether their interpretation of the Act or the Government's was correct. This suggestion might be the more acceptable if Mr Gandhi were in a position to promise that Congress would take office without conditions if the tribunal pronounced in favour of the Government. He protests that Congress does not want to be treated as a privileged body, and desires only a "gentlemanly assurance." In a later statement he mentions "a previous understanding as to safeguards *within the Governor's discretion*." This is very different from Pandit Jawaharlal Nehru's comment:—

"There is nothing in common between us [the Congress and the British Government]; we shall go along our path resolutely and with a will to put an end to this bogus Act which has been forced upon us."

Obviously no compromise will content the Pandit. But between Mr Gandhi's attitude and that of the mass of the British people and Parliament the gap does not seem unbridgeable. In two letters to *The Times* and a speech in the Lords, Lord Lothian has urged that responsible government has always led to self-government, whatever reservations may be made on paper. When a Governor has to decide whether to override his Ministers "his decision, as all past history shows, largely depends on whether the majority in the Legislature is united and resolute and on whether it can count on the support of the electorate in the event of a dissolution." Is not the way out of the present difficulty, asks Lord Lothian, to recognise that once responsible government is in being the ultimate "arbitration" will almost inevitably be exercised by the electorate? Clearly, recognition of that truth must be mutual; the difficulty seems to be to find a means of expressing it that will satisfy Mr Gandhi's friends and not contravene the formal powers of the Governors. The search for such a formula certainly cannot be conducted by means of expostulations at long range. The need of the moment is quiet reflection and informal private conversations between the parties most intimately concerned.

The Activity of Industry.—Latest reports from the principal industrial centres all point to a further expansion of output in the heavy industries. But a continued stream of complaints attests the failure of the increase in supplies of certain grades of coal and iron and steel materials to keep pace with expanding demand. Coal is not a homogeneous commodity, and production of the various grades in accordance with the varying demand for each is encountering technical obstacles for which the quota system is not wholly responsible. The Joint Coal Committee of the Chamber of Shipping of the United Kingdom and the Liverpool Steam Ship Owners' Association have passed a resolution voicing their anxiety over the shortage of supplies and the rise in prices. They point out that all collieries should be free to supply bunker coals when, where, and at the prices at which they are able and willing to do so. In reply, the Central Council of colliery owners have issued a statement which indicates that the Government have decided to suspend the regu-

lations for the sharing of trade when output is below the quota level. This will remove, to some extent, the difficulties so far as they are due to the present operation of the quota system.

The output of iron and steel continues to expand, but not quickly enough to meet all requirements. The capacity of the industry is being enlarged; in Scotland, for example, Colvilles have announced this week a programme of further extensions. The trend of activity in the consumer's goods trades is also on the up-grade. Orders for cotton goods are still coming in satisfactorily, partly a reflection of the increased purchasing power of raw material producing countries, and in some cases manufacturers appear to have fallen into arrears with deliveries under contract. The linen industry has experienced a marked expansion in demand, and, as our Bradford correspondent indicates on page 186, the turnover in wool textiles remains heavy. Complaints about rising costs are becoming more insistent.

Rise in Wholesale Prices Arrested.—For the first time since May last year the rising trend of wholesale prices was seriously interrupted during the past fortnight by a sharp break in the quotations for non-ferrous metals and a number of other primary products. As our indices of the prices of primary products in this country and in the United States show, the fall was severe in both countries and was considerably more marked than a similar setback a year ago. Indeed, the decline in quotations for primary products was sufficiently marked to bring about a slight fall in the more comprehensive complete *Economist* and Irving Fisher indices. In France, on the other hand, wholesale prices registered a further small advance:—

SEPTEMBER 18, 1931 = 100

Date	The Economist Indices		Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)					
1932							
July 27th 1933	99.5	103.5	84.1	136.9	88.3	91.3	88.5
July 28th 1934	108.1	120.6	124.7	145.7	100.9	89.7	86.2
July 18th 1935	109.5	124.8	136.7	162.4	113.2	81.4	83.2
July 31st 1936	112.7	126.7	146.2	165.6	120.2	75.9	96.2
Jan. 29th 1937	118.1	131.7	145.7	165.6	121.8	82.3	95.1
Feb. 26th 1937	117.4	132.8	145.0	166.0	120.7	85.2	95.2
Mar. 25th 1937	117.4	133.9	144.3	165.8	119.6	85.2	95.3
Apr. 29th 1937	117.3	132.8	143.2	165.8	119.2	85.0	95.3
May 27th 1937	115.5	130.1	140.5	164.3	117.7	85.2	95.4
June 24th 1937	116.2	133.2	147.0	163.2	119.8	84.1	95.5
July 22nd 1937	118.7	140.4	157.2	163.4	120.6	86.6	95.7
Aug. 19th 1937	119.4	141.9	163.2	162.7	121.9	88.8	95.7
Sept. 30th 1937	121.8	144.5	159.6	165.0	121.8	96.4	95.9
Oct. 28th 1937	123.6	145.7	161.1	167.1	122.5	102.1	95.8
Nov. 11th 1937	125.0	148.9	167.8	167.7	123.7	105.3	95.9
Nov. 25th 1937	126.3	150.8	172.0	167.2	124.8	106.9	95.9
Dec. 9th 1937	128.2	157.0	179.5	166.7	125.6	108.9	96.3
Dec. 30th 1937	131.3	163.9	187.3	166.7	128.8	113.0	95.4
1937							
Jan. 18th 1937	133.6	165.1	190.2	166.6	131.5	115.5	96.7
Jan. 27th 1937	134.2	164.2	184.5	167.0	131.0	115.9	96.7
Feb. 10th 1937	135.0	166.3	184.3	167.2	131.5	116.2	97.0
Feb. 24th 1937	136.3	168.2	185.5	167.4	131.8	116.8	96.2
Mar. 10th 1937	140.8	178.2	197.4	167.4	134.7	120.5	97.5
Mar. 31st 1937	144.3	181.9	199.7	167.4	137.3	121.8	97.5
Apr. 14th 1937	143.6	175.0	189.8	166.6	137.0*	122.3*	97.5

* These figures refer to April 7th.

THE COMMERCIAL BANK OF SCOTLAND LIMITED

Incorporated by Royal Charter and Act of Parliament

PAID-UP CAPITAL - - - £2,250,000

RESERVE FUND - - - £3,050,000

ESTABLISHED 1810

As the following analysis of the complete *Economist* index shows, the minerals group index is sharply lower:—

The Economist INDEX (1927 = 100)				
	Sept. 18, 1931	Mar. 10, 1937	Mar. 31, 1937	Apr. 14, 1937
Cereals and meat	64.5	87.9	93.0	95.0
Other foods	62.2	70.2	70.4	70.2
Textiles	43.7	71.9	74.2	74.6
Minerals	67.4	114.9	113.2	107.4
Miscellaneous	65.8	83.9	87.0	87.0
Complete index	60.4	85.0	87.2	86.8
1913 = 100	83.1	116.9	119.9	119.3
1924 = 100	52.2	73.4	75.3	75.0

The decline, however, was by no means uniform and does not necessarily portend the beginning of a long-term downward movement in raw material prices.

Record Steel Output.—The increase in the output of pig iron and crude steel between February and March was much more marked than a year ago. As compared with March, 1936, the output of pig iron and steel showed increases of 7.3 per cent. and 13.2 per cent. respectively. Exports of iron and steel in March were 68,200 tons more, and imports 36,000 tons less, than a year ago:—

PRODUCTION AND FOREIGN TRADE IN IRON AND STEEL
(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.6	185.9	414.1
1929 " "	632.4	803.0	235.2	364.0
1932 " "	297.8	438.5	132.7	157.4
1933 " "	344.7	585.3	80.9	180.2
1934 " "	498.2	738.3	113.9	187.8
1935 " "	535.3	821.6	96.0	197.7
1936 " "	640.5	974.8	123.6	183.8
1936—February	584.7	938.5	123.2	167.8
" March	632.6	980.1	130.3	163.4
" April	629.8	984.2	120.8	177.5
" May	661.0	963.0	117.5	204.1
" June	644.1	965.9	110.6	173.5
" July	665.6	974.1	170.3	216.1
" August	635.8	872.7	141.8	164.0
" September	650.8	1,027.0	165.0	183.0
" October	670.3	1,060.5	101.0	194.4
" November	643.1	1,001.3	90.7	193.3
" December	671.4	1,019.2	94.8	204.8
1937—January	650.7	998.9	83.1	215.0
" February	603.7	955.9	82.9	200.5
" March	680.3	1,109.5	94.3	231.6

But although steel production is now higher than ever before, requirements are such that they have to go partly unfulfilled. The difficulties have been accentuated by the sharp decline in imports, due to the increase in demand abroad. An appreciable increase in prices is expected at the end of next month. Its effect on civil demand will be interesting to observe.

Shipbuilding Recovery Continues.—The *Lloyd's Register* Shipbuilding Returns continue to make pleasant reading. The total of merchant vessels under construction at the end of the first quarter of the year was 1,014,454 tons gross, an increase of 50,812 tons over the previous quarter, and of 172,093 tons on the figure for a year ago, a rise, that is to say, of over 20 per cent. The detailed returns show, moreover, that the expansion is now better distributed among the various centres. It is not particularly great on the Clyde, but Newcastle, Sunderland, and the Barrow district have moved ahead fast. Some of the smaller districts have suffered a small decline. The statistics for construction abroad give us less reason for satisfaction. The gross tonnage for the world as a whole shows a rise in the year from 1,820,114 to 2,452,051, or nearly 35 per cent., while the British proportion of this fell from 46.3 to 41.4 per cent., which, in turn, compares badly with the figure of 49.5 per cent. for the corresponding quarter in 1929. Thus, though we still construct more than the four largest foreign producers, Germany, Japan, Holland and Sweden, put

together, our pre-eminence is steadily diminishing. Excluding the 27 ships under construction for the Dominions, we are building only ten ships for registration in other countries, and thus come only seventh in the list of exporting countries. The long-run prospects consequently remain somewhat gloomy, even if the pressure of increasing international trade overbears rising costs and the shortage of steel and skilled labour for some time to come.

Overseas Trade in March.—The returns of overseas trade continue to be encouraging. Imports have once again increased in value over the figure for last year, but exports are up almost in proportion. And though the excess of imports over exports continues to grow rapidly, it is probable that the invisible items have expanded sufficiently to fill the gap. The following tables give the detailed statistics for the past three years:—

Month of March (000's omitted)				
	1935	1936	1937	Change between 1936 and 1937
Total Imports	60,507	68,000	82,691	+14,691
British Exports	35,952	36,510	43,470	+6,960
Re-exports	4,412	5,900	6,717	+817
Total Exports	40,423	42,409	50,187	+7,777
Excess of Imports over Exports	20,084	25,591	32,505	+6,914
Transshipments under bond	1,913	2,255	3,234	+979

First Three Months (000's omitted)				
	1935	1936	1937	Change between 1936 and 1937
Total Imports	178,419	200,150	229,533	+29,383
British Exports	105,498	106,081	121,121	+15,040
Re-exports	13,912	15,862	18,753	+2,891
Total Exports	119,410	121,943	139,874	+17,930
Excess of Imports over Exports	59,009	78,207	89,659	+11,453
Transshipments under bond	5,746	6,700	9,278	+2,578

The comparison by quarters gives a more favourable picture than the monthly statistics. Imports and exports have risen by an identical percentage. Prices have risen; and the recovery of the raw material producing countries is bearing fruit in a substantial and continuing rise in our exports both of consumption and capital goods. All the signs indicate that this trend will be maintained in coming months.

Trade by Commodities.—The changes in the quantities of the main classes of retained imports in March over the last three years are shown in the table below:—

RETAINED IMPORTS—MONTH OF MARCH			
Items and Measure	1935	1936	1937
Wheat	9,027	9,302	9,757
Beef and veal	1,102	933	1,021
Mutton and lamb	652	598	544
Sugar (unrefined)	3,006	3,106	3,442
Iron ore and scrap	368	666	637
Raw cotton	147	165	307
Sheep's and lamb's wool	930	1,133	778
Flax, hemp and jute	33,012	29,050	38,371
Crude petroleum	35,294	33,569	31,730
Hides, wet and dry	114	137	122
Wood pulp	128	120	181
Rubber	393	179	24,145
Unwrought copper	32,539	19,727	25,000
Pig lead	31,022	23,304	2,469
Tin: Ore and concentrates	3,394	3,305	2,018
Blocks, ingots, slabs and bars	930	2,506	84
Iron and steel manufactures	128	130	12,136
Machinery	6,352	8,061	

These figures reflect several familiar tendencies. In the case of wheat and cotton the increasing pressure on supplies and growing prosperity have led to a sharp expansion of imports. The consumers of wool and rubber are known already to be to some extent living upon stocks. The fall in mutton imports is almost entirely due to a shrinkage of New Zealand's exports, to be explained in turn by the growing profitability of dairy produce.

BRITISH EXPORTS—MONTH OF MARCH

Item and Measure	1935	1936	1937
Coal	3,198	2,626	3,043
Iron and steel scrap	10,188	9,751	32,937
Pig iron and ferro alloys	8,250	7,526	16,895
Railway materials	9,253	11,132	8,851
Total iron and steel manufactures	173,694	161,512	231,537
Textile machinery	5,829	4,240	4,919
Total machinery	32,199	32,824	35,723
Cotton yarns	11,667	13,339	15,252
Cotton piece goods	183,250	173,339	178,571
Wool tops	5,338	4,543	4,001
Worsted yarns	2,764	2,290	2,464
Woolen tissues	6,200	7,077	7,153
Worsted tissues	2,979	3,149	3,520
Linen piece goods	7,838	9,454	9,658
Leather boots and shoes	35,116	36,803	35,628
Leather	23,063	22,511	25,673
Paper and cardboard	311,519	363,590	305,087
Locomotives (complete and parts)	1,240	2,935	1,587
Motor vehicles and chassis	7,281	6,778	9,659

Among exports, it appears that the long-standing decline in coal shipments has at last been reversed. Poland and Belgium are conspicuous among the purchasers of the great increase in iron ore and scrap exports. But it is unlikely that the almost 50 per cent. rise in manufactured iron and steel exports can be maintained at all with the present congestion in the industry. The greater part of the total must be accounted for by contracts entered into before the armament programme was under way. The increased figures for textile machinery and wool, worsted and linen piece goods are due chiefly to heavier purchases by primary producing countries; but for yarns, the main explanation seems to be recovery in Eastern Europe. The rapid progress of our foreign trade in automobiles is once again noticeable.

State Aids to Industry and Agriculture.—Many people are asking how much the State is giving to agriculture and industry in one way or another. The Chancellor recently afforded some indication of the sum in a Parliamentary answer. He gave an interesting set of figures for the total of expenditure from national funds on development work, subsidies, financial aids, etc., in 1935-36 and in the financial year just ended. The two totals are, respectively, £119.8 millions and £133.8 millions. Of these, £87.7 millions and £93.2 millions, respectively, are charged to Budget votes, the rest being advances out of non-Budget funds, like the Road Fund, Post Office, Consolidated Fund, etc. From the table printed on cols. 1653-4 of *Hansard* on March 15, it is possible very broadly to deduce a total sum granted, directly or indirectly, to productive industry and agriculture out of Budget votes in the two years, as follows:—

Item	Expenditure	
	1935-36 actual	1936-37 estimated
Grants to public utility companies under Part I of Development (Loan Guarantees and Grants) Act, 1929	935	870
Slum Clearance and Housing	16,238	16,858
Special Areas	690	3,850
Employment Schemes Grants (Part II of 1929 Act, above)	4,179	4,100
Rural water supply grants	120	395
Agricultural subsidies, development, land settlement, etc. (grants only)	9,969	10,884
Forestry	450	700
Fisheries (grants)	65	136
Tramp shipping	1,989	1,990
Civil aviation	325	291
Light-horse breeding	5	5
Total grants	34,965	40,079

These two totals exclude (a) recoverable loans and advances, e.g. those of £1,536,000 in 1935-36 and of £400,000 (estimated) in 1936-37 to the Cunard White Star Company; (b) grants of £110,000 and £126,000 in the two years to scientific and industrial research associations and the British Standards Association; (c) expenditure of the Office of Works on new works of £707,000 and £1,026,000 in the two years, and of £1,103,000 and £2,200,000, respectively, by the Govern-

ment on transfer and training of unemployed—of which two sets of figures, an estimated £474,000 in 1935-36 and £647,000 in 1936-37, are recoverable from the Unemployment Insurance Fund; (d) ships replacement loans of £496,000 and £3,053,000, respectively; (e) grants totalling £51,292,000 and £50,314,000, respectively, for transitional payments, unemployment assistance allowances and to Public Assistance Authorities; (f) Road Fund grants of £19,087,000 and £22,994,000, respectively; and (g) Postal and Telephone loan expenditure of £10,447,000 and £13,630,000, respectively. In any case, in the 1936-37 financial year over £40 millions of subsidies have found their way directly to industry and agriculture from the public purse. Over £50 millions was spent by the State on unemployment and public assistance; and the balance of £20 millions odd—excluding Road Fund expenditure—went as advances, loan expenditure, etc. The Budget covered £93.2 millions of the grand total of £133.8 millions last year; so that £40 millions was the extent of extra-Budgetary State aids to various branches of our national economy and social services.

National Nutrition.—The Report of the Ministry of Health Advisory Committee on Nutrition (considered in *The Economist* of April 10th on page 76) was discussed by the Minister of Health on Tuesday, when Mr Rowson inaugurated a debate in the House of Commons on malnutrition. Sir Kingsley Wood pointed out that the Report had recorded no serious deficiency in the nation's dietary; and that the facts which the Committee had elicited in the course of its work, and those which it would elicit shortly in its collation of family budgets, should do much to confound the rumours of widespread malnutrition. That there should be a sufficiency of calories, fats and proteins in the food available to the people of this country is certainly encouraging. But, as Opposition speakers said in Tuesday's debate, the problem is one of distribution rather than total supply; the Report itself has stated that a small proportion of the population, the poorest section, is probably insufficiently supplied with calories, fats and animal proteins. Moreover, the consumption of liquid milk is agreed to be woefully inadequate. Indeed, the Report stated again and again its concern that the price of milk should be inordinately high when the majority of the population was going short of this invaluable food. The fact remains that many people in this country are only on the margin of nutrition, and even below it; and to use the labours and researches of the Committee on Nutrition as an excuse for complacency would be an intolerable error. The steps which the Minister has already taken towards increasing the consumption of milk are, to that extent, reassuring.

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£5,000,000

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H. O. LEACH (General Manager)

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Overseas Correspondence

From Our Special Correspondents

United States

Congress Congested

WASHINGTON, D.C., April 1. — The Supreme Court issue continues to hold the centre of the stage, to the exclusion of all other Government business. Congress is already far behind in its legislative work, and the last months of the year are certain to see a log-jam of the worst kind, with eleventh-hour consideration for major bills which deserve careful debate. The President continues to show his most optimistic front. The opposition to his Court proposals appear to be elated about the legislative delay, counting on a "filibuster" to postpone action until next year. But in the press gallery the opinion of most seasoned correspondents is that the President will win, and without making any drastic compromise. The day of the successful filibuster is past, since short sessions are no more. The filibuster—debating a measure until adjournment and thus preventing a vote—is still barely possible. But a two-mile race has been changed to a marathon. A handful of speakers cannot easily talk continuously from now till the end of the year. Obviously the President cannot force a closure, since a two-thirds vote is needed to limit debate, and his Senate following is somewhat below this number. But the longer the Senate concerns itself with the Court, the more unpopular the opposition will become for blocking the consideration of other matters. So time is playing for the Administration, not only for this reason but for the reason, too, that the country is tiring of the discussion. The real debate is not of the ding-dong kind. It is bound to be subtle and even obscure, and the public cannot be expected to remain high-keyed and interested.

The most telling argument so far against the President's plan was Chief Justice Hughes' letter to Senator Wheeler, read with great effect to the Senate Judiciary Committee. The document did not attack the plan but appeared to silence the President's inference that the Court is behind in its work and needs enlargement. It demonstrated that an increase in members would cause inefficiency. A week later the Court reversed itself by finding the Washington State minimum wage law for women constitutional, and showed its first intimations of social generosity in sustaining the collective bargaining provisions of the Railway Labour Act. On the same day it approved the redrafted Frazier-Lemke Farm Mortgage Law, and upheld the right of Virginia to fix milk prices by a commission. This day's batch of rulings was hardly accidental, and constituted the Court's answer to the campaign against it. The No-Man's Land left by the New York minimum wage decision was again occupied. Account was taken of modern labour needs. And the road was opened for State initiative in the matters which the New Deal had sought to treat by Federal action.

But the influence of these rulings on the Senatorial situation was negligible. The Administration forces could point to the Washington minimum wage decision as proof that what was the constitution in 1936 and 1923 was no longer the constitution in 1937. Justice Roberts had changed his vote. Thus the constitution was what Justice Roberts thought it was, and a single member of the Court became the most powerful man in the nation. The opponents of the President's plan were just as pleased. The Court, they said, had shown itself both reasonable and abreast of social thought.

Jockeying for Leadership

It is well to point out that this controversy has not been free from well-calculated "crown-princing." Both Senators Wheeler and Bennett Clark have an eye on the party leadership in 1940, and relished the occasion to test their chances. They still profess to believe they can defeat the President, and if they are right they would stand out from the colourless subordinates of the party. They possibly figured that the South, with its essentially Conservative outlook, would be outraged by a proposal to tamper with the judiciary, and rally to their side. Senator Wheeler presumably hopes for a split in the party, and a realignment in the next campaign, with all the liberals in one camp, under his leadership, and all the conservatives under another banner. But the South is remaining in line. It may not like the President's proposals, but it is too regular to be easily lured into revolt. Not even Senator Carter Glass, the President's most vehement opponent, has managed so far to change Southern votes in the Senate. The second radio address of his career, made this week, was an hour's fullest measure of prejudice and passion. The prejudice was an attack on one of the Administration's speakers in the South (unnamed) who, according to Glass, also advocated the restoration of the Negro's rights in the States where the Supreme Court has so wisely left them submerged. The inference was that the South would be in peril of Negro domination if the present Supreme Court were not maintained, surely the most novel contention so far made in this embittered controversy.

The weakness of the opposition to the President is two-fold; the greater number of critics object to his method, not his aim, but they cannot agree on an alternative. The need for some change in the trend of Court decisions is widely admitted, but where the President argues that the personnel of the Court is at fault, his adversaries say the Constitution must be changed. This would be an effective answer if there were any hope of uniting the opposition on a given amendment. But there is none. Some want one requiring the retirement of judges at 70 or 75, thus carrying to the States rather than to Congress what the President asks. Others favour an amendment requiring a two-thirds vote in the Court before an Act of Congress can be avoided. Others want to define the whole range of social and economic subjects in which the Federal Government shall be given legislative power.

Boom Policy

NEW YORK, April 6.—The month of March has been a period of falling bond prices, falling share prices and declining bank deposits. The month opened with the increase in reserve requirements. On March 9th the President warned the country, in a radio address, that a catastrophe like that of 1929 was threatening in the not distant future. A few days later Chairman Eccles, of

the Reserve Board, issued a formal statement on the same theme; and on April 2nd the President, in his weekly Press conference, specifically described the level of production in heavy industry as dangerous and the prevailing price of metals (particularly of steel and copper) as too high.

This sequence of official acts and utterances does not seem casual or fortuitous. On a number of occasions towards the end of 1936 there were official declarations that the period of reflation had closed and that the next step was control. Indeed, three control measures were put in effect in 1936—the increase in margin requirements for Stock Exchange speculation (April); the increase in reserve requirements for member banks (August); and the absorption of gold into the Treasury inactive fund (December).

Notwithstanding the increased emphasis on controls, the months between November and March brought a real wave of inflation-mindedness, principally based on the rapid rise of costs of all kinds and prices of many goods. A true sellers' market developed in a wide variety of goods, orders were placed forward, the problem of deliveries began to appear, and talk of shortages became rather general. Complicating this movement was labour unrest, as a consequence of which employers generally raised wages, confident that in a sellers' market any price increase could be passed on to the consumer. The same spirit was visible in retail trade, individuals complaining of the rise in prices but buying to the extent of their ability, persuaded by advertising that prices would presently be much higher.

Market Reactions

The warning of the President was delivered on the evening of March 9th, and was followed by rather important movements in market quotations.

Dow-Jones Industrial Stock Averages	March 9	193.29
" Govt. 2½% bonds 49-53	April 5	183.54
" " " " "	March 9	100.88
" " " " "	April 5	97.42
\$ millions		
Demand deposits, Reporting Member Banks	March 3	15,501
" " " " "	March 31	15,126
U.S. Securities	March 3	9,067
" " " " "	March 31	8,396

These pronouncements have left the question of policy obscure. In effect the President announced on March 9th that unless controls were applied to the incipient boom, a catastrophe analogous to 1929 was not remote. On April 2nd, in his weekly Press conference, the President again referred to the dangers of a boom. In these informal conferences, the President is not quoted directly, but the purport of his remarks was that the prices of steel, copper and cement, for example, had been pushed to unjustified levels, and that the production of durable goods had expanded more rapidly than the production of consumer goods; that the Government had been a substantial factor in the demand for durable goods; and that it would, as far as practicable, withdraw from projects increasing the demand for such commodities. The relief programme would for this year concentrate on projects requiring less material. This statement was interpreted as a further announcement of a decision to exercise non-monetary control over an incipient or prospective boom.

In the meantime, the market in long-term government bonds had been experiencing a disturbing flurry—disturbing not so much in its magnitude as in its shock to a belief that had gained wide credence in banking circles, that no long-term Government security would be allowed to sell below par. When the long-term 2½ per cent. bonds dipped below 97, there was real nervousness in banking quarters. The Open Market Committee of the Federal Reserve System then announced that the Reserve Banks were prepared to buy U.S. securities "in such amounts and at such times as may be desirable," to exert its influence toward "orderly conditions in the money market" and to facilitate the adjustment of the member banks to the increased reserve requirements which would become effective on May 1st. On this announcement the Government bond market rallied.

The month of March has been largely concerned with questions about the transition in general economic policy from a programme of stimulation to a programme of stabilisation. It came as no surprise that the programme of stabilisation did not contemplate the use of the familiar quantitative monetary controls, but would seek non-monetary or qualitative controls. Precisely what forms these non-monetary controls are to take is still left to surmise.

Capital Movements

The Treasury data on the import of capital in the fourth quarter of 1936 have been made public. In this quarter the inflow amounted to \$325 millions, thus maintaining approximately the average rate since the data were tabulated, about \$100 millions a month. In the quarter, the purchases of securities approximately equalled the inflow—\$284 millions for the purchase of American securities, and the remainder for the purchase of foreign securities in this market. For the year 1935, the net inflow of short-term bank funds was \$964 millions; for 1936 it was \$397 millions. The net security purchases amounted to \$442 millions in 1935 and \$792 millions in 1936. In the two-year period, net British purchases in our market amounted to \$368 millions. The net capital movement for two years was: from England \$829 millions; France, \$300 millions; the Netherlands \$230 millions; Switzerland \$336 millions; Germany \$83 millions; Italy \$46 millions; other Europe \$228 millions; all Europe \$2,051 millions; Canada \$150 millions; Latin America \$199 millions; Far East \$184 millions; and from all other countries \$21 millions. In the aggregate the inflow has been almost evenly divided between the purchase of securities and the accumulation of dollar balances.

France

The Price of Trade Union Support

PARIS, April 15.—The political uneasiness, which has been perceptible ever since the "breathing space" began, still persists. This "pause" was a decision of the Government, which disgruntled its supporters without rallying the Opposition, and it is not backed by the trade unions, which the extremists lead. The building unions are asking for the expenditure of 10,000 million francs on great new public works after the Exhibition. These huge credits have been, very reasonably, refused. Accordingly, trade unions have organised a "National Day" for April 23rd; and their leader, M. Jouhaux, after having protested against the too numerous strikes, added that money could readily be found by nationalising the insurance companies. The Building Federation proposes that every person possessing an estimated fortune of 500,000 francs shall be compelled to subscribe to the projected loan. The trade unions are ready to co-operate with the Popular Front Government, but they emphasise that the present truce must be used to work out the forthcoming social reforms, i.e. the nationalisation or at least the control of coal mines, railways and electricity.

The political situation is thus incoherent. As long as it is controlled by the Radicals, there will be no change, since this party fears an alliance with the Moderates. But the Left extremists might easily, by an error of tactics, precipitate a change of front on the part of the Radicals; and this is now more and more desired by the Senate and by public opinion. Meanwhile, the Stock Exchange is alarmed by irresponsible rumours. The

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Rentes are heavy and the franc has fallen to 110 to the pound. This situation is not favourable to the issue of the 900 million francs loan by the Ville de Paris for the execution of great public works after the Paris Exhibition. The loan will be repayable in fifty years, and will be in 5 per cent. debentures issued at 91.

The Course of Production

The Statistique Générale has just published its monthly figures, showing industrial production in France (1913 = 100):—

	Feb., 1936	Dec., 1936	Jan., 1937	Feb., 1937
General index	99	100	101	103
Engineering	99	105	110	113
Iron and steel	84	89	94	101
Textiles	71	75	71	70
Mines (adjusted figures)	101	98	97	101
Building (" ")	70	58	62	65
Leather (" ")	93	91	92	95
Paper (" ")	135	150	145	143
Rubber (" ")	970	915	812	784
Motors (" ")	451	560	552	533

In the motor industry, 12,496 automobiles have been put on the road, compared with 12,740 in January, 1937, and 13,640 in December, 1936.

The figures for the cotton industry are as follows:—

	Nov., 1936	Dec., 1936	Jan., 1937	Feb., 1937
Spinning (average per spindle in kilograms):—				
Production	1,836	1,983	1,692	1,615
Deliveries	1,960	2,163	1,592	1,649
Stocks	1,322	1,149	1,221	1,719
Unfulfilled orders	5,583	4,856	5,574	5,448
Weaving (average per loom in pieces of 100 metres):—				
Production	5.53	5.46	4.90	4.63
Deliveries	6.04	5.67	4.64	4.40
Stocks	4.86	4.54	4.86	4.82
Unfulfilled orders	25.41	22.88	27.14	27.46

In March the number of bankruptcies was 596, compared with 541 in February and 592 in January; bankruptcies and judicial liquidations were 828, against 735 in February and 843 in January. Unemployment on April 3rd fell to 386,254, compared with 388,920 in the preceding week.

Germany

Rationing and Public Works

BERLIN, April 14.—The strain imposed on the national economy by the Four-Year-Plan for raw materials, coming after the work-creation and re-armament programmes, is becoming daily more evident. Last week new official restrictions and regulations were issued for raw materials. New control and compulsion measures in the labour market were announced, and there were also some unimportant new foreign exchange measures. Restrictions were also imposed on the industrial use of silver and gold. For the home market certain kinds of silver articles may not be manufactured at all; and the silver content of others must be reduced. In accordance with precedent, these restrictions do not apply to articles for export. The use of gold for decoration in the pottery industry has been restricted and in part forbidden. New restrictions have been imposed on the timber trade.

Owing to the steel shortage, the construction of some important buildings has been suspended. Building works which, although they are rationed, may obtain steel without special permits are those for armament purposes, for the Four-Year Plan for railways, posts and canals, for Reich motor roads and for certain other classes of roads. For housing, agriculture and the smaller industrial undertakings there is a general ration. The shortage of constructional steel is anomalous, because everywhere there have risen, and are still rising, Party (and often ornamental and useless) buildings which could only have been justified as mere work-creation, in times of depression. The Deutsche Bau- und Boden-Bank estimates

recent building values (including surface and underground works) as follows:—

	BUILDING VALUES (in Millions of Marks)		
	Housing	Industrial	Public
1929	2,900	2,700	2,700
1932	800	600	900
1936	2,000	1,400	5,400 to 5,800

This shows an enormous increase in public buildings since the depression. Last year the value of public buildings was twice as great as in the prosperous year of 1929, while dwelling and private industrial building remained much smaller.

According to another report, building on the surface or underground (in the main for re-armament and motor roads) constituted in 1936 just two-thirds of the total value, and employed on an average 592,000 persons. It is estimated that building programmes will this year be 25 per cent. higher than in 1936; but it is probable that the shortage of materials and workmen will prevent the complete execution of these plans. An attempt is being made to substitute reinforced concrete for steel framework in large buildings.

Self-Financing

At the annual meeting of the Deutsche-Disconto Bank on April 7th Dr Mosler referred to the increased participation of his bank in the financing of national undertakings. This participation took the form of the purchase of public securities and bills. There were, however, also direct Four-Year Plan loans to industry, of which part were Reich-guaranteed, provision being made for instalment repayments. In great part, however, the new Plan constructions are being financed out of the funds of existing concerns (those which need to expand, and those which open up new branches), and in part by new capital issues (mainly of bonds). There is, however, a limit to "self-financing."

The Four-Year Plan, Dr Mosler noted, requires not only investment to produce the new raw materials which are to replace imports, but also requires expansion in old raw materials, such as coal, cellulose, and chemicals. Further, industry will have to invest increasingly for the replacement of worn out plant. There will probably be an increase in borrowing from the banks. Dr Mosler declared that increased financing through the banks would ensure more careful expenditure. In "self-financing" there is not the investment-brake which operates in the use of bank credit—the interest burden and the compulsion to repay. The banks, said Dr Mosler, are best qualified to direct capital according to the needs and interests of business as a whole.

Dr Mosler also mildly protested against the official policy of favouring the bond market against the share market. Since 1931 the number of shares quoted on the Berlin Bourse has fallen from 725 to 489. Dr Mosler maintained that the bond capital of business undertakings ought not to exceed a certain proportion of total capital; share capital has the advantage that it adapts itself to the profit-earning conditions of the day. It is therefore held desirable that the embargo on new share issues should be relaxed.

Measures to Extend Cultivation

The import of wheat is at last increasing; it was nearly 19,000 tons in March, against an average of some 7,000 tons in the two preceding months. New measures are announced for the regulation of wheat, rye and flour. The last monthly report shows a decline in the consumption of wheat and rye, presumably due to the new restrictions on their use for feeding livestock. The shortage of farm labour is acute, and the number of unemployed in this occupation is only 28,000, including much unusable labour. The Reich Labour Leader announces that the whole Labour Service will this year be put at the disposal of the farmers who lack workers through no fault of their own. In order to prevent the depression of agricultural wages, farmers will be obliged to pay the Reich for the new compulsory labour.

According to a Ministry of Agriculture statement the cultivated area must be increased in the next four years

Foreign Debt Difficulties

No good purpose would be served by the premature branding of Poland as a defaulter because the interest payment due next October on the sterling portion of the Stabilisation 7 per cent. issue of 1927 may not be transferred in full. Even though the balance in Poland's favour in trade with the United Kingdom is substantially less than the official returns show, it covers many times the annual service on this issue, and a reasonable solution of the points at issue should not be difficult to find.

It became quite obvious, however, when exchange restrictions were introduced last April, that the transfer burden of external debt service would have to be lightened for a time until the foreign exchange position could be strengthened. There has been, in fact, a marked improvement in this position since the Transfer Restriction Decree took effect last September. Unfortunately, the efforts to reach a temporary understanding with American creditors might have been better handled and the serious damage which has now been done to Polish credit would have been avoided. If Colonel Beck, who has not been in good health this winter, had not been absent from Poland for the last two months, the matter so far as London is concerned would no doubt have been more intelligently handled.

The rise in raw material prices, especially in the metal and textile industries, is causing serious embarrassment; and it has been accompanied by an over-rapid increase in internal grain prices, due in part to excessive exports from last year's crops. After six years of deflation, wage rates in all industries are now very low, and the Government must therefore control internal prices as far as possible. There has already been an epidemic of strikes, and a complete stoppage of the coal industry was narrowly averted a week ago.

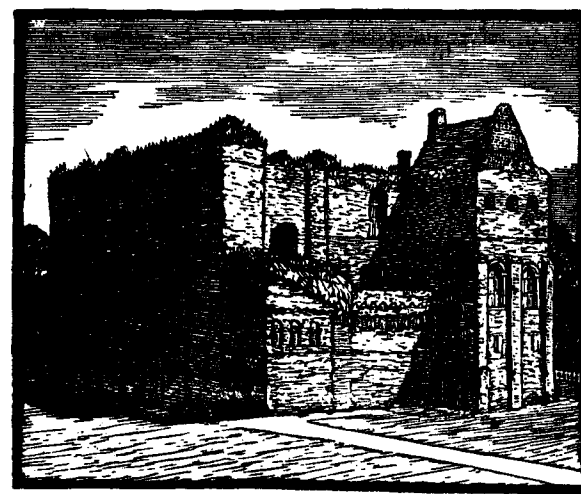
The industrial cartels are clamouring for higher prices in the home market, and they have a strong case because their profit margins—where they existed at all—have been wiped out by the increased cost of imported raw

Poland

Move for National Unity

WARSAW, March 29.—Strong action has been taken by the Government to arrest what the semi-official Press has called "political inertia and decomposition" and to bring about national unity and "the upraising of Poland." The new plan for national unity is based on the semi-Fascist Constitution of April, 1935; a powerful and respected Army; the Roman Catholic faith; the State as organiser of the life of the nation; opposition to Communism; State control of the relations between employers and employed; complete modification of the structure of the agricultural class and improvement of rural conditions; the reduction of unemployment; and respect for the rights of minority elements so long as they do not endanger the interests of the State. The plan so far has not gone much beyond a general statement of principles which points towards a totalitarian State; although it has been authoritatively stated that German, Soviet or Italian models are not being copied. The Poles do not readily respond to regimentation. Public opinion is in favour of national unity, a powerful Army, and a place of honour for the Catholic Church; but not of the perpetuation in office of the political collaborators of the late Marshal Pilsudski.

President Moscicki reminded the nation a few days ago that, thanks to the far-sightedness of Pilsudski, and the handling of foreign affairs by Colonel Beck, "favourable external conditions have been created for carrying out the task of national consolidation," but, he added, "these favourable conditions may not last much longer." There are many who feel that it would be a grave mistake for the leaders of the nation to try to build up a totalitarian system on the present narrow base. Pilsudski did not try to do it when he had a much broader basis on which to build.



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materials. But if the Government yields to the cartels, increased difficulties with labour and the farmers would follow, and the Government itself would also be in serious trouble with its large-scale investment programme.

Egypt

All Eyes on Montreux

ALEXANDRIA, March 23.—The opening of the Montreux Conference for the abolition of the Capitulations regime is now so near at hand that all other matters have been pushed into the background. The Anglo-Egyptian treaty was signed by representatives of all political parties, but this time the Government will have to do without the support of opposition groups. The task has not been made easier by the encouragement given by the opposition to agitation by students and in the Press. It is feared in foreign circles that the break-up of the United Front may compel the Wafd to negotiate at Montreux with an eye on home affairs. This is fully reflected in the Stock Exchange; trading is slack and prices inclined to sag, despite sustained economic progress. The securities market has also been depressed by the announcement of the Government's intention to negotiate the abolition of the Public Debt Commission and to abstain from renewing a number of company concessions. The recent conclusion of yet another agreement between the State and the mortgage banks for a further reduction of land debts was also a disappointment for shareholders.

Bank clearings have shown a marked rise after stagnation. Business leaders are beginning to realise that countries producing raw materials are going to reap a larger proportion of the gains during the second period of the present economic revival.

Recovery has been gathering speed of late and the outlook is now decidedly good. Coinciding with the largest cotton crop on record, the sharp rise in prices has had already several beneficial effects. During the first two weeks of 1937, 342,052 bales were shipped, against 220,826 during the like period of 1936. Foreign trade

statistics have not been slow to reflect this better trend:—

	1936	1937
	£E	£E
Exports (January)	3,195,553	4,944,883
Imports (January)	2,958,744	2,857,046

For the month of January the export surplus reached a sum of £E2,087,837, against £E2,387,000 for the whole previous year. Nevertheless, the Minister of Finance, in his Budget speech, referred to the growing lopsidedness of trade with Germany and forecast appropriate measures should conditions fail to improve.

New Extraordinary Budget

The ordinary Budget is balanced at £E30,116,500, against £E35,153,260 in the previous financial year. One million pounds more have been allotted to irrigation, schools and sanitation. The actual increase in expenditure, however, is far greater than these figures would suggest, for a new extraordinary Budget has now come into being, which is destined to include not only the outlay resulting from the application of the Anglo-Egyptian treaty such as road and barrack building, but also the strengthening of the national forces and large productive works like the electrification of the Aswan waterfalls. The Minister of Finance is still unable to determine exactly the total of this extraordinary Budget, but he intimated that it would be about £E4 millions for the new financial year. The money will come from the reserve fund, the expected increase in Customs receipts, the projected stamp duty and professional tax, the sale of Government land and the profits of three enterprises (public markets, irrigation, town lighting) taken over by the State. A State lottery will also be instituted.

The old project for the electrification of the Aswan dam is to be taken up and greatly extended. It is proposed to use the energy obtained, not only for the production of fertilisers, but also for dyes and explosives. The plan includes the erection of iron works which will draw their supplies from the neighbouring ore deposits. An important industrial zone controlled by the State is therefore to spring up at the southernmost end of the country. The Government is also preparing to build factories for the manufacture of aeroplanes and vehicles, arms, ammunition and gas masks at an estimated total cost of £E1,200,000.

Letters to the Editor

Growth of a Monopoly

TO THE EDITOR OF THE ECONOMIST

SIR,—I find it a little difficult to understand the tone of Mr. Ranald M. Findlay's letter in your issue of the 10th under the above heading. I am one of the few Members of Parliament who have consistently opposed all this modern nonsense of the excessive control over the individual in industry; and on many occasions it has been a matter of sadness how little professed advocates of individualism, namely, the Free Trade Liberals, have moved in the matter.

Perhaps the worst of all these Acts were the Agricultural Marketing Acts, the first of which was passed in 1931 at a time when the Liberal Party held the balance of power, and when if they had thrown their weight into the scale they could jointly with the Conservatives have rejected the original Act. What Mr. Findlay will never understand is that there is all the difference in the world between freedom of trade and Free Trade.

The bulk of the pettifoggery interference with individual liberty has resulted from the unwillingness of many of our rulers to adopt the policy of Protection logically. Instead of so doing they have introduced all sorts of shifts and devices to avoid a logical Protectionist policy, with the result that we have interfered with the freedom of trade, when all that it was necessary to do was to kill that vicious intellectual delusion which has so long masqueraded under the title of Free Trade.

So far as the Iron and Steel Federation is concerned, I was the first person, as I mentioned previously, to point out the risks of the new monopoly. On the other hand

I like to be fair-minded, and I am not aware of any grievances which have arisen which have not been fairly dealt with. Mr. Findlay mentions the name of some anonymous friend of his who had to pay 125 per cent. more for his steel. I am sure he must be not only anonymous but incompetent, because I know of no general rise in prices at all comparable to that. I do not think that, unless Mr. Findlay is prepared to give detailed particulars, he should mention these vague statements which it is quite impossible for anyone to check.

Incidentally, in the last twelve months the price of copper, which is not subject to any duty, has practically doubled, whereas the increase in the prices of steel which in common with other commodities are going up all over the world, is much more moderate. I would advise Mr. Findlay to consult pages 496-97 of the *Board of Trade Journal* for April 8, 1937.

Yours faithfully,

HERBERT G. WILLIAMS.

S.W.1.

International Sugar Conference

TO THE EDITOR OF THE ECONOMIST

SIR,—In your issue of the 10th inst. Mr. Mathieson refers to the current values of sugar having risen to a level at which the low-cost producers can show some small margin of profit—on the basis of the Greene Committee's report.

Who Owns an Insurance Company's Assets?

TO THE EDITOR OF THE ECONOMIST

SIR,—Your article of April 3rd on Insurance Companies' Assets raises an important question, seldom considered by the public. With your contributor's statement of the law (save for one small slip mentioned below) few will now quarrel, but many will criticise his final recommendation.

If an insurance company's assets are to be divided between a life fund and a general fund, it is hoped, no doubt, that the former will be invested (even at the expense of bonuses) in better securities than the latter. But a mere direction to separate investments will not accomplish this end, and will indeed be substantially inoperative, except that it will necessitate entirely separate balance sheets, which the Clauson committee (reporting in 1927) seems to have considered desirable. For if a company carefully lays out its two funds on securities of exactly similar character, making each advance out of both funds in proportion to their respective amounts, the direction to separate investments remains, like the present direction to separate funds, a matter of accountancy, safeguarding the holders of one class of policy against losses incurred in a different branch of insurance. Otherwise, if investments are appropriated to the two funds more or less at random, the life policy holders are as likely to lose as to gain security.

We must imagine, therefore, that the life fund is invested in a higher class of security than the general fund. It would be interesting to know the present practice of those companies that do separate investments, but in any case legislative restriction is of doubtful wisdom. If the life fund is to be confined to trustee securities, life assurance will lose its attractions; if the investments are to be scrutinised by a special board, *quis custodiet ipsos custodes?* The Clauson committee did not propose any restriction, except by recommending that insurance companies' funds should not, without the sanction of the court, be invested in any insurance business.

One minor matter remains. Your contributor says that section 3 of the Assurance Companies' Act, 1909, established separate funds for life, fire, personal accident, employers' liability and bond investment business; but in fact the requirement of a separate fund does not extend to fire or accident insurance (*see* sections 31 and 32 of the Act). He correctly points out that the Road Traffic Act, 1930, "did not constitute a fund," and the reason for this is that motor vehicle insurance is, by section 42 of the later Act, assimilated, subject to certain modifications, to accident insurance under the Act of 1909.

I have the honour to be, Sir,

Your obedient servant,

E. IRVINE GOULDING.

Lincoln's Inn, W.C.2.

National Finance

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr D. M. Mason's theory, stated in two letters published in your issues of April 3 and April 10, according to which re-armament assists in weakening the national defence of Great Britain because it reduces the nation's financial reserves, is most ingenious. He all but succeeded in convincing me that it would be a wise course for this country to stop re-armament and to husband its financial resources until bombs are actually dropping on London. It occurred to me, however, that the letters may have been sent to the wrong address. They ought to have been addressed to Herr Hitler. Should Mr. Mason really succeed in convincing the Nazi Dictator that the Germany of 1937, armed to the teeth as she is, is really weaker than the disarmed Germany of 1933—because in the meantime she has used up her financial resources on re-armament expenditure—he would render a useful service to the cause of international peace.

I am, Sir,

Your obedient servant,

PAUL EINZIG.

London,
S.W.5.

Books and Publications

The Monetary Experience of Belgium, 1914-1936

BELGIUM'S monetary experience during the past two decades is certainly sufficiently important to merit widespread study. Before the war this country was considered to enjoy a standard of life which, if it was not the highest in Western Europe, was undoubtedly prosperous and rich. Then followed the world war, with its invasions and destruction, which caused such losses that they might very well have endangered the entire economy of the country. Moreover, considerable investments had been made in Russia, and were totally lost after the Revolution.

These setbacks were most noticeable in the monetary field. Wars normally cause a devaluation of the monetary unit, and it was not possible for Belgium to escape. Materially the country was soon reconstructed after the Great War, but at the same time it underwent a financial and monetary crisis which can be followed with interest in Mr. Shepherd's book. The author analyses, in par-

* "The Monetary Experience of Belgium, 1914-1936." By Henry L. Shepherd (Princeton University). Oxford. 13s. 6d.

ticular, what happened before and during 1926, the last year of the financial troubles of the post-war period. He has undoubtedly worked out a definitive account of these facts.

The new monetary regime of 1926 gave Belgium marked prosperity for a time. In consequence of the financial crisis of 1931 and the depreciation of sterling, the sky was again full of clouds in 1932, and a new crisis developed. The solution of these new problems was found at the end of March, 1935, when the Van Zeeland Government decided to devalue the franc by 28 per cent.

Mr. Shepherd has also written the history of this later period. But he has not allowed himself sufficient time to draw up a final balance. He has had to rely more on the programme stated by the Government than on the results which have actually been obtained. It is certain that if he were to write the account now he would be able to construct a much more complete and satisfactory picture of what has been done in Belgium.

The general conclusion of the author is favourable to the policy which was adopted. The devaluation was performed with the minimum of friction. It is, perhaps, not entirely true to say that devaluation was decided upon in order to restore and foster international trade through the advancing of exports. It was mainly on account of

reasons concerning the internal price level that Belgium decided to devalue. This is, however, only a slight difference in interpretation, which is, indeed, open to discussion.

Ever since Mr Shepherd's book was written, prosperity has been consolidated in Belgium. Unemployment remains important so far as statistics go, but an actual shortage of labour is being experienced; and one may draw the conclusion that, in the present circumstances, the unemployed are, in general, unemployable.

The state of the public finances has also improved. The market for Government securities is at present better than it has been for twenty-five years. Government spokesmen pointed out early in 1937 that taxation had been reduced by about 1,000 million francs, representing about 10 per cent. of taxation receipts. These indications confirm the optimism with which Mr Shepherd regards the situation in Belgium.

Shorter Notices

"Population and Poverty in India." By D. G. Karve. Oxford University Press. 123 pages. 4s. 6d.

This unpretentious work cannot be too strongly recommended to all who are interested in India's fundamental social problems. The main contention is that the present size of the population and the rate of growth are not so much causes of disease and poverty, as symptoms and results of social and economic backwardness. The author therefore concludes that what is needed is not a campaign for the restriction of numbers, but far-reaching, co-ordinated reforms in the cultural, economic and political spheres. He first gives an excellent summary of the trend of population movements and of production during the first thirty years of this century. He then proceeds to analyse in some detail the relation between the growth of population and changes in production, and attempts to construct an Index of Production. This index, which shows an increase of 35 per cent. in per capita production during the first three decades of this century, is open to criticism, as he himself admits, but it fully supports his cautious conclusion that there was no deterioration in the economic position of the population, despite the rise in numbers. It may be suggested that the vicious circle formed in India by inefficiency and poverty might be broken most easily by a frontal attack upon malnutrition, an attack which might concentrate, in particular, upon increasing the supply and consumption of milk.

"Armaments." By F. W. Hirst. Cobden-Sanderson. 172 pages. 5s.

Mr Hirst prefaces his survey of the unprecedentedly expensive arms race of to-day with an outline of warlike

expenditure since 1815. In a short, cheap book, he has assembled the salient facts about the cost of war preparation in Britain, the Empire, Germany, the rest of Europe, Japan, the United States and South America. In conclusion he points to the ill effects of this policy on national economies and international trade. A valuable collection of alarming information.

"Economics in Outline." By Arthur Birnie. Nelson. 2s. 6d. net.

Popularisation demands simplification and Mr Birnie adopts the method of simplification usual amongst writers of outlines of economics; he confines the main discussion to English classical theory and the easier parts of Marshall. The actual subject matter is well presented; the descriptive chapters on currency systems, banking, and markets for capital are excellent; and the literary style of the book makes it an attractive primer. Mr Birnie's book, by its very nature, often deals inadequately with the complications of economic practice, but as an introduction to economic theory, it is very satisfactory.

"Mining Year Book, 1937." Compiled by Walter E. Skinner. Walter E. Skinner and "Financial Times." 900 pages. 20s.

With the present issue this invaluable year book enters upon another half-century of usefulness. Like its predecessors, it contains comprehensive and clearly displayed particulars of all important mining undertakings, mining directors and engineers, and interesting gold statistics. For convenience of reference and the completeness and accuracy of the information it gives, the *Mining Year Book* takes an established place on the bookshelves of all investors and brokers.

Official Publications

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

Civil Estimates for the year ending March 31, 1938: Class III. Home Department, Law and Justice. 2s. net; Class IV. Education and Broadcasting. 1s. 3d. net; Class II. Foreign and Imperial. 2s. net; Class IX. Exchequer Contributions to Local Revenues. 1d. net.

Memorandum on the Board of Education Estimates, 1937. Cmd. 5387. 6d. net.

Agricultural Statistics, 1935. Vol. LXX. Part II. 1s. 6d. net.

Trading Accounts and Balance Sheets, 1935. 2s. net.

Foreign Trade and Commerce Accounts during the period ended September 30, 1936. 9d. net.

Memorandum by the Secretary of State for Air to accompany Air Estimates, 1937. Cmd. 5388. 3d. net.

CAPITAL and EMPLOYMENT

R. C. Hawtrey. 15/- net.

Economists in the dock . . . An expert examines his colleagues—Mr Keynes, Professor Hayek, Professor Pigou, Mr Harrod—and Major Douglas . . . fair and detached.—*Times Lit. Supp.*

INDUSTRIAL RECONSTRUCTION

and the CONTROL OF COMPETITION

THE BRITISH EXPERIMENTS

A. F. Lucas, Ph.D. 15/- net.

This study, by an American Professor of Economics, is an analysis and interpretation of recent underlying developments in industrial organisation and social policy in Great Britain.

THE ECONOMIC DEVELOPMENT OF INDIA

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ITS CONSTITUTION AND USES

W. A. Bone, D.Sc., F.R.S. and G. W. Himus, Ph.D. 25/- net.

"A monumental work, entirely worthy of its distinguished authors, and must necessarily hold the field for many years to come."—*Economist.*

MONEY AND BANKING

The Future of Gold

LAST week's rumours that the United States Government proposed to reduce its buying price of gold below \$35 per ounce, the price fixed in January, 1934, served to shake markets throughout the world. So far as this disturbance proved anything at all, it showed that both stock markets and produce markets were in a top-heavy condition, and a little clearing out of unsound positions may have done good rather than harm. The absurdity of the rumours should, however, have been patent. No reduction in the American price of gold is possible without either a proportionate reduction in Paris and certain other Continental centres, or a jettisoning of last autumn's tripartite monetary agreement. The current American price is equivalent to 59.06 per cent. of the gold content of the pre-Roosevelt dollar, and this percentage cannot be raised above 60 without new legislation; so that administrative action can only lower the price of gold by a few cents. Even if France agreed to come into line, legislation would equally have to be passed through the French chamber, and the whole temper of France to-day is in favour of an expansion of credit, based preferably upon new gold acquisitions, as a means of restoring prosperity. All three Governments are to-day large holders of gold, and they would be unwilling to take action which would automatically depreciate their holdings. Similarly, public opinion all over the world is still imbued with the post-1931 belief in the virtues of credit expansion. A proposal to reduce the price of gold would be regarded as reactionary and deflationary, and, even if it were not rejected out of hand, would precipitate an economic crisis.

If a really long-term view be taken, however, the significance of these rumours cannot be entirely ignored. Since 1931 the price of gold in national currencies has been raised considerably. To be more precise, in 1933-34 the dollar price of gold was raised by nearly 70 per cent., and the dollar price has since been the effective world price. Meanwhile, the American Treasury, in company with most central banks, has so far been prepared to buy gold without limit. The current price is high enough to give producers a generous margin of profit, and also to stimulate the dishoarding of India's enormous stocks. Thus a position has arisen in which the demand for gold is practically confined to a limited number of central banks and kindred Government funds, who nevertheless are prepared to buy without limit and at a generous price. Conversely, the right to supply gold is open to anyone who owns the metal.

It is not surprising, therefore, that there has been a big increase both in the supply and also in the acquisitions of central banks. We published, on March 27th, a chart showing world gold production in 1929, 1931 and 1936, and the relevant information is summarised below:—

	WORLD GOLD PRODUCTION		
	(Million fine ounces)		
	1929	1931	1936
South Africa	10,412	10,878	11,340
Russia	1,085	1,701	7,356
Canada	1,928	2,694	3,720
United States	2,057	2,214	3,714
Australia	427	595	1,160
Other countries	3,677	4,274	7,710
Total	19,586	22,356	35,000

The Rand has wisely taken advantage of the higher price to mine ore of a lower grade, and last year the total South African production, in fine ounces, was little higher than in 1929. A number of new mines, however, will shortly reach the producing stage, and these will increase the Union's total output. Other countries, notably

Russia, have multiplied their 1929 output several times over, and world output since 1929 has nearly doubled. Producers have obviously taken advantage of the central banks' and Treasuries' willingness to buy gold without limit at a higher price in national currencies.

The effect of this on the central banks themselves is illustrated in the following table:—

MONETARY GOLD STOCKS: END OF YEARS						
Central Banks of	National Currency	1929	1931	1936	1929	1931 1936
		(Millions of national currency)			(Millions of fine ounces)	
England	£	146	121	314	34	28 74
United States	\$	2,857	2,986	11,251*	138	145 322
France	Frs.	41,668	68,481	60,559	79	129 77
Germany	Rm.	2,265	985	66	26	11 0.8
Holland	Fl.	447	887	720	9	17 14
Belgium	Bel.	1,175	2,553	3,736	8	17 21
Switzerland	S.Fr.	581	2,299	2,683	5	21 19
Total		...	...	...	299	368 528

* Total monetary gold stocks.

In all cases except England, Germany and Holland, the 1936 "currency" totals are swollen as the result of devaluation. The second half of the table, showing all figures reduced to fine ounces of gold, places the position in better perspective. Broadly speaking, the holdings of these seven monetary authorities alone have increased since 1929 by 229 million ounces. This exactly equals the 1930-36 world gold production of 186 million ounces plus India's net gold exports for the period of 44 million ounces. In addition there are the undisclosed holdings of various national Exchange Funds, which may well comprise between 50 and 100 million ounces.

There are to-day two allied gold problems. First there is the question whether the world's central banks are becoming gorged with gold, and consequently whether the world is drifting into a state of gold inflation. This is a far cry from the late 'twenties, when the League of Nations was forced to examine the possibility of a world shortage of monetary gold; and this complete reversal of the position shows the potent effects of currency devaluation and the raising of the price of gold. Secondly, there is the problem of the maldistribution of world monetary gold, and this is as insistent to-day as nine years ago. In one respect it is more insistent, for Germany has now lost the whole of her gold reserves. Still, for good or for evil, Germany has cut herself out of the world economic system, and she can hardly hope to replenish her gold losses or hold other countries responsible for them so long as her present economic regime persists.

The obvious remedy for an excess of supply over demand is for buyers either to reduce their price or, in this case, to refuse to buy without limit. There are obvious difficulties in applying either remedy to gold to-day. World opinion is not convinced of the danger or imminence of gold inflation, and while maldistribution exists it will be impossible to convince the weaker and poorer countries of the need for remedial action. So long as gold is hidden away in exchange funds and until there is a uniform banking system throughout the world, concerted action against gold inflation will be impracticable, and if taken would probably have unexpected results. Moreover, public opinion would certainly regard any movement to reduce the price of gold as deflationary, and, as last week showed, the immediate reactions upon trade would be severe. In an ideal world there would be a strong case to-day for reducing the price of gold or for controlling the quantity of new gold which central banks are bound to buy. In the actual world of to-day this is

impracticable. But opinion might do well, nevertheless, to recognise the possibility that if the central banks were threatened with a flood of new gold they might be unable indefinitely to absorb it. This may be looking a long way ahead, but at least it implies that the existing price of gold will not necessarily last for ever.

In the meantime, there are various expedients which might be applied in case of need. Central banks can still use the old levers of Bank rate and open-market operations as a gentler substitute for alteration in their buying price for gold. Some of the steps taken in recent years to "economise" gold could be reversed. Other countries could follow the United States in tightening up minimum reserve requirements for both central and commercial banks. As an ultimate step, the restoration of gold as a medium of circulation could be considered, and this would go far to absorb any likely increase in future supplies. Finally, a more rational distribution of the world's supplies of the metal would save some countries from possible gold inflation as well as others from a shortage of monetary gold. Here the remedy merges in the general need for reviving world trade and exchange, for restoring the credit-worthiness of many nations, and for inducing the creditor nations with excessive gold reserves to lend freely to their weaker brethren. The gradual transition of the United States from a creditor to a debtor on current account will also help towards this end, so soon as other centres begin to compete with New York as a magnet for the world's capital.

Last week's disturbance, exaggerated though it may have been, has served as a reminder that even in the case of gold, supply must in the end be related to demand. While immediate action may be impracticable and hasty action subversive, the episode lays stress upon the urgency of the task of international political appeasement and economic reconstruction. If these insistent problems were solved, it should not pass the wit of economists and statesmen to agree upon such a future price of gold as would offer a reasonable chance of steering between the whirlpool of inflation and the shoals of deflation.

Financial Notes

British Monetary Policy.—The events of last week evoked several questions to the Chancellor on future British monetary policy. Mr Chamberlain was first asked if he could give the House an assurance that the Government had no intention of checking the rise in commodity prices by raising the price of sterling in terms of gold; or, in plainer English, by reducing the London price of gold. Mr Chamberlain was further asked if the maintenance of cheap money remained a fundamental object of Government policy. In his reply, Mr Chamberlain naturally had to state that it was not the policy of the Government to maintain a fixed price for gold in terms of sterling, for had he done so, he would have made a declaration equivalent to *de facto* stabilisation. Also the tripartite monetary agreement only provides for a reasonable stability of the exchanges. He was also careful to avoid any suggestion that either a rise or fall in the sterling price of gold was envisaged, for the former would be regarded abroad as implying a fresh depreciation of sterling, while the latter would be received everywhere as an indication of deflation. Instead, he stated that the Government were fully alive to the undesirability of interfering with the flow of business towards recovery, but did not give any specific undertaking to maintain cheap money indefinitely. In fact, Mr Chamberlain was at pains to show that there had been no change in the British Government's monetary policy. In doing so, he reinforced President Roosevelt's and Mr Morgenthau's emphatic disclosures of last week, and so placed the recent gold rumours in their proper perspective.

The Foreign Exchanges.—The past week has seen greater activity in the foreign exchange market. Last week's gold rumour and its unsettlements naturally

affected rates, but other influences were also at work. There were consistent sales of dollars early this week at rates from \$4.90 up to \$4.90½, these being perhaps against shipments of Russian gold. The London bullion market was for a time disorganised by the gold rumours, because no one cared to buy gold for shipment to New York. Consequently, the London price of gold fell to a slight discount below the dollar parity price, and part of the gold on offer had to be bought by the British authorities. Meanwhile, the new French Exchange Control took advantage of the general disturbance to let the franc depreciate from Frs. 106½ to about Frs. 110. This movement had probably been decided upon beforehand, but it was deferred until such time as public attention was distracted by something else. The gold rumours provided the French Control with an obvious opportunity. The general feeling now is that the spot rate will not rise above Frs. 111, and this week the three months' rate remained at Frs. 111 until Thursday, when it rose at 111½, each fluctuation in the spot rate being cancelled out by an equal and opposite change in the discount on forward francs. The guilder has remained pegged to the dollar, with the Netherlands Bank a buyer of dollars at Fl. 1.82½. This means that the guilder follows the dollar in its fluctuations against sterling.

The Money Market.—Conditions this week have been easy and dull. The banks have recovered most of the Easter currency and at the moment are well supplied with cash. They will remain so until the Coronation and Whitsun demand for currency begins, and for the next few months they will be the keen buyers of bills. They are naturally most anxious to secure June bills, but the market is not selling readily, and in many cases the banks are having to agree to take mixed parcels of June and July Treasuries. This week the market had few new Treasury bills to pay for, as last week's tender was partly missed, and so there has not been a keen demand for money:—

	Mar. 24, 1937	Apr. 1, 1937	Apr. 8, 1937	Apr. 15, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	1	1	1	1
Short loan rate:—				
Clearing banks	1-1-1*	1-1-1*	1-1-1*	1-1-1*
Others	1-1	1-1	1-1	1-1
Discount rates:—				
Treasury bills	1	1	1	1
Three months' bank bills	1-1-1	1-1-1	1-1-1	1-1-1

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

The improvement in world trade and the rise in commodity prices is reflected in a larger supply of commercial bills, especially as traders are now increasing their stocks of commodities. Not only are a greater number of bills coming forward for discount, but individual bills are being drawn for larger amounts.

The Bank Return.—This week's return shows a further reduction of £4.2 millions in the note circulation.

BANK OF ENGLAND					
	Apr. 15, 1936	Mar. 24, 1937	Mar. 31, 1937	Apr. 7, 1937	Apr. 14, 1937
Issue Department:—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	201.6	313.7	313.7	313.7	313.7
Note circulation	421.9	470.5	473.8	469.9	465.7
Banking Department:—					
Reserve	40.5	44.1	40.8	44.6	48.9
Public deposits	9.9	27.9	52.2	24.5	22.4
Bankers' deposits	104.9	82.0	62.3	94.8	96.9
Other deposits	36.6	37.6	38.5	38.3	37.9
Government securities	106.7	94.5	100.5	101.1	96.9
Discounts and advances	5.8	4.8	7.1	7.4	6.9
Other securities	13.2	22.3	22.9	22.3	22.1
Proportion	26.7%	29.9%	26.6%	28.2%	31.0%

Bankers' deposits have increased slightly owing to Treasury bill maturities. The expected reduction in Government securities has now taken place. It has been delayed owing to the fact that a large number of bills maturing in early April had been bought by the Bank and have been allowed to run off.

The Bank of Scotland.—The report for the twelve months ended February 27, 1937, shows that the bank has had another good year. It is true that advances have fallen from £12.3 to £9.8 millions, but last year's report contained the warning that the increase of that date was probably temporary. Investments have again risen from £24.3 to £25.7 millions, while there is a further marked increase in acceptances from £1.9 to £2.5 millions. Deposits have fallen from £39.5 to £37.5 millions, this movement probably being the counterpart to the contraction in advances. Net profits show a further increase from £316,000 to £318,000. The dividend remains unchanged at 18 per cent., while last year's allocation of £30,000 to the officers' pension fund is repeated. The heritable property suspense account receives £30,000 instead of £25,000, while the Reserve Fund again receives £50,000, and the amount carried forward is increased by £2,000. This year's dividend was less, owing to the increase in income tax; for the bank's net profits are struck after full allowance for income tax, including the portion deducted from dividends.

Insurance Notes

Royal Exchange Assurance.—New life assurances, at £4,323,000, were only slightly smaller than in 1935, which was the closing year of a quinquennial period, but annuity consideration moneys fell from £312,000 to £195,000. Total net interest income credited to the life assurance and annuity funds increased by £5,000 to £574,000, but the net rate of interest earned on these funds fell from £4 6s. 8d. per cent. to £4 2s. 9d. per cent. Premium income in the fire branch was £1,409,000 against £1,484,000 and in the general accident branch £1,124,000 compared with £1,172,000, but Marine premium income increased from £597,000 to £659,000. The underwriting results of the last two years are given below:—

	1935		1936	
	Amount of Profit	Percent. age of Premiums	Amount of Profit	Percent. age of Premiums
Fire department	189,292	12.8	170,950	12.1
General department	32,490	2.8	61,684	5.5
Marine department	2,957	0.5	20,979	3.2
Life department	30,445		30,446	
Annuity department	11,174		11,174	
Capital redemption department	1,288		1,288	
Trustee and executor department	19,463		16,634	
Less Items debited to profit and loss account	287,109		271,197	
Net trading surplus	138,694		147,686	
	148,415		123,511	

No transfer has been made from the marine account to profit and loss, and the loss shown above is the amount of interest credited to the account. The marine fund amounts to £831,000, equivalent to 126 per cent. of the 1936 premium income; the comparable figure in 1935 was 138 per cent.

In the fire and general accident branches additional reserves are held apart from the usual reserve of 40 per cent. of the premium income for unexpired risk. These additional reserves have been increased during the past year from £600,000 to £800,000 in the fire account and from £200,000 to £300,000 in the general accident account by transfers from profit and loss; they amount to 57 per cent. and 26 per cent. respectively of the 1936 premium income. Total assets increased from £21,984,000 to £22,891,000. Among the life and annuity assets, which amount to £14,753,000, total loans are £2,699,000 compared with £2,727,000 in 1935, while British Government securities amount to £2,299,000 against £2,309,000. Debenture stocks increased from

£3,346,000 to £3,874,000, preference stocks from £787,000 to £856,000, and ordinary stocks from £707,000 to £837,000. The figures in this note relate to the Royal Exchange exclusive of its affiliated companies. If these companies be included, total assets are now in excess of £29,000,000, while the 1936 fire and marine and accident premium income was £2,454,000, £855,000 and £4,643,000 respectively.

Norwich Union Life Assurance.—New sums assured in 1936 with this society, the largest of the purely life offices, amounted to £11,091,000, compared with £10,788,000 in 1935; about 40 per cent. of the total came from various countries outside the United Kingdom. The society holds the whole of the share capital of the Norwich Union Fire Insurance Company, and the close relationship between the two offices must be of great mutual advantage. The net rate of interest in the life and annuity funds fell from £4 10s. 10d. per cent. to £4 7s. 10d. per cent., but as the valuation rate of interest is 2½ per cent. for assurances and 3 per cent. for annuities, there is still a very large profit-earning margin. Annuity consideration moneys were slightly smaller at £280,000, while death claims fell from £1,041,000 to £988,000. Total assets show an increase from £42,566,000 to £44,754,000. Mortgages on property, which have always formed an unusually large proportion of the funds, showed considerable expansion in the year, thus reversing the tendency of recent years. Loans on property in this country totalled £6,270,000 against £5,762,000, and outside this country £5,215,000 compared with £5,244,000, aggregating over one-quarter of the total assets. Policy loans showed little change at just over £3,100,000, but British Government securities increased by nearly £200,000 to approximately £3½ millions. Indian, colonial and foreign government securities were also greater. Debenture stocks, which amounted in 1934 to £6,710,000, rose sharply from £7,576,000 to £8,519,000, and preference stocks were £3,343,000 compared with £3,126,000. Ordinary stock holdings are relatively insignificant in amount except for the shares of the Norwich Union Fire Insurance Company, which, as before, are taken at £6,088,000. The published accounts for 1936, the first year of a new valuation quinquennium, indicate that trading profits were ample to meet the current cost of bonus at the high rates last declared.

Norwich Union Fire Insurance.—Fire premium income fell from £1,670,000 to £1,637,000, but there was a considerable reduction in the underwriting profit from the previous year's record figure. In the Accident Branch total premiums were £1,417,000, against £1,454,000, but much improved results were obtained. In pursuance of the policy of the directors, there was a further reduction in the U.S.A. casualty business, which more than offset the increase in Home premiums. The results of the last two years are shown below:—

	1935		1936	
	Amount of Profit	Percent. age of Premiums	Amount of Profit	Percent. age of Premiums
Fire	151,019	9.0	88,604	5.4
Accident and General	12,219	0.8	77,681	5.5
Less Taxes, etc.	163,238		166,285	
Total net Surplus	84,963		91,200	

The total assets of this Society and its subsidiaries at £5,815,000 increased by £94,000 during the year. British Government Securities showed little alteration, but other Government Securities increased by £84,000 to £829,000. The largest movement took place, however, in Debenture Stocks, which amount to £1,701,000 against £1,050,000. Preference and Ordinary Stocks also increased. The dividend on the share capital, the whole of which is owned by the Norwich Union Life Insurance Society, was again at the rate of 24 per cent., and costs £205,000, compared with aggregate interest earnings of £144,000.

Provincial Insurance Company.—This non-tariff company, which has now completed its thirty-third year of existence, has built up a steadily expanding business on sound and profitable lines. It does not transact business in the United States, but in addition to its home activities has entered many British dependencies and some few foreign countries. In the last ten years premium income has increased substantially in the fire branch from £135,000 to £196,000, in the accident and general branch from £385,000 to £959,000, and in the marine branch from £41,000 to £136,000. Last year total premiums amounted to £1,292,000, against £1,162,000 in the previous year, while a record underwriting profit was secured.

	1935		1936	
	Amount of Profit	Percentage of Premium	Amount of Profit	Percentage of Premium
Fire	25,261	13.4	34,185	17.4
Employers' liability ..	43,547	4.9	70,333	7.3
Marine	4,339		5,338	
	64,469		99,180	
Less items debited to profit and loss	39,488		46,470	
	24,981		52,710	

Motor insurance is known to figure very largely in the general branch accounts—unfortunately, no separate figures are published—and in the circumstances the profit ratio of 7.3 per cent. is obviously very satisfactory. The marine premium income increased 50 per cent. to £136,000, and the fund from £99,000 to £148,000, representing 107 per cent. of last year's premium income. There is no transfer to or from profit and loss, and the loss shown above is the amount of interest credited to the account. Total assets appear at £2,065,000 on a conservative valuation of the Stock Exchange securities. The cost of the preference dividends is £19,062 and compares with available net interest earnings of £58,000. The cost of the ordinary dividends is also £19,062, and the rate declared is increased from 35 per cent. to 50 per cent., free of tax. £50,000, against £40,000 in 1935, is transferred to general reserve, which now amounts to £450,000.

Life Association of Scotland.—The annual report is of special interest as it gives the results of the triennial valuation of liabilities at December 31st last. The basis of valuation of the life assurance contracts has been altered from OM 3 per cent. to Ar924/29 2½ per cent., but no indication is given of the cost of the change. This cost is, however, reflected in the figures given below; it will be seen that after taking credit for £50,000 profit on securities realised, the carry-forward has fallen by £52,000.

	Jan. 1, 1931– Dec. 31, 1933	Jan. 1, 1934– Dec. 31, 1936
Trading surplus earned during valuation period	443,815	308,289
Profit on securities realised	...	50,000
Brought forward	154,309	135,571
	598,124	493,860
To Bonuses to policyholders	399,553	352,345
„ Shareholders	38,000	33,000
„ Staff pension fund	25,000	25,000
„ Carried forward	135,571	83,515
	598,124	493,860

Under the Association's immediate bonus plan the rate of bonus was reduced at the preceding investigation from 44s. per cent. per annum, calculated on the sum assured, to 40s. per cent. per annum, and the rate has now suffered further reduction to the modest figure of 35s. per cent. per annum. Under the office's other plan, in which bonuses do not vest until attainment of the expectation of life, the rate of bonus remains unaltered at 60s. per cent. per annum where the expectation of life has not yet been attained, but has been reduced from 40s. per cent. per annum to 35s. per cent. per

annum in the remaining cases; in 1933 an additional special reversionary bonus of 3 per cent. of the sum assured was declared, to which there is no counterpart this year. New sums assured attained record dimensions at £1,661,000 against £1,568,000, while the net rate of interest fell from £4 3s. 10d. per cent. to £4 1s. 1d. per cent. Total assets increased from £8,058,000 to £8,191,000. The only change of note in the classification of the securities was an increase from £67,000 to £502,000 under the heading "Loans on Parochial and Other Rates."

Maritime Insurance.—This Marine company whose entire share capital is held by the Scottish Union and National, continues to lump claims together in one item, irrespective of the underwriting year to which they apply, while investments, which exceed one and three-quarter millions, also appear without any class subdivision. The underwriting results, however, have been consistently satisfactory, and last year £25,000 was transferred to profit and loss, against £30,000 in the previous year and £40,000 in 1934. Claims amount to £229,000, representing 70.1 per cent. of the premium income; the corresponding figures in the previous two years were 70.7 per cent. and 70.5 per cent. respectively. The financial position is very strong: there is a general reserve of £200,000, an underwriting fund of £399,000, equal to 120 per cent. of the premium income, and a profit and loss balance of £671,000. Total assets increased from £1,823,000 to £1,875,000. The dividend is again 6 per cent. and costs £23,000, compared with available net interest earnings of £66,000.

Marine and General Mutual.—This mutual office, which was founded in 1852 and has always had a close association with the shipping industry, is engaged almost exclusively in life assurance and annuity business. Out of the premium income of £248,000 last year, life assurance premiums account for £241,000, deferred annuities for £5,000, and "insurance of mariners' and passengers' effects" for the remainder. New business is well maintained at £462,000, while the net rate of interest was £4 5s. 7d. per cent. against £4 7s. 11d. per cent. in 1935. The mortality was apparently very favourable, and the amount paid in death claims fell from £116,000 to £80,000. Total assets, after showing some decline in 1935, increased from £3,687,000 to £3,823,000, and the amounts invested in Debenture, Preference and Ordinary Stocks all show well-marked increases. It is stated by the Chairman that there was "a handsome margin on December 31st last between the market and book values of the investments."

Beacon Insurance.—New sums assured created a record for the company last year at £1,153,000 against £1,049,000. As some reduction was made in the rate of bonus for the preceding triennium, this increase is satisfactory. In the "Abstainer" division the actual deaths were only 77 per cent. of the expected by the Ar924/29 table compared with 92 per cent. in the "General" division. The net rate of interest fell by 1s. 11d. per cent. to £4 1s. 2d. per cent. Total assets increased from £4,440,000 to £4,728,000, most of the increase going into mortgages on property within the United Kingdom, which rose from £1,796,000 to £2,032,000. A large proportion of these mortgages have been granted to policyholders in connection with the purchase of their homes. No marked changes took place among Stock Exchange Securities, of which, as usual, a detailed list is shown with individual book values of the holdings. On this occasion the relatively small holding, viz. £54,000, of ordinary stocks is omitted owing, it is stated, to the likelihood of alteration.

THE STOCK EXCHANGE

Unit Trust Problems

EIGHT months have passed since a Departmental Committee of the Board of Trade published a proposed constitution for the unit trust movement. It is known that official draftsmen are busy translating these and other proposals into legalistic English; but it is now practically certain that no unit trust legislation will reach the statute book this session. The delay may be inevitable, but it will be deplored by the movement's friends and critics alike. Though unit trust managers, naturally, were impressed chiefly by the stringency of the Report's recommendations, particularly on the financial side, they are aware of the many disadvantages of a period of suspense to a movement whose chief asset is its credit with the public. Their responsible representatives would undoubtedly prefer a speedy settlement on any reasonable terms to indefinite postponement of the inevitable.

What has been happening within the movement since the Committee's Report was made public in August? Readers of *The Economist* will find an answer to this question in a special Survey which we publish as a supplement to this week's issue. Thanks to the courtesy of the management groups, who have again supplied confidential data of their sales, we are able to give in our Survey the first informed estimate of the movement's total liabilities to the public that has been available since the Board of Trade Committee issued its Report. The figures are instructive. The first unit trust with an all-British portfolio was formed in April, 1931. At the end of 1934, the total sales of the entire movement amounted to £20½ millions. Twelve months later, the aggregate had increased to £45½ millions. At the end of February, 1937, the outstanding total slightly exceeded £71 millions. In other words, the total has increased during the past fourteen months by much the same amount—£25 millions—as in the preceding twelve months, which were recognised as the most satisfactory period in the history of the movement. The latter, evidently, has maintained its popularity with the investing public. The tide of the markets, until recently, has continued to run in its favour. Even after the reaction of late 1936 and early 1937 the *Financial News* index of industrial ordinary shares was 12 per cent. higher on February 26, 1937, than on January 2, 1936. There has been some tendency among unit and sub-unit holders to invest their regular savings in new certificates, and this the movement may not unfairly claim as a mark of confidence. The publicity attending the Board of Trade Committee's appointment and Report was temporarily unfavourable, but its effects cut less deep to-day.

The experience of individual trusts and management groups, however, has been curiously uneven. Some trusts have rapidly approached or surpassed the million sales figure; others have barely covered their minimum promotional expenses. The experience of the last few months, indeed, has confirmed the view, repeatedly expressed in these columns, that unit trust formation and management is a speculative financial industry. If it be true that as few as ten trusts are responsible for £20 millions of outstanding units, then the remaining 62 trusts have an average of only £820,000 each. These figures take on a special significance in the light of our earlier estimate that sales of £500,000 are necessary before managers cover even their initial charges. A fair number of trusts, evidently, have earned their promoters something less than a fortune.

In the second place, the vogue of the flexible as distinct from the fixed trust has brought its own peculiar problems of organisation, salesmanship, accounting and investment policy. The day is long past when in a

world of changes fixed trust portfolios stood like stone, and their constituent stocks could almost be numbered on the investor's hands and feet. The typical new trust has an eligible portfolio running into three figures, and its managers can switch into and out of new securities within very broad limits. The first question of the appropriate system of operation for a flexible trust is formidable, as a perusal of the pages of our Survey will show. The rival merits of the "appropriation" and the "cash fund" methods are keenly canvassed by their expert supporters. The absence of detailed recommendations on this subject—and, indeed, on flexible trust practice generally—is a regrettable *lacuna* in the Board of Trade Committee's Report, though perhaps an inevitable one, for the Report was composed nearly twelve months ago.

In other ways, the flexible trust has increased the cares, as well as the responsibilities, of management. In some respects, the response of the investor to the concept of flexibility has been disappointing. A few of the new flexible trusts have sold units approaching or exceeding seven figures in a comparatively short time. But, on the whole, experience seems to suggest that investors prefer to buy securities rather than *expertise*. Theoretically, those groups which have adopted "prestige" advertising have been on firmer ground than those which have concentrated on advertising the identity and advantages of a single trust—for the skill of the managers is the chief asset which a flexible trust unit purchaser buys. But the former method has not always achieved the best results. The unit trust investor, it seems, moves by sight and not by faith. He knows what he likes, and likes what he knows; and the implications of his preference may ultimately involve the unit trust movement in an awkward dilemma. If investment principles demand flexibility, but investors demand quasi-fixity, how can the two be reconciled? Some unit trusts may, perhaps, decide to make the best of both worlds by retaining flexibility but concentrating their publicity chiefly on advertising the particular stocks which figure in the portfolio of a given trust at a given moment. But no group, to-day, can regard a return to any form of fixity as even remotely practicable.

Indeed, as we go to press, one fixed trust—the British Empire "A"—is taking a referendum of its certificate-holders on the question whether both fixity and unit organisation ought not simultaneously to be thrown overboard. The managers of the trust, which as yet is scarcely adolescent, should surely lose no sleep over possible market conditions for a winding-up due 16½ years hence. But if a flight from fixity into the sixty-year-old organisation of the capitalistic investment trust becomes widespread—obviously a potential line of development, since of the twenty-four closed trusts, all but one are of the fixed type—the investor may well ask what will remain of the movement's permanent achievement. And is the admission of fundamental error a logical argument for bestowing powers which the managers explicitly disclaimed when they believed themselves to be right?

Fortunately, fixity and the unit method are not synonymous, and the movement need not yet lose the courage of its convictions. Within the past year it has, at least by implication, secured an endorsement of its fundamental principles in a high quarter. The Board of Trade Committee has decided that its further development, under a proper code of law, is in the public interest. The Committee's view, as we interpret it, is that the movement ought not to be restricted in an endeavour

to prevent black sheep from entering the fold; but rather that the public should be given regular opportunities for so close an inspection that it cannot fail to detect any contrast in colour. The recommendation which, more than any other, has evoked mixed feelings among the trusts is that which provides for the deposit with the Board of Trade of a substantial sum of money—the Committee suggested £20,000—by every trust which maintains active relations with the public. The same figure—£20,000—had been laid down in the Constitution of the Unit Trusts Association (a voluntary body to which all but two management groups now belong) before the Committee issued its report. But the Association stipulated only for £20,000 for each group, not for each trust. Presumably, the Committee's recommendation has two aims: to provide a fund for the investor in the last extremity and to close the movement to men of straw. It may or may not realise the former objective, but of its efficacy under the latter heading there seems little doubt. If every trust which is still "open" at the present moment were required to put down £20,000, the movement would, for the time being at least, have £960,000 of its resources immobilised. There are 12 separate management groups in existence. The total deposit per group would vary between £40,000 and £160,000, with an average of £80,000.

The sacrifice demanded of the groups would, on this showing, be considerable. But if public opinion were to endorse the Committee's view (as it appears, in fact, to do) there is no doubt whatever that the movement would be wise to accept the verdict with the best possible grace. Apart from the fact that the movement lives, literally, on its credit, a financial bar against the entry of the less responsible type of promoter would reinforce present trends which are all against the indefinite multiplication of new groups and new trusts. Under these conditions, it is unlikely that any soundly conceived legislation, on the lines of the Committee's Report—supplemented by the lessons of subsequent experience—would evoke formidable opposition in any influential quarter. The stronger, therefore, is the argument for its introduction with the least possible delay.

Investment and Company Notes

Market Aftermath.—Last week's fright over the mere suggestion of a possible change in America's gold policy has ended as such affairs usually end. The markets are much relieved, somewhat ashamed, and slightly uneasy. The reasonableness or otherwise of the occasion of last week's fears is of no great significance; what really matters is that the incident showed the market's technical strength in a less favourable light than had been hoped. Evidently, a number of forward positions are only lightly held. On Monday a good deal of stock was on offer from many centres, with the inevitable accompaniment of rumours of financial weakness—in Johannesburg and nearer home. Naturally, Kaffir shares suffered most, and after them mining and commodity shares. Under these conditions the traditional rôle of responsible financial commentators is to point out that correction in the more speculative sections will assuredly leave the whole market in a healthier state. And business, in fact, had a firmer undertone in mid-week. But the behaviour of some leading industrial shares, which declined during the "speculative" *malaise*, merits more detailed comment. Earlier this year, industrials suffered during the battering of the gilt-edged market; now they exhibit weakness when gold mining and commodity shares are under the knout. It would be unwise to draw exaggerated conclusions from this sensitivity to

other markets' troubles. The fact remains, however, that *The Financial News* ordinary share index has fallen from 124.8 on January 4th to 116.7 on April 15th, and neither the duration nor the extent of the reaction can be dismissed as insignificant. The explanation can scarcely be found in the market's own immediate background. New money is still coming forward for investment, and industrial profits continue to rise. A large sample of 628 companies whose results are examined in a special article on page 134 of this issue shows an increase of 12 per cent. in earnings in the latest period. Most chairmen, admittedly, are expressing concern over the possible effects of rising production costs, but none has suggested that these will do more than limit the scope of a future increase of profits. Altogether, large investors will watch the behaviour of the markets closely, after next week's presentation of the Budget; for the latter may be, as so often in the past, a turning point. If this year's reaction has been merely a temporary phase, there has now been ample time for technical correction. If, on the other hand, the markets have been half-consciously discounting a major cyclical turn in industry, then investors may soon have to consider a re-orientation of policy.

Stock Exchange Report.—The outstanding feature of the report of the Stock Exchange for the year ended March 25, 1937, is the increase in entrance fees received which, at £102,133, show an advance of £27,757, or 37 per cent. over 1935-36, and £20,667, or 25 per cent. over the average for the three years ending March, 1936. Except for 1928-29, when entrance fees totalled £109,468, the past year constitutes a record for over a decade. Members' and clerks' subscriptions reached the new high record of £354,303, an increase of £18,023 compared with 1935-36, and as much as £56,742 over 1929-30, the best year for subscriptions of the last boom. The increase in subscriptions proves on analysis to be due approximately as to 60 per cent. for clerks, the balance being attributed in about equal amounts to the increase in the average subscription per head on the basis of a stable membership and to the increased number of members paying subscriptions during the year. General revenue is also rather better at £76,595, owing mainly to improvement in dividends and interest received. From the increased revenue the managers have been able to increase the dividend by £1 per share to £15—absorbing £300,000 gross, as against £280,000 in 1935-36—and to increase the carry forward by £23,017. In addition, £15,000, as against £10,000, has been provided for buildings replacement. The financial situation of the institution thus makes an excellent showing and the managers have properly adopted a conservative policy in dealing with the available revenue.

British Empire Fixed Trust Proposal.—For record purposes, we set out the details of a proposal which the managing company of British Empire Fixed Trust Units Series "A" has this week presented to the sub-unit holders. An interpretation of the proposal will be found in the leading article on the unit trust movement which appears on page 155, and on page 34 of the special Survey which accompanies this issue of *The Economist*. The British Empire "A" Trust was formed in November, 1933, with a life of twenty years, and has been "closed" for the creation of new units since January, 1936. The managing company states that a number of holders have requested that a scheme might be prepared for converting the trust into a managed investment trust company, under which existing sub-units would be exchanged for shares in the new company. The reasons advanced are threefold. Firstly, the investment trust company would have an experienced board (although its proposed personnel is not disclosed in the circular); secondly, since the trust is closed, no additional holdings can be obtained; thirdly, permission to deal on the London Stock Exchange would be sought. The managers would undertake "to make certain contribu-

tions towards management expenses of the company for a period equivalent to the unexpired life of the present trust"—presumably out of the proportion of the original loading charge held in escrow. Sub-unit holders, therefore, are asked to state whether the suggested conversion is agreeable to them in principle. If a sufficient number are willing to receive the detailed scheme as a basis for considering the exchange, it will then be published.

On the broad issues raised by the suggested conversion of a fixed trust which is but 3½ years old, we comment elsewhere. There are, however, certain technical features which would require careful consideration if the scheme were introduced. The basis of transfer of the underlying securities is obviously one of the most important. The trust, being closed, is now valued on a "bid" basis, *ex* all loading charges, and the underlying securities are taken at their realisable value in the market, less all commissions and expenses, and a downward price adjustment to the nearest 1½d. multiple. This basis, clearly, would not be satisfactory for an exchange. The apparent proposal to make the escrow funds available over a period of years to the new company, again, does not appear to have any decisive advantages over the payment of an immediate sum. And thirdly, the status of the new management would require the most careful examination. These points will be further discussed if and when the scheme is published. For the moment, it is significant enough that the managers, having emphasised the disadvantages of fixity, do not propose to convert the sub-units into a new flexible trust of the unit type.

Lancashire Cotton Results.—The results of the Lancashire Cotton Corporation for the year to October last have limited relevance to the present capitalisation of the undertaking, but they serve as an indicator of earnings possibilities during the next few years. Trading profit increased from £57,192 to £127,899, and before providing for the debenture interest for the half-year to March last, the net profit amounted to £122,533. This profit may be divided between £59,247 in the first half of the year and £63,286 in the second. The results are analysed below:—

	Years to October 31st		
	1934	1935	1936
Trading profit	£57,192	£127,899	£127,899
Interest received	9,103	8,052	8,566
Total	44,867	65,244	136,465
Fees, etc.	14,688	14,177	13,932
Debiture interest ...	†130,000	†130,000	†54,167
Surplus, before depreciation	Dr. 99,821	Dr. 78,933	68,366
Carried forward	Dr. 1,368,485	Dr. 1,447,418	Dr. 1,379,052
	† Paid by guarantor.		

It is, however, more interesting to relate the 1936 profits to the present capital of the Corporation. The interest on the new debenture stock requires £75,000 (while sinking funds will commence in 1942 at the rate of £16,000 annually). If depreciation is ignored, it will be seen that this sum has been covered with the reasonable margin of £47,000. The new preference dividend, however, requires some £69,000. The prospects of the current year, therefore, suggest that a full preference dividend will be earned, again if depreciation is not taken into account. Although the directors declare that the plant has been maintained in good condition, the problem of depreciation must inevitably come to the fore as profits improve. If an over-all rate of 5 per cent. on the fixed assets is assumed, some £167,000 would be required. Before earnings become available for the ordinary capital, therefore, profits would need to increase by as much as £190,000. Such an achievement is, perhaps, not outside the realm of possibilities in the future. We pointed out on February 20th that, on the Corporation's present rate of capacity, a farthing increase in the spinning margin would represent an increase of £187,000 in profits. But

although the market regarded the results as justifying a rise from 18s. 7½d. to 19s. 4½d. in the ordinary shares, their prospects of dividends are still remote. The Corporation is probably fully conscious of the necessity for a conservative financial policy.

From the Chair.—All chairmen's speeches at our great company meetings, to-day, tend to be variations on the same dual theme. *Strophe*—"Business is active and profits higher. Let us give ourselves a pat on the back, for we had a good year last year." *Antistrophe*—"But costs are rapidly increasing and next year may be more difficult." No spokesman made this change of key plainer than Sir George Beharrell at the Dunlop meeting. The company has two distinct functions. It is a grower of raw material and a manufacturer of finished goods. But the advantages of the first line of business do not offset the disadvantage of the second when rubber prices are rising. Two years ago, Sir Eric Geddes sang in the same minor mode. At that time, over half the group's rubber crop was sold or used for special purposes, and the company now obtains an even smaller proportion of its requirements from its own plantations. Nor is the actual level of rubber prices the only important factor: stability too is necessary, and Sir George declared that the behaviour of the rubber market during 1936 showed none of the stability which was expected under the restriction scheme. He feared, moreover, that uncertainty would persist. The progress of the company last year appears to be due to successful development of new uses for rubber—in footwear, clothing and upholstery—despite competition from imports.

Other Viewpoints.—Investors will find the mood of qualified optimism in several other chairmen's addresses this week. Those present at the general court of the Governor and Company of Adventurers of England trading into Hudson's Bay were warned, at the outset, that the company would be asked to approve a conservative distribution policy in the future. Mr P. Ashley Cooper suggested that, if the wheat crop was good—it is faced at present with a shortage of sub-soil moisture—the stores and land departments might be expected to show a further improvement, while the more speculative fur trade is benefiting from world recovery. Mr John Cowley showed that the Daily Mirror Newspapers is faced with a problem akin to that of Dunlop. Newsprint costs are rising, and while the company's investment in Anglo-Canadian Pulp and Paper will benefit, the costs of newspaper publishing are rising. Mr Cowley was therefore led to speculate upon reducing the size of papers, or increasing their price, and was even able to draw encouraging conclusions from the economics of a three-halfpenny paper.

Hadfields' Debenture Offer.—Sir Robert Hadfield accompanied his financial review of 1936 with an interesting account of the technical side of the Hadfields' business. Of immediate investment interest, however, the offer to holders of the £1,040,000 4½ per cent. debenture stock stands out. This stock is callable after February 1, 1945, at par, and was quoted at 105 before the

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AN IMPORTANT PRACTICAL BOOK FOR
ACCOUNTANTS AND STOCKBROKERS

UNIT TRUSTS AND HOW THEY WORK

by
C. Rosenheim, M.A. and C. O. H. Merriman, A.C.A.
With a Preface by Mr. A. Piercey, C.B.E.
Details will be announced later

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offer and at 110 after. The directors offer in exchange for every £3 nominal of the stock an allotment of two 10s. ordinary shares. Stock so surrendered will cease to rank for interest from February last, and the shares issued in exchange will rank for dividend from January 1st. Since the ordinary shares fell from 37s. 3d. to 35s. on the news, the exchange is equivalent to £350 in cash for every £300 nominal of stock, showing on this basis a cash profit of £35 if the ordinary shares are sold. A bonus of this size is likely to attract the debenture holders. The company is operating at record profitability, and the equity is now valued accordingly. But the debenture holder who remembers the lean times of 1930 to 1932, when the debenture interest was not fully earned, may reasonably decide to take the opportunity presented to him. On the same line of reasoning, however, it may be doubted whether he should keep his ordinary shares. The company's prospects remain good for some time to come. But the investor who demands the equivalent security of a debenture is hardly likely to find it in the ordinary shares of a concern fully occupied on the re-armament programme. He may prefer, indeed, to seek a moderately dated debenture, perhaps in a more stable industry, for the re-investment of his increased capital. For the ordinary shareholder, the scheme involves a certain dilution of the equity, for the terms have, perhaps, been favourably pitched to secure the debenture holder's support. The 10s. ordinary shares will obtain a higher investment ranking, but their number will be increased from 1,859,784 10s. shares to 2,553,117 shares (disregarding fractions). With the prospect of fairly considerable selling by those debenture holders who accept the scheme, the ordinary shares appear to shed part of their speculative investment attraction.

Colvilles' Accounts.—During the whole of 1936 the Scottish steel industry was working almost to capacity, and the accounts of Colvilles, which now

controls the whole of the Scottish heavy steel trade and other interests, show a strong position. The company's own profits have increased by £47,929 to £658,538—a relatively small advance which reflects the incidence of increasing costs. But in these accounts the company for the first time takes credit from the acquisitions of 1936—Lanarkshire Steel, Steel Co. of Scotland, Smith and McLean, and a number of smaller concerns. These companies showed a profit applicable to the parent company of £252,055, and of this only £80,516 has been taken out in dividends. Thus, whilst the parent itself shows apparent earnings on the Ordinary stock, after generous depreciation, of 11.1 per cent.—a maiden dividend of 7 per cent. will be paid—the true figure of earning power, subject to subsidiaries' depreciation, is of the order of 17 per cent. The following table shows the company's progress during the last three years:—

	Years to December 31.		
	1934	1935	1936
Trading profit	589,439	610,709	658,538
Dividends from sub. cos.	...	...	80,516
Total profit	589,439	610,709	739,154
Fees, staff fund, etc.	1,500	21,500	2,000
Depreciation	125,000	125,000	185,000
Income tax	105,000	120,000	135,000
Preference dividend	246,159(a)	106,563(a)	84,219
Ordinary stock			
Earned	111,780	237,646	332,935
Paid	...	...	209,206
Earned (%)	13.8(b)	13.4(b)	11.1(c)
Paid (%)	...	...	7(c)
Preference div. reserve	130,000	200,000	...
Carried forward	85,762	123,408	247,137

(a) 2½ years' div. in 1934, and 1½ years' in 1935. (b) 1934 and 1935 earnings percentages struck after one year's Pref. div. In neither year were any earnings available for Ordinary div., for no distribution could be made until the Pref. div. reserve had been built up to £330,000. (c) Div. and earnings calculated on Ord. capital of £3,919,550, compared with £2,500,000 in earlier years.

The report details a striking list of extensions and reorganisation of plant. Moreover, it reveals plans for the erection of coke ovens, two new blast furnaces, and additional steelworks plant, which will cost £2,500,000 and will necessitate a further issue of capital. In Scotland the shortage of coking capacity and efficient blast furnace equipment is particularly acute, and these extensions will go far to rectify it, if the demand for steel remains at its present level. The ordinary stock £1 units, at 28s. 3d. xd, give a dividend yield of £4 19s. per cent. At this level they present no speculative attractions, for the company appears to be nearing its maximum profit-earning capacity, and the prospect of a new issue causes the market to value the shares conservatively.

Rolls-Royce Dividend.—The market showed a little disappointment with the Rolls-Royce dividend of 22½ per cent., although the final payment of 15 per cent. was declared on a capital increased by the 25 per cent. bonus last January. The preliminary profits statement shows that profits for 1936 amounted to £390,237, compared with £353,302 in the previous year, and with roughly £291,500 in 1934. The company has enhanced its reputation as a satisfactory profit-earner, without justifying the naïve speculator's hope of soaring profits. An increase in earnings of 11 per cent., though satisfactory in itself, is less encouraging than the large proportionate rises experienced in 1933 and the two subsequent years. The company is fully occupied on aero engine work, and while it should have no difficulty in passing on the due proportion of increased costs to its largest customer, the possibility of increased profit margins or expanding turnover should not be over-estimated. The prospects for 1937 suggest, in fact, a rather stationary earnings situation. The ordinary shares stand at 6½ and yield £3 16s.

New Company Results.—The majority of new companies which have recently issued their first reports have justified their prospectus promises. In many cases earnings show a considerable advance, though shareholders paid commensurately for the shares when issued. The net earnings of *Skefko Ball Bearing* for 1936 show a very satisfactory expansion to £236,304 after tax, compared with £195,700 before tax in 1935. The proprietors, however, must accept their 30 per cent. tax-free dividend, without the additional benefit of an informative report. The amount of depreciation is undisclosed in the report, but was fully discussed by Sir Ralph Glyn at this week's meeting. Another company which makes bearings, *British Timken*, has equally impressive progress to report. The 1936 trading profit of £131,127 is £51,618 higher, and in addition to the 15 per cent. dividend, a 20 per cent. capital bonus is declared. The chairman, however, has stressed the difficult situation regarding materials and skilled labour. The engineering industries are represented by *John Thompson Engineering*, a Lancashire boiler-making firm, which has earned £94,467 from mid-June to the end of 1936. The combined profit and loss account discloses a profit for the full year of £191,490, compared apparently with £165,983 for 1935. The subsidiaries have made extensions, and two other concerns have been acquired. *Cellon, Limited*, which makes aeroplane dopes, lacquers, etc., reports £35,380 trading profit, an increase of over 45 per cent.

Gaumont-British Dividend.—On April 9th, Mr Justice Clauson, in the Chancery Division, dismissed with costs the motion by Mr W. H. J. Drown to restrain

the directors of Gaumont-British Picture Corporation from paying the interim dividend on the 5½ per cent. preference shares, on the ground that it must be found out of capital. It was contended that the £200,000 set aside against production losses was insufficient to meet the total deficiency, to which Mr Isidore Ostrer replied that further funds totalling £662,000 were available. Ultimately, Mr Justice Clauson pointed out in his judgment that losses seemed to amount to no more than £750,000, and that if assets were insufficient to cover both capital and reserves the reserves must suffer first. The suggestion that the dividend had been declared partly to retain voting control in the hands of the ordinary shareholders was ventilated, though of course it was irrelevant to the decision. The fact remains, however, that preference shareholders gain a money payment and lose a contingent right of unknown value. The ultimate questions affecting the Corporation have still to be decided.

Oil Share Outlook.—Oil shares have displayed resistance to the liquidation which was common on the Stock Exchange during this account, and if no extra taxation is imposed on the motor industry next week they may well move into higher ground. An increase in the petrol tax would, of course, be passed on to the consumer, but as the tax is already 8d. per gallon, any increase might adversely affect the petrol consumption of the small car owner. An increase in the horse-power tax would have no effect on current consumption, but might react upon the sales of new cars. In any case the market is more concerned about the future of oil prices in America. If the export price of American gasoline



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Condensed Statement of Condition as of March 31, 1937

INCLUDING DOMESTIC AND FOREIGN BRANCHES

ASSETS	
Cash and Due from Banks and Bankers	\$ 471,801,666.90
United States Government Obligations (Direct or Fully Guaranteed)	427,893,576.53
State and Municipal Bonds	136,226,572.32
Other Bonds and Securities	137,680,480.57
Loans, Discounts and Bankers' Acceptances	619,537,301.13
Customers' Liability Account of Acceptances	27,904,502.94
Stock in Federal Reserve Bank	3,637,500.00
Ownership of International Banking Corporation	8,000,000.00
Bank Premises	51,791,126.85
Other Assets	9,418,144.53
Total	\$1,893,890,871.77
LIABILITIES	
Deposits	\$1,688,450,919.89
Liability as Acceptor, Endorser or Maker on Acceptances and Bills	\$58,288,166.60
Less: Own Acceptances in Portfolio	8,452,286.34
Items in Transit with Branches	7,067,441.99
Reserves for:	
Unearned Discount and Other Unearned Income	4,631,139.52
Interest, Taxes, Other Accrued Expenses, etc.	8,156,115.59
Dividend	1,550,000.00
Capital	\$77,500,000.00
Surplus	43,750,000.00
Undivided Profits	12,949,374.52
Total	\$1,893,890,871.77

Figures of Foreign Branches are as of March 25, 1937.

Securities carried at \$68,486,932.31 in the foregoing statement, consisting of United States Government Obligations, \$30,925,872.42, State and Municipal Bonds, \$27,281,779.31, and Other Bonds and Securities, \$10,279,280.58, are deposited to secure public and trust deposits, totaling \$41,070,743.35, and for other purposes required by law.

is advanced, the price of British petrol must follow suit. Since the last ½d. per gallon advance was made, freight rates from the Gulf have risen further by 15s. per ton, which is roughly equivalent to ½d. per gallon. There is indeed every expectation that American gasoline prices will move upward this year. The seasonal increase in stocks has at last been checked. In the week ending April 3rd gasoline stocks at refineries declined by 91,000 barrels to 53,088,000 barrels. This is the first decline recorded in the last eighteen weeks. The Bureau of Mines, in its estimates for the month of April, expresses the view that although stocks are rather high as compared with a year ago, the additional quantities will be fully required if demand exceeds the present estimates. The crude oil output of the United States is being maintained at a very high level and stocks are increasing, but as new discoveries last year are estimated to be below withdrawals, it is natural that the large companies should begin to increase their stocks of crude. The granting of price premiums, ranging from 5 cents to 10 cents per barrel in East Texas, may be significant. Next month the dividends of the British companies will begin to appear, and the market will be disappointed if 20 per cent. tax free is not declared for the year on the increased capital of "Shell" Transport and Trading, 20 per cent. for the year on Burmah Oil and 17½ per cent. on Anglo-Iranian with perhaps a one-in-three share bonus.

Robinson Deep.—The annual report of this company provides agreeable reading for shareholders. The consulting engineer states that the reopening of the upper levels of the mine has made large tonnages of low grade ore available, while results in the lower levels were also encouraging. He records progressive improvement in the benefits obtained from the air-cooling plant and predicts, provided that the price of gold remains unchanged, a continued increase of profits during the

current year. Progress during the past three years is analysed in the following table:

	Years ended December 31,		
	1934	1935	1936
Tons milled	1,200,000	1,215,000	1,265,000
Yield, dwt. per ton	5.017	4.983	4.995
Working costs per ton	19/3	20/4	20/2
Working profit	£925,051	£911,210	£934,190
Dividends	£440,950	£326,570	£525,000
Rate per "B" share	4/-	2/9	4/6
Carried forward	£37,080	£60,910	£58,150
Development footage	57,138	55,870	52,547
Ore reserve, tons	5,846,000	6,032,000	6,102,000
Ore reserve, value dwt.	4.9	4.9	4.9
Average net price for gold, per ounce	138/1	142/-	140/1

The new treatment plant milled a record tonnage of ore. The appreciable decline in the average gold price resulted, however, in a slightly increased working profit. Dividends totalled £200,000 more than in the preceding year. The company paid this increased sum largely from the material benefit arising from the new basis of taxation. After this year, the fixed dividend on the "A" shares will be reduced from 2s. 6d. to 1s. 6d., and to 6d. only in 1940. These shares will then be extinguished.

"Kolar" Group Results.—Of the four gold-mining companies in the Indian goldfield, Champion Reef and Nundydroog paid increased dividends last year, the Mysore distribution was the same as before, but Ooregum made a further cut. Champion Reef offered 130,000 shares at 35s. a year ago to finance operations of greater depth. Total working costs fell £29,630 below the 1935 amount, and the fall more than accounted for the expansion in operating profits. Special appropriations were the same, apart from a reduction in the amount to contingency account. Development showed satisfactory results, a slight increase in the footage being fully reflected in the ore reserve total. Mysore treated a slightly increased tonnage, but the average value was lower. No difficulty, however, was experienced in maintaining the distribution at the previous year's rate. The reserve fund has been increased to £146,700 by £10,300 profit realised on the sale of shareholdings, and at the end of the year surplus liquid assets amounted to £279,680. The superintendent reports that in the deeper levels there are signs that the zone of disturbed ground is being passed. Some 2,920 feet of additional development work was carried out. The results of the four companies are summarised below:—

	Working Dividends			Ore Reserves		
	Profit	Amount	Per	Tons	dwt.	Value
	£	£	cent.			
Champion Reef....	1934 148,160	104,000	40	405,490	11.77	
	1935 169,990	110,500	42½	448,240	11.86	
	1936 197,230	146,220	45	471,149	11.36	
Mysore	1934 221,150	152,500	25	431,000	13.60	
	1935 254,450	167,750	27½	422,000	13.10	
	1936 252,000	167,750	27½	440,000	12.50	
Nundydroog	1934 320,870	191,030	67½	435,210	14.59	
	1935 317,560	191,030	67½	492,660	14.07	
	1936 302,280	205,175	72½	581,550	12.31	
Ooregum	1934 54,100	57,100	12½	139,400	9.38	
	1935 60,840	48,080	10	176,370	9.57	
	1936 57,590	39,060	7½	219,620	9.95	

* Fully developed only.

The favourable impression created by the Nundydroog dividend has been modified by statements at the annual meeting that a continued decline in the value of the ore would have to be faced, although efforts are being made partly to counteract it by treating a larger tonnage. The company paid a higher dividend despite lower profits owing to reduced depreciation requirements, and to the absence of a reserve allocation, compared with £15,000 for the previous year. Net cash assets amount to £234,020.

Nundydroog, in conjunction with Mysore and Ooregum, is prospecting land lying about 14 miles north of the Kolar field. Owing chiefly to a decline in the value of the ore milled, the profits of Ooregum were slightly below the previous year's total, while special appropriations were made on a slightly increased scale. Although development scarcely confirms the favourable rumours which were in circulation last year, improvement is shown both in quantity and value of the ore reserves; the quantity, however, still represents less than two years' supply for the mill. On the basis of last year's dividends the approximate gross yields are: Champion Reef, 10½ per cent.; Mysore, 10½ per cent.; Nundydroog, 13 per cent.; Ooregum, 6½ per cent.

Other Company Results.—The usual analysis of profit and loss accounts appears on page 183, covering some 65 further companies. The results are discussed in detail on page 181 under the heading "Shorter Company Comments."

Company Meetings of the Week.—On later pages of this issue will be found reports of the following company meetings: Eagle Star and British Dominions Insurance, Norwich Union Fire Insurance, Norwich Union Life Insurance, Southern Life Association (of South Africa), Dunlop Rubber Company, Olympic Portland Cement, King Line, British Timken, Hudson's Bay Company, Sunday Pictorial Newspapers (1920), Daily Mirror Newspapers, British Enka Artificial Silk, Champion Reef Gold Mines of India, Ooregum Gold Mining Company of India, River Plate Trust Loan and Agency, Humphreys, and Bukit Ijok (Selangor) Rubber. Sir George Beharrell's survey of the rubber situation is discussed in a note on page 157 on the Dunlop meeting. At the Norwich Union Life Insurance Society meeting, Mr Ernest Hicks sug-

gested that conditions for investment might become progressively easier. Addressing Norwich Union Fire Insurance Society members, he mentioned that though the home section of the accident account had improved, there was a continued tendency for the cost of claims to rise. Mr Walter Marshall, at the Southern Life Association of South Africa meeting, referred to the establishment of a conservation department with the aim of dissuading existing holders from terminating their policies. Sir F. Vernon, addressing King Line proprietors, pointed out that the profit for 1936 had included a non-recurring subsidy of £47,519. Mr John Cowley's discussion at the Daily Mirror Newspapers meeting is referred to in a note on page 157. At the Sunday Pictorial Newspapers meeting he reported that the company would be paying only a few more shillings per ton for newsprint during the financial year ending February 28th next. At the British Enka meeting, Mr C. T. Pott referred to the fall in the selling prices of rayon. He advanced the view that consumption would have been greater if prices were stable. Discussing the prospects of River Plate Trust Loan and Agency, the chairman took a hopeful view, but warned shareholders against hopes of a return to pre-depression dividends. Captain E. C. Eric Smith referred to the building contracts on the books of Humphreys, Limited. At the Bukit Ijok (Selangor) meeting, it was reported that the company's standard production had been raised to 730,200 pounds. The discussions at the Hudson's Bay and the British Timken meetings are referred to in notes on pages 157 and 159 respectively. Sir Edward Mountain, at the Eagle Star meeting, reported that a good proportion of the substantial new business was due to group life and pensions schemes. Addressing Olympia Portland Cement members, the chairman alluded to their good relations with labour in the U.S.A. The Hon. A. T. J. Fraser reported at the Ooregum Gold meeting that results on the West Reef had been satisfactory. To Champion Reef shareholders he commented on the big reduction in working costs.

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GOLDEN MOMENTS

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THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: APRIL 20 ACCOUNT: APRIL 22

The markets this week have done their best to improve, but few observers would deny the necessity for further technical clearing-up—quite apart from Mr Chamberlain's Budget speech on Tuesday—before any decided advance can be shown. The immediate aftermath of the gold scare and commodity weakness is one of convalescence rather than recovery. The speculative markets in mining and commodity shares remain vulnerable. Arrangements are being made to ease the position for speculators who have recently been caught overloaded, but it is plain that, when the surface of the market improves, a considerable measure of adjustment will still be necessary. Meanwhile, as the settlement approached, the condition of the market again became dull and unenterprising.

Gilt-edged once more stood above the timid condition of markets generally. Little business was passing, and an early improvement was checked for a time. But mid-week again brought fractional improvements, New Zealand stocks were uneasy on the spreading of rumours regarding the debt outlook, to which the market was very receptive.

In the foreign market, Chilean bonds improved on a favourable market brochure, although they reacted slightly on Wednesday. Japanese issues attracted more support than of late, but Brazilian loans remain heavy on moderate selling.

Home rails opened in poor style, and all the ordinary stocks showed significant falls. An immediate recovery set in, however, and the traffics gave further impetus, particularly to Great Western. Argentine rails improved steadily, encouraged by the traffics, but the feature in the foreign rail markets was San Paulo, which rose to 97 on the increase in the dividend. Brussels buying was reported for Nitrate Rails.

Apart from a firm tone at the opening of the week, which was soon forgotten, the only sign of cheerfulness in industrial markets was in mid-week. Most sections of the market were dull, and conditions were not improved by the approach of the settlement. Trans-Atlantic issues fluctuated in accordance with movements on Wall Street. The iron and steel section lost ground quietly but steadily with few exceptions, among which Stewarts and Lloyds were outstanding on the news of an increase in tube prices. Indian Iron showed a moderate improvement in mid-week. Motor shares attracted a slight attention in mid-week at the low prices which prevailed, and Rolls-Royce were supported in a generally irregular aircraft section. Electrical equipment issues were dull throughout.

Brewery issues turned harder in mid-week, along with tobacco shares. In mid-week Lancashire Cotton improved on the results, and rayon issues gained on the higher yarn prices in America. There was consistently good support for shipping shares on the trade reports and rising freight rates. Most movements in the miscellaneous industrials section were against holders, although conditions improved in mid-week. Salt Union were a prominent feature.

Oil shares responded early in the week to encouraging news from America, and with a slight increase in the volume of business, prices of the leading shares were higher. But on Thursday the market turned heavy in sympathy with most other sections on the approach of the settlement. Prices in the rubber shares market drifted downward most of the week on the falling commodity price, although at one time there was evidence of a firmer tendency. Conditions in the tea shares market were similarly weak.

The mining markets opened with a further display of acute nervousness. For the first hour on Monday an immediate recovery in Kafirs was reported, but weakness reappeared when he Cape showed itself a persistent seller. Business later became small and subdued, as the volume of speculative selling dried up, and no further liquidation was evident. Copper shares advanced sharply in mid-week, but could not hold their gains. Base metal shares continued uneasy, and tin shares, which showed improvement with the rise in the metal, failed to maintain their levels.

"FINANCIAL NEWS" MARKET INDICATORS

	Apr. 8	Apr. 9	Apr. 12	Apr. 13	Apr. 14	Apr. 15
Approximate total of bargains recorded in S.E. List	10,530	9,245	10,895	9,170	9,155	9,150
Corpus day 1936.....	7,196	Closed	Closed	7,972	7,185	9,222
Security Movements						
Index of 30 Ordinary Shares (July 1, 1935=100).....	118.0	116.9	116.6	116.5	116.5	116.7
Index of 20 Fixed Interest Securities (1928=100).....	128.2	128.2	128.3	128.3	128.5	128.5
Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).						
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).						
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.8 (Jan. 4).						
Lowest 1937: Ordinary Shares 116.8 (Mar. 16); Fixed Interest 128.8 (Feb. 28).						

ACTUARIES' INVESTMENT INDEX

Last Tuesday this index of the prices of 177 industrial ordinary shares fell to 86.3, against 87.0 a week ago, and 86.0 a month ago. The percentage yields were 4.11, 4.09 and 4.10 respectively. A selection of the separate indices follows:

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yield (%)		
	Month ago (Mar. 16, 1937)	Week ago (Apr. 6, 1937)	This week (Apr. 13, 1937)	Month ago (Mar. 16, 1937)	Week ago (Apr. 6, 1937)	This week (Apr. 13, 1937)
Banks and discount co's (12)	118.1	119.6	118.6	4.91	3.96	3.99
Building materials (5)	96.5	96.7	95.8	5.37	5.50	5.55
Coal (7)	119.8	120.0	118.8	3.18	3.18	3.22
Oil (5)	103.8	103.4	100.3	4.50	4.58	4.91
Electric supplies (10)	151.5	151.3	150.3	4.01	4.10	4.12
Stores and catering (17)	81.4	83.1	82.4	3.78	3.73	3.74
Breweries and distilleries (21)	142.8	147.2	145.0	4.47	4.31	4.37

NEW YORK STOCK EXCHANGE

A slight recovery in the general price level had been recorded on Wall Street at the end of last week, after the country had been assured that no reduction in the price of gold was contemplated by the Government. This week opened very quietly in expectation of a decision by the Supreme Court on the Wagner Labour Relations Act. The decision arrived and the market fell, but only for a short time. Recovery was prompt and prices closed higher on the day. The day after the decision markets opened to meet short covering, and most prices continued to rise. There were several sharp advances; Union Pacific, for example, gained \$7. In mid-week, dealings opened firmly, but by the close most gains had been more than wiped out. Over-all gains were shown by some steel shares, oils, and Celanese. Government issues had an irregular week, but improved toward the end on institutional demand, and on the request from the President to government departments to cut expenditure wherever possible. Business news is still very good. *Iron Age* estimates steel mill activity unchanged on the week at 91 per cent. of capacity.

1. Rails & Transport	Apr. 7, 1937 (Close)			Apr. 14, 1937 (Close)			Apr. 15, 1937 (Latest)		
	Apr. 7, 1937	Apr. 14, 1937	Apr. 15, 1937	Apr. 7, 1937	Apr. 14, 1937	Apr. 15, 1937	Apr. 7, 1937	Apr. 14, 1937	Apr. 15, 1937
Atchafalaya	78½	81½	81	47½	46½	46½	117½	117½	117½
Balt. and Ohio	31½	36½	36½	117½	117½	117½	39½	39½	39½
B.M.T.	40½	40½	40	38½	39½	39½	59	59	59
Can. Pacific	14½	14½	14	59½	59	59	20½	20½	20½
Ches. and Ohio	59½	61	60½	20½	21	21	16½	16½	16½
Ches. and Ohio Ry. Pl.	48½	51½	51½	16½	16½	16½	22	22	22
Illinois Central	31½	32½	32½	10½	10½	10½	10½	10½	10½
N.Y. Central	46½	48½	49½	10½	10½	10½	24	24	24
Nor. Pac.	29½	33	33½	38½	40	40	57	57	57
Pennsylvania R.R.	45½	45½	45½	57½	57	57	29	29	29
Southern Pac.	55½	58½	57½	28½	29	29	74	74	74
Southern Ry.	37½	39½	39½	16½	17	17	156½	156½	156½
Union Pac.	141	147½	146½	98½	101	101	137	137	137
Greyhound Cp. New	13½	14½	14½	107	108	108	32	32	32

2. Utilities and Communications	Apr. 7, 1937 (Close)			Apr. 14, 1937 (Close)			Apr. 15, 1937 (Latest)		
	Apr. 7, 1937	Apr. 14, 1937	Apr. 15, 1937	Apr. 7, 1937	Apr. 14, 1937	Apr. 15, 1937	Apr. 7, 1937	Apr. 14, 1937	Apr. 15, 1937
Am. Waterworks	21½	21½	21½	167	168	168	113	113	113
C'wealth & S'thern (Cons. Gas of N.Y.)	3	2½	2½	107	108	108	32	32	32
now Cons. Edison	38½	39½	39½	107	108	108	32	32	32
Col. Gas & Electric	14½	15½	15½	107	108	108	32	32	32
Elec. Bond & Share	20½	21½	21½	107	108	108	32	32	32
Nor. Pac. & L.	10½	11½	11½	107	108	108	32	32	32
North American	25	27½	26½	107	108	108	32	32	32
Pac. Gas & Electric	31½	32½	32½	107	108	108	32	32	32
Pac. Lighting	46½	47½	47½	107	108	108	32	32	32
Pub. Service N.J.	44	44	44	107	108	108	32	32	32
Stan. Gas & Elec.	10½	10½	10½	107	108	108	32	32	32
United Corp.	6½	6	6	107	108	108	32	32	32
United Gas Imp.	13½	13½	13½	107	108	108	32	32	32
Am. Tel. & Tel.	170	167½	168	107	108	108	32	32	32
Int. Tel. and Tel.	12	11½	12	107	108	108	32	32	32
Western Union	68½	72	72	107	108	108	32	32	32
Radio	10½	10½	10½	107	108	108	32	32	32
Radio B. Pref. New	74	74½	74	107	108	108	32	32	32

3. Extractive and Metal Industries	Apr. 7, 1937 (Close)			Apr. 14, 1937 (Close)			Apr. 15, 1937 (Latest)		
	Apr. 7, 1937	Apr. 14, 1937	Apr. 15, 1937	Apr. 7, 1937	Apr. 14, 1937	Apr. 15, 1937	Apr. 7, 1937	Apr. 14, 1937	Apr. 15, 1937
Am. Rolling Mills	37	38	37½	107	108	108	32	32	32
Beth. Steel	90½	93	92½	107	108	108	32	32	32
Beth. Steel Pref. x'd.	121	120	120	107	108	108	32	32	32
Republic Steel	41	43	42½	107	108	108	32	32	32
U.S. Steel	111½	113	113	107	108	108	32	32	32
U.S. Steel Pref.	144	144½	144	107	108	108	32	32	32
Alaska Juneau x'd.	14½	13½	13½	107	108	108	32	32	32
American Metal	55½	58	57	107	108	108	32	32	32
American Smelting	89	93	92	107	108	108	32	32	32
Anaconda	56½	58	59	107	108	108	32	32	32
Bohn Aluminum	41	45	45	107	108	108	32	32	32
Cerro de Pasco	73½	75	75½	107	108	108	32	32	32
Int. Nickel	64	65½	65	107	108	108	32	32	32
Kennecott x'd.	56	60	60	107	108	108	32	32	32
Pattio Mines	17½	18	18½	107	108	108	32	32	32
Texas Gulf Sulph.	40	40	40	107	108	108	32	32	32
U.S. Smelt x'd.	91	94	94	107	108	108	32	32	32
Vanadium Corp.	32	33	33	107	108	108	32	32	32
Atlantic Refining	32	34	34	107	108	108	32	32	32
Phillips Petroleum	55	57	57	107	108	108	32	32	32
Shell Union	85	92	92	107	108	108	32	32	32
Shell Union Pref.	104	104	104	107	108	108	32	32	32
Socony Vacuum	18	19	19	107	108	108	32	32	32
Stand. Oil Calif.	45	46	46	107	108	108	32	32	32
Stand. Oil N.J.	68	70	70	107	108	108	32	32	32
Texas Corp.	58	68	68	107	108	108	32	32	32

5. Retail Trade and Food

Montgomery Ward 56½ 60½ 60½

J. C. Penney Co. 99½ 97½ 97½

Sears Roebuck x'd. 85½ 90½ 90½

United Drug 14½ 13½ 13½

Walgreen x'd. 30½ 30½ 30½

Woolworth 26½ 26 26

Borden 41 42 42

Gen. Foods 22½ 22½ 22½

Kroger Grocery 22½ 22½ 22½

Nat. Biscuit x'd. 28½ 28½ 28½

Nat. Dairy 23½ 24½ 24½

Standard Brands 14½ 14½ 14½

Am. Tobacco B. 82½ 82½ 82½

Liggett Myers B. 23½ 23½ 23½

Lorillard 51 51 51

Reynolds Tob. B. 31½ 32½ 32½

National Distillers 47 47 47

Schenley Distillers 47 47 47

6. Finance

Commercial Credit 58½ 60½ 60½

Atlas Corp. 17½ 17½ 17½

Com. Invest. Trust 68 68 68

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

	1936		1937		Be- ginning of Year 1937	Mar. 31, 1937	Apr. 7, 1937	Apr. 14, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Jan. 6	Highest Mar. 10				
847 Industrials	112.7	145.9	142.6(d)	155.7	143.2	150.3	142.6	146.0
32 Rails	42.8	60.2(b)	54.6	64.5(f)	54.6	61.6	58.2	59.8
40 Utilities	91.2	111.0(e)	100.0(d)	116.4(g)	111.7	102.5	100.0	100.3
Total, 419 Stocks	97.7	125.4	121.5(d)	132.4	123.5	127.6	121.5	124.1
Average yield*.....	4.50% High (c)	2.65% Low (a)	3.53% High	3.20% Low (s)	3.53%	3.39%	3.60%	3.52%

* 50 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 23rd. (d) April 7th. (e) December 2nd. (f) March 17th. (g) February 10th. (h) January 13th.

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

Highest*	Lowest†	Apr. 7	Apr. 8	Apr. 9	Apr. 10	Apr. 12	Apr. 13	Apr. 14
180.3	161.8	162.9	163.7	164.2	163.4	164.7	166.4	166.7

* March 6th.

† January 4th.

TOTAL DEALINGS IN NEW YORK

	April 8	April 9	April 10*	April 12	April 13	April 14
Stock Exchange— Shares (No. Thous.)	1,920	1,730	480	1,130	1,590	1,480
Bonds (Thous. \$) ...	12,510	12,080	6,070	7,990	12,180	14,680
Curb— Shares (Thous.).....	486	378	129	281	364	378

* Two-hour session.

CAPITAL ISSUES

The dearth of really large public issues continues, but the new capital market has shaken off its recent idleness. This week, investors have been able to choose or reject new issues in the cosmetics, gasholders, chocolate biscuits, metal containers, and brewing industries. *G. and T. Bridgewater, Ltd.*, amalgamates three biscuit concerns. The 6 per cent

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

Prices, Year 1936				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937			
High-est		Low-est		High-est		Low-est		High-est		Low-est		High-est		Low-est		High-est		Low-est	
Jan. 1 to April 14, inclusive		Jan. 1 to April 14, inclusive		Jan. 1 to April 14, inclusive		Jan. 1 to April 14, inclusive		Jan. 1 to April 14, inclusive		Jan. 1 to April 14, inclusive		Jan. 1 to April 14, inclusive		Jan. 1 to April 14, inclusive		Jan. 1 to April 14, inclusive		Jan. 1 to April 14, inclusive	
Name of Security		Name of Security		Name of Security		Name of Security		Name of Security		Name of Security		Name of Security		Name of Security		Name of Security		Name of Security	
181	82 1/2	112 1/2	84 1/2	74	74	76 1/2	76 1/2	3 5/8	d.	40/-	33 1/2	5(a)	5(b)	Bank of New Zealand £1	35/-	35/-	...	4 1/2	d.
102 1/2	100	101 1/2	96 1/2	99 1/2	99 1/2	100 1/2	100 1/2	3 1/2	d.	37 1/2	34 1/2	6(a)	6(b)	Bank of England Stk.	338	338	...	3 1/2	d.
105 1/2	103 1/2	104 1/2	98 1/2	99 1/2	99 1/2	100 1/2	100 1/2	2 1/2	d.	48 1/2	42 1/2	7(a)	7(b)	Barclay Bk. £1	75 1/2	75 1/2	...	3 1/2	d.
108 1/2	106 1/2	107 1/2	100	101 1/2	101 1/2	102 1/2	102 1/2	3 1/2	d.	102	92 1/2	8(a)	8(b)	Bat. (Dom. Ac.) £1	43 1/2	43 1/2	...	3 1/2	d.
111 1/2	107 1/2	108 1/2	106 1/2	107 1/2	107 1/2	108 1/2	108 1/2	3 1/2	d.	249 1/2	244 1/2	9(a)	9(b)	Bk. of Australia (15)	94 1/2	94 1/2	...	4 1/2	d.
121 1/2	116 1/2	117 1/2	113 1/2	114 1/2	114 1/2	115 1/2	115 1/2	3 1/2	d.	291 1/2	277 1/2	10(a)	10(b)	Bk. of Montreux (1000)	47 1/2	47 1/2	...	3 1/2	d.
95 1/2	92 1/2	93 1/2	87 1/2	88 1/2	88 1/2	89 1/2	89 1/2	2 1/2	d.	107 1/2	87 1/2	11(a)	11(b)	Bk. of N.S. Wales (20)	29 1/2	29 1/2	...	2 1/2	d.
104 1/2	101 1/2	102 1/2	95 1/2	96 1/2	96 1/2	97 1/2	97 1/2	2 1/2	d.	15 1/2	14 1/2	12(a)	12(b)	British Overseas £1	90 1/2	90 1/2	...	3 1/2	d.
110 1/2	107 1/2	108 1/2	100 1/2	101 1/2	101 1/2	102 1/2	102 1/2	2 1/2	d.	15 1/2	14 1/2	13(a)	13(b)	Chd. of India (25)	15 1/2	15 1/2	...	4 1/2	d.
117 1/2	114 1/2	115 1/2	110 1/2	111 1/2	111 1/2	112 1/2	112 1/2	2 1/2	d.	14 1/2	13 1/2	14(a)	14(b)	Com. Bk. of Aus. 10/-	15 1/2	15 1/2	...	3 1/2	d.
118 1/2	115 1/2	116 1/2	110 1/2	111 1/2	111 1/2	112 1/2	112 1/2	2 1/2	d.	94 1/2	84 1/2	15(a)	15(b)	District £1, £1/2	87 1/2	87 1/2	...	3 1/2	d.
108 1/2	104 1/2	105 1/2	100 1/2	101 1/2	101 1/2	102 1/2	102 1/2	2 1/2	d.	108 1/2	98 1/2	16(a)	16(b)	Eng. S. & Aust. £1	55 1/2	55 1/2	...	3 1/2	d.
98 1/2	94 1/2	95 1/2	87 1/2	88 1/2	88 1/2	89 1/2	89 1/2	2 1/2	d.	11 1/2	10 1/2	17(a)	17(b)	Handlrs £10, £1/2	41 1/2	41 1/2	...	3 1/2	d.
76 1/2	70 1/2	72 1/2	62 1/2	63 1/2	63 1/2	64 1/2	64 1/2	2 1/2	d.	119 1/2	109 1/2	18(a)	18(b)	India £5, £1/2	87 1/2	87 1/2	...	4 1/2	d.
89 1/2	83 1/2	85 1/2	74 1/2	75 1/2	75 1/2	76 1/2	76 1/2	2 1/2	d.	10 1/2	9 1/2	19(a)	19(b)	Lang. & S. £125	61 1/2	61 1/2	...	3 1/2	d.
120 1/2	116 1/2	117 1/2	112 1/2	113 1/2	113 1/2	114 1/2	114 1/2	2 1/2	d.	11 1/2	10 1/2	20(a)	20(b)	Lloyds £5, with 1/2 p.	94 1/2	94 1/2	...	3 1/2	d.
107 1/2	104 1/2	105 1/2	104 1/2	105 1/2	105 1/2	106 1/2	106 1/2	2 1/2	d.	11 1/2	10 1/2	21(a)	21(b)	Martins £20, £1/2	88 1/2	88 1/2	...	3 1/2	d.

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Paid in New Zealand currency. (e) Allow for rate of exchange. (f) First yield.

(g) Yield on 24% basis. (h) Yield on 12 1/2% basis. (i) Yield on payment of 21% of 24% on larger capital. Yield worked on redemption at par on February 1, 1907.

(j) Paid in Australian currency. (k) Interim dividend of 7 1/2% on smaller capital. Dividend of 24% on larger capital. Yield worked on a 10% dividend basis.

(l) Yield worked on basis of 12 1/2-3%. (m) Yield basis 4 1/2% of face value. (n) 1/2% of interest.

Prices, Year 1937				Prices, Year 1937				Last Two Half-yearly Dividends				Name of Security				Price, April 7, 1937				Price, April 14, 1937				Rise or Fall				Yield April 14, 1937			
Jan. 1 to April 14, inclusive				Last Two Half-yearly Dividends				Name of Security				Price, April 7, 1937				Price, April 14, 1937				Rise or Fall				Yield April 14, 1937							
High-Low	Jan. 1 to April 14, inclusive	Last Two Half-yearly Dividends	Name of Security	Price, April 7, 1937	Price, April 14, 1937	Rise or Fall	Yield April 14, 1937	High-Low	Jan. 1 to April 14, inclusive	Last Two Half-yearly Dividends	Name of Security	Price, April 7, 1937	Price, April 14, 1937	Rise or Fall	Yield April 14, 1937																
42 1/2	32 3/4	33 1/4	10(b)	Iron, Coal, &c.—cont.	37/6x	37/3x	—3d	3 13 9	64/6	50/3	m29(b)	m29(c)	Boots Pure Drug 5/-	53/3	52/-	-1/3	2 14 0														
12/3	9/9	10/10	10(b)	Harc. & Wif. 6% Cm. Pt.	10/3	10/3	—	Nil	38/9	31/9	5(c)	74(c)	Borax Deferred 1/2	33 1/2	32/6	-7d	4 11 0														
33/9	28/9	29 1/2	5(b)	Horden Collieries 1/1	38/-	35/-	—	4 5 9	27/-	20/4 1/2	5(c)	5(c)	Bovril Deferred 1/2	21/3	21/3	—	4 14 0														
16 1/2	14/-	14/-	5(c)	Lambert Bros. Ord. 1/1	32/6	32/6	—	3 1 9	38/3	17/9	4(c)	5(b)	Bowaters Paper Mills 1/1	56/3	55/-	-1/3	4 1 9														
17 1/2	14/-	14/-	2(c)	Ocean Coal & Wilsons 1/1	15/3	14/-	-1/3	1 9 1	64/6	54/6	74(c)	74(c)	Bristol Aeroplane 1/1	56/3	55/-	-1/3	3 16 6														
16 1/2	12/6	12/6	Nil	Pease and Partners 10/-	25/6	24/6	-1/-	4 18 0	55/6	44/9 1/2	74(c)	10(c)	British Aluminium 1/1	53/3x	52/-x	-1/3	4 2 0														
27 1/4	22 1/4	24 1/4	14(a)	Powell Duffryn 1/1	25/7 1/2	25/-	-7 1/2d	4 0 0	39/4 1/2	35/4 1/2	5(b)	23(a)	British Match 1/1	36/9	37/-	+3d	4 2 0														
28/9	24/9	24/9	5(c)	Ruston & Hornby 1/1	50/-	50/-	—	4 0 0	138/9	113/9	8(b)	7(a)	Brit-Amr. Tobacco 1/1	118/9	115/-	-3/9	2 12 0														
50/6	44/3	44/3	74(b)	Sheepbridge Col. & Ind. 1/1	41/6	40/7 1/2	-10 1/2d	4 8 6	30/1	21	Nil	Nil	Cable & Wyr. f. A. Ord.	29	28 1/2	-1/2	Nil														
40/6	37/-	37/-	51(b)	St. Durban 1/1 Ord. 1/1	55/7 1/2	53/9	-1/10 1/2	4 8 6	114	10 1/2	44(c)	54(c)	Holding 5 1/2% Pt.	114	113 1/2	-1/2	4 18 0														
57/6	55/9	56/9	31(c)	Steel & Iron B. Ord. 1/1	30/-	30/-	—	4 0 0	23 1/2	17 1/2	13(c)	30(b)	Carreras A. Ord. 1/1	20/-	19/6	-6d	10 5 0														
35/6	29/9	29/9	3(c)	Stanton Ironworks 1/1	53 1/2	53 1/2	—	3 15 0	25 1/2	19/4 1/2	10(c)	14(c)	Cole (H. K. Ord. 1/1)	20/-	19/6	-6d	5 5 0														
56/3	52/-	52/-	6(a)	Staveley Coal, &c. 1/1	57/6	56/10 1/2	-7 1/2d	3 3 0	48/9	48/9	10(b)	10(b)	Critical Manuf. Ord. 5/-	53 1/2	50 1/2	-2/6	3 19 0														
49/4 1/2	37/-	37/-	5(c)	Stewarts and Lloyds 1/1	38/3	33/6	-10 1/4d	4 3 0	38/6	32/3	8(c)	9(c)	Donlop 1/1	35/9x	35/-x	-9d	5 2 9														
36 1/2	32/6	32/6	44(b)	Swan, Hunter 1/1	14/3	14/3	—	6 15 0	50/7 1/2	45/10	10(b)	5(a)	Eastwoods Ord. 1/1	48/9	48/9	—	6 2 0														
17/-	13 1/2	13 1/2	94(b)	Thomas (Richd.) 1/1	25/-	25/-	—	Nil	27/6	21/9	12(b)	10(c)	Elec. & Musical Ind. 10/-	22/6	22/-	-6d	4 11 0														
28 1/2	21/7 1/2	21/7 1/2	Nil	Thorncliffe John 1/1	10/-	9/6	-6d	2 11 0	33/6	31/-	23(b)	15(a)	Ever Ready Co. 5/-	32/9	32/9	—	6 1 0														
10/-	7/6 1/2	7/6 1/2	Nil	U. States Steel \$100	\$119 1/4	\$115 1/2	-3d	Nil	24/9	20	5(c)	10(c)	Fairay Aviation 10/-	21/3	20/6	-1/3	4 11 0														
112/9	87/6	87/6	5(a)	United Steel Cos. Ord. 1/1	31/-	30/9	-3d	4 17 0	68/9	63/6	5(b)	4(a)	Finlay (James) & Co. 1/1	68/9	67/6	-9d	3 19 0														
34/6	30/9	30/9	8(c)	Vickers (10/-)	30/7 1/2	31/3	+7 1/2d	3 4 0	10 1/2	9 1/2	5/3	5/3	Galbraith Ltd. Ord. 1/1	115/-	116/3	+1/3	4 5 0														
38/4	34/3	34/3	5(b)	Ward (Thos. W.) 1/1	36/3	34/6	-2/6	4 14 0	48/7 1/2	45/3	20(b)	17(a)	Gestemont-Brit. (10/-)	7/3	7/6	+3d	Nil														
39 1/2	34/3	34/3	6(a)	Weardale Steel & Inf. 1/1	40/6	40/3	-3/6	4 12 0	166/3	152/6	15(b)	5(a)	Harrisons & Cros. Def. (1/1)	161/3x	156/3x	-5/-	2 12 0														
146/3	142/6	142/6	12(a)	Whitehead Iron & Sd. 1/1	152/6	152/6	—	3 19 0	91/10 1/2	82/6	5(a)	13(a)	Harrods 1/1	83/9	83/9	—	4 9 0														
83/9	76/3	10(c)	15(c)	Yarrow 1/1	77/6	77/6	—	3 19 0	5/5 1/2	4/4 1/2	10(c)	Nil(c)	Home & Col. Stores 4/-	5/3	5/3	—	Nil														
Textiles																															
12 1/2	9/9	Nil	Nil	Blanchers 1/1	9/6	9/6	—	Nil	62/8	48/9	7(c)	8(c)	Imperial Airways 1/1	55/-	53/9	-1/3	2 19 6														
12 1/2	9/9	Nil	Nil	Bradford Dyers (1/1)	9/6	9/6	—	Nil	41/10 1/2	37/10	23(a)	54(b)	Imperial Home. Ord. 1/1	38/3x	38/3x	—	4 2 6														
11 1/4	8/6	Nil	Nil	Brit. Celanese Ord. (10/-)	9/-	9/3	+3d	Nil	24/14	18/7 1/2	Nil	Nil(c)	Imperial Smeltg. Ord. 1/1	20/-	20/-	-6d	Nil														
15/6	11 1/4	Nil	Nil	Calico Printers 1/1	11/9	11/9	—	4 0 0	75 1/2	63 1/2	40/75	31/30	Inter. Nickel of Can. 5/-	66 1/2	67 1/2	+1/2	3 0 0														
58/-	48 1/2	133(c)	10(c)	Coats, J. and P. (1/1)	59/4 1/2	52/6	+6d	3 19 0	22/3	16/3	18(b)	8(c)	International Tea 5/-	21/6	21/6	—	6 0 0														
58/6	50/9	124(b)	7(b)	Courtaulds 1/1	45/-	45/-	—	4 9 0	76/3	62/-	22(c)	22(c)	London Brick 1/1	62/6	62/6	—	7 4 0														
49/-	44/-	74(b)	24(a)	English Sw. Ctn. 1/1	12/3	12/3	—	Nil	6 1/2	5/-	21(b)	18(a)	Lyons (J.) Ord. 1/1	6 1/2	6 1/2	—	3 14 0														
14/6	11/3	3(c)	5(a)	Fine Cotton Spinners 1/1	37/-	37/-	—	4 12 0	90/7	76/10 1/2	25(b)	15(a)	Marks & Spencer 'A' 5/-	83 1/2	82/6	-7 1/2d	4 9 0														
39/-	33/-	3(c)	5(a)	Linen Thread Sct. (1/1)	65/7 1/2	65/7 1/2	—	3 16 0	10/6	7/10 1/2	5(c)	5(c)	Millars' Tinner (4/-)	5/-	5/-	—	2 0 0														
68/9	58/9	110(c)	112(c)	Patons & Baldwins 1/1	20/-	20/-	—	4 1 0	5 1/2	5/-	21(b)	18(a)	Murex 1/1 Ord. 1/1	43/9x	42/6	-1/3	5 11 0														
85/-	31/9	4(c)	6(a)	Whitworth & Mitchell 1/1	50/6x	49/-x	+6d	4 1 0	56/-	46/-	74(b)	12(b)	Pinchin Johnson 10/-	46/3	46/3	—	4 6 6														
56 7/2	16/3	5(a)	15(b)	Associated Elec. (1/1)	120/-	117/6x	-1/3	3 8 0	67/-	58 1/2	22(b)	12(a)	Prices Trust Ord. (5/-)	61/3	58/9	-2/6	3 0 0														
135 7/2	89/-	10(b)	5(a)	British Insulated (1/1)	91/-	90/-	-1/3	3 6 9	67/-	60/9	34(a)	11(b)	Radiation Ord. 1/1	61/3	61/3	—	4 17 0														
96/9	89/-	10(b)	5(a)	Callenders (1/1)	70/-	67/6	-2/6	0 17 0	115/7 1/2	100/-	22(c)	22(c)	Reckitt & Sons Ord. 1/1	103/9x	106/3x	+2/6	4 9 0														
78/-	70/9	61(a)	6(a)	Crompton Parkinson 5/-	35/-	34/6	-6d	3 10 0	18/9	13/6	+5(a)	+6(a)	Sears (J.) Ord. 5/-	14/6	14/6	—	4 2 6														
97/6	90/3	Nil	Nil	Electric Electric (1/1)	87/-	86/6	-6d	3 10 0	21/9	10/6	64(c)	24(c)	Smithth. & Arg. Meat 1/1	61/6	62/-	+6d	4 19 0														
37/6	35/6	10(c)	15(c)	General Electric 1/1	20/-	20/-	—	4 13 0	62/8	59/4 1/2	24(b)	12(b)	Spillers 1/1	53/6	52/6	-1/-	5 15 0														
94/6	88/6	3(c)	15(b)	Henleys (W. T.) (5/-)	48/1 1/2	43/9	-4 1/4	4 11 5	54/3	50/6	15(c)	15(c)	Swed. Match. B. (kr. 25)	21/10 1/2	26/3	+4 1/4	4 2 0														
54/6	43/9	o	5(a)	Johnson & Phillips 1/1	35/-	35/-	—	3 9 0	28 1/2	17/9	Nil	14(b)	Tate and Lyle 1/1	87/6	88 1/4	+7d	Nil														
85/-	31/9	4(c)	6(a)	Siemens 1/1	73/9	73/9	—	4 1 0	77/6	69/9	5(a)	5(b)	Tilling, Thos. 1/1	62/6	62/6	—	4 2 0														
Electric Light, &c.																															
332	318	Nil(c)	30(c)s.	Brazil Trac., no par	\$26 1/2	\$26 1/2	—	4 1 3	71/6	67/6	5(a)	10(b)	Tobacco Secs. Ord. 1/1	72/6	72/6	—	4 2 0														
78/-	69/9	6(a)	9(b)	Bournemouth & Poole...	73/9	73/9	—	4 4 0	74/3	62/6	30(c)	60(c)	Triplex Safety G. (10/-)	69/4	68/9	-7d	4 2 0														
31/-	26/6	2(a)	4(b)	British Power & Light 1/1	38/6	38/6	—	4 4 3	93/-	83/6	5(a)	12(b)	Trust Investments 1/1	87/6	87/-	-6d	4 2 0														
48/6	35/9	34(a)	4(b)	City of London 1/1	44/-	44/-	+6d	3 11 6	112/6	101/9	31(a)	13(b)	Turner & Newall 1/1	103/9	102/6	-1/3	3 8 6														
58/6	52/6	51(c)	5(b)	Clyde Valley Elec. 1/1	52/-	52/-	—	4 0 0	46/10 1/2	40/7 1/2	31(b)	34(b)	Unilever 1/1	55/-	55/-	-7 1/2d	3 5 0														
54 7/2	48/9	8(c)	74(b)	County of London 1/1	43/-	43/-	—	4 0 0	60/4 1/2	53/9	74(b)	5(a)	United Dairies 1/1	41/3	39/9	-3/9	4 11 0														
45/9	38/10 1/2	44(b)	4(a)	Edmundsons 1/1	34/-x	34/-	—	4 8 0	34/9	24/-	4(a)	10(b)	United Malasses 6/8	33/9	33/9	—	2 13 7														
38/9	33/7 1/2	24(b)	6(a)	Lancashire Electric 1/1	50/6	50/6	—	3 19 0	104	94/-	30(c)	40(c)	Unid.Tob.(South)Ord. 1/1	91	91	+1/4	4 4 0														
51/3	46/9	3(a)	6(a)	Metro. Electric 1/1	40/-	40/-	+6d	3 3 0	45	39/6	5(a)	3(a)	Wallpaper Mfrs. Def. 1/1	41/3	41/3	—	6 0 0														
41/3	36/9	2(a)	5(b)	Midland Counties 1/1	40/-	40/-	—	4 0 0	96/3	75/-	30(a)	45(b)	Wiggins, Teape Ord. 1/1	39/9	39/9	—	4 11 1														
84/9	30/9	2(a)	4(b)	North-Eastern Elec. 1/1	52/-	51/3	-9d	3 18 0	96/3	75/-	30(a)	45(b)	Woolworth (F.W.)Ord. 5/-	78/9	76/3	-2/6	3 19 0														
56/6	47/3	4(a)	6(b)	North-Western Elec. 1/1	40/-	40/-	—	4 0 0	81/10 1/2	70/-	85(c)	95(c)	Ashanti Goldfields (4/-)	73/9	72/-	-1/9	5 5 0														
42/6	40/3	5(a)	5(b)	Scottish Power 1/1	43/6	43/6	—	3 13 2	24/3	16/-	95(b)	74(a)	Burns Corp. Ord. 9/-	21/3	19/7 1/2	-1/9	4 17 0														
45/9	40/3	5(a)	5(b)	Yorkshire Electric	25/3	25/9	+6d	4 8 6	122/9	93 1/2	Nil(c)	Nil(c)	Commonwealth Milk 5/-	61/6	6/3	+1 1/2	Nil														
Gas																															
237/-	22/3	57(a)	57(b)	Gas Light & Coke 1/1	159 1/2	159 1/2	—	4 9 0	59/4 1/2	43/11	27(a)	30(c)	Cona. Gids. of S. Afr. 1/1	102/6	95/7 1/2	-6/10 1/2	4 3 0														
67/-	14 1/2	6(b)	4(a)	Imp. Continental Stk.	204 1/2	204 1/2	—	5 0 6	16 1/2	13 1/2	95(a)	95(b)	Cona. Mines Selection 10/-	47/8	43/9	-3/9	6 19 0														
236	23/-	24(a)	24(b)	New-cum. Ord. 1/1	109 1/2	109 1/2	—	5 0 6	96/6	76/3	20(c)	20(c)	Crown Mines 10/-	14 1/2	13 1/2	-1/2	6 19 0														
126	107	24(a)	5(b)	S. M. Collieries 1/1	25/3	25/3	—	3 6 9	76/6	55/-	124(b)	124(a)	Johan. Cons. 1/1	81/3	77/6	-3/9	5 3 8														
Motors and Cycle																															
52/3	43/9	12 1/2	15 1/2	Assoc. Equipmt. Ord. 1/1	45/-	45/-	—	3 6 9	96/6	76/3	20(c)	20(c)	Randfontein Ests. 1/1	58/9	57/3	-1/6	5 12 0														
50/4 1/2	43/9	50(c)	50(c)	Austin 5/-	45/-	45 7/2	+7 1/2d	5 9 3	76/6	55/-	124(b)	124(a)	Rhokana Corp. 1/1	25	24	-1	Nil														
27/6	24/1	Nil	Nil	Birm. Sm. Arms 1/1	26/3	25/-	-1/3	Nil	19	12 1/2	5(b)	25(a)	Rio Antio Corp. 5/-	73/9	73/9	—	2 0 0														
37/9	33/9	33(a)	133(b)	Dennis 1/1	35/-	31/3	-9d	3 4 0	89/3	70/-	30(c)	30(c)	Royal Antelope Corp. 5/-	11 1/2	11 1/2	—	7 15 0														
83/9	8/6	Nil(c)	5(c)	Ford Motors 1/1	3/3	3/3	—	2 6 0	14 1/2	10 1/2	90(a)	6(b)	Sub. Union (10/-)	185/-x	187/6x	+2/6	4 6 0														
4/3	2/9	74(b)	74(b)	Guy Motors (1/-)	67/6x	67/6x	—	4 8 0	225/-	192/6	2/6(a)	6(b)	W. W. Wittersater and 10/-	16 1/2	14 1/2	-2 1/2	6 19 2														
74/9	67/6	124(b)	124(b)	Leyland Motors 1/1	100/-	100/-	—	4 0 0	19 1/2	13 1/2	Nil	Nil	Wiluna Gold (1/1)	30/-	28/9	-1/3	6 19 2														
126/3																															

78/77 12/78 8(a) 8(a) Berger (Lewis) Ord. 3 1 57/8 1 6/78
 (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Yield worked on a 30 per cent. basis. (e) Annas per share. (f) Includes a Special jubilee bonus of 2½ per cent. free of tax. (g) Based on current annual dividend rate ₹2.00 per share. (h) Including bonus of 5% free of tax. (i) Calculated on basis of 1½ annas per share of ₹2 per cent. free of tax. (j) Worked on current annual dividend basis. (k) Worked on a 60 per cent. dividend basis. (l) Free of Income Tax. (m) Yield worked on a 35% basis. (n) Yield worked on a 15 annas to one rupee. (o) Worked on a basis of 10 Rs. 7d. per cent. less tax. (p) Yield worked on a 12½% basis. (q) Special jubilee bonus.

(Continued from page 163)

(trademarks, goodwill, etc., £22,627). Commissions of 5 per cent., 2½ per cent., and 2½ per cent. paid on net profits over £30,000. Anglo-Caledonian Corporation purchase from vendors above issue at 3s. 8-46d., including expenses; also 30,000 preference shares, purchased and sold at par, sold to three parties. Lists closed 9 15 a.m., April 13th.

BY TENDER

Colchester Gas Company.—Offer for sale by tender of £10,000 4 per cent. debenture stock at 98 minimum. Redeemable at par 1957. Net revenue, 1936, £18,163. Authorised capital, £158,816; loan capital, £134,933 (£41,072 remaining to be raised). Proceeds to provide stoves, extend mains, etc. Population, 51,400; consumers 13,205; output, 1936, 323 million cubic feet.

ISSUES TO SHAREHOLDERS ONLY

Beaton (G.) and Son.—Issue of 132,214 2s. 6d. ordinary shares at 4s., in proportion of one for five held on March 8th.

Watford Electric Manufacturing.—Issue of 20,000 6 per cent. cumulative 10s. preference shares at 10s. 6d., and 50,000 2s. ordinary shares at 4s. One new preference for every four and one new ordinary for every nine held.

Anglo-Burma Tin.—Issue of £35,000 6 per cent. convertible debentures at par to shareholders on April 3rd.

Carrier Engineering.—Issue of 300,000 5s. ordinary shares at par in proportion of one new for each share held on March 30th.

Clapton Stadium.—Issue of 119,783 5s. ordinary shares at par, one new for five held on March 10th.

Davis and Timmins.—Issue of 20,000 5s. ordinary at 15s., in proportion of one new for sixteen held on March 18th.

Owen (Thomas) and Company.—Issue of 1,000,000 1s. shares at 1s. 3d., in proportion of one for three held, and £50,000 6 per cent. debenture stock at 98 per cent.

Escot Rubber Estates.—Issue of £42,500 6 per cent. convertible debenture stock at 105 and 425,000 2s. ordinary shares at par.

General Refractories.—Issue of 50,000 10s. ordinary shares at 25s.

Trussed Concrete Steel.—Issue of 114,666 new 5s. ordinary shares at 9s., in proportion of one new for six held on March 31st.

Viborita Gold Mines.—Issue of 80,000 10 per cent. participating 2s. preference shares at par.

Waddon Investments.—Issue of 100,000 5 per cent. debenture stock at par to shareholders of Town Investments, Ltd.

Anti-Attrition Metal Company.—Issue of 200,000 new 2s. shares at 3s. each, in proportion of one new for every four held.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	April 7, 1937	April 14, 1937
Bennett (J.) 5/-	5/9	5/9	4/10½-5/1½	4/10½-5/1½
Bridgewater (G. and T.) 4/-	10/-	10/-	9/9-10/3	9/9-10/3
Do. 6% Pref. £1	20/-	20/-	19/3-19/9	19/3-19/9
Coxworthy (Wm.) Ord. 20/-	5/6	5/6	4/10½-5/1½	4/10½-5/1½
Do. 5% Pref. £1	...	...	53/3-54/3	53/6-54/6
Gilbert (D. M.) 4/-	7/6	7/6	5/9-6/3	5/9-6/3
Hammerton (Chas.) Ord. 10/-	...	...	23/--23/6	22/6-23/-
Do. 5% Pref. 20/-	...	...	20/9-21/3	21/--21/6
Holmes Goodrich 2/-	3/3	3/3	3/--3/3	2/10½-3/1½
Hoover 5½% Pref. £1	21/6	21/6	3d-6d pm	3d-6d pm
Houndstitch Warehouse 5/-	15/-	15/-	12/6-13/-	12/6-13/-
Do. 5% Pref. £1	20/-	20/-	19/--19/6	19/4½-19/10½
Lake George Mining 10/-	...	...	15/9-16/3	15/3-15/9
London Electric Transport 2½% Deb.	92½	57½	11-1½ ds	11-1½ ds
Masson Scott 4/-	...	...	6/14-6/4½	5/10½-6/1½
Midhurst Whites 2/-	2/6	2/6	2/3-2/6	2/--2/3
Midland Counties Electric 4½% Pref. £1	£1	10/6	1/1½-1/7½ pm	1/3-1/9 pm
Nchanga Consolidated £1	...	...	1½-1½ pm	1½-1½ pm
Premier Metal (S.A.) 2/-	3/-	3/-	2/1½-2/4½	3/7½-3/10½
Pullin (R. B.) 2/-	4/-	4/-	3/10½-4/1½	3/7½-3/10½
Rhodesia Railways 4½% Deb.	98	65	5-4½ ds	4½-4½ ds
Riverview Rubber 2/-	...	...	5/9-6/-	5/4½-5/7½
Royal Main Lines Ord. £1	...	...	26/6-27/-	26/6-27/-
Smith and Nephew Ord. 4/-	8/6	8/6	9/3-9/9	9/3-9/9
Steel and Company Ord. 5/-	7/9	7/9	6/3-6/9	4/9-5/3
Do. 6% Pref. £1	20/-	20/-	19/3-19/9	19/3-19/9
Thomas (Richard) 4% 1st Deb.	99½	25	6½-5½ ds	5½-5 ds

DIVIDEND ANNOUNCEMENTS

UNILEVER LIMITED AND UNILEVER N.V.—The Directors recommend a final dividend of the equivalent in sterling of 38 Dutch Cents per £1 of Ordinary Stock (payable May 26th). The sterling amount of the dividend will be fixed on May 5th on the sterling rate of exchange on Amsterdam on that day. A rate £1=Fl. 9 would give a sterling dividend of 9.6d. per £1 of Stock, making a total for the year of 7½%. The Directors of Unilever N.V. recommend a final dividend of Fl. 30 per Fl. 1,000 share, representing 36 Dutch Cents per Fl. 12.

W. T. HENLEY'S TELEGRAPH WORKS.—Final dividend, 6½ per cent., making 10 per cent. for 1936. Also cash bonus 5 per cent. and a centenary cash bonus of 3½ per cent., making 18½ per cent. for 1936, equal to 37½ per cent. on old capital, against 22½ per cent. for 1935.

PRICE'S TRUST.—Interim dividend, 12½ per cent., against 7½ per cent.

SOUTHERN STOCKHOLDERS INVESTMENT.—Interim dividend, 1½ per cent. against nil, payable May 7th.

BERGER (LEWIS) AND SONS.—Interim dividend unchanged at 6 per cent.

RIO TINTO COMPANY.—Final dividend on preference shares, 2½ per cent., making full 5 per cent. for year. Carry-forward about £451,775, compared with £469,752.

BRITISH GENERAL FIXED TRUST SERIES "B."—Half-yearly distribution on Series "B" of 5-2d. net per sub-unit (equivalent to 6.44d. gross). Of this, 0.5585d. represents proceeds of sales of rights and fractions.

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	Interim or Final	Date of Payment	Comparison with Last Year	Total Latest Year	Previous Year
RAILWAYS					
Central Argentine Railway 4½ per cent. Paid	2½*	...	Nil*	15	22½
San Paulo Railway	1½*	...	...	...	...
BANKS					
Bank for International Settlements	...	...	...	6	6
Bank of Adelaide	...	...	...	4	...
Bank of New Zealand	6½*	...	Same	10 (4)	10 (4)
Credit Foncier d'Algérie et de Tunisie	1rs. 10c net	May 1	...	...	...
Royal Bank of Canada	2½*	June 1	Same	...	...
INSURANCE					
Legal Insurance	...	...	...	20	20
London Assurance	5/10 p.s.†	...	Same	11/3 p.s.	11/3 p.s.
London and Lancashire Insurance	10 p.s.	May 11	Same	20/-	20/-
North British and Mercantile	3/2 p.s.	May 15	Same	6/3 p.s.	6/3 p.s.
Do. do.	3/1 p.s.	Nov. 11	Same	15/-	15/-
Northern Assurance Company	8 p.s.	May 15	Same	12/-	12/-
Phoenix Assurance	6 p.s.	June 15	Same	2/-	2/-
TEA AND RUBBER					
Ambulama Tea	...	...	...	3	3
Allagar Rubber	...	...	...	5	2½
Alor Pongsu Amalgamated	...	...	...	8	3½
Haru (Java) Rubber	...	May 21	...	5	Nil
Besooka Plantations	...	...	...	5	2
Bikaner Rubber	...	...	...	6	3
British Malay Rubber	...	May 24	...	24	4½
Bukit Panyong Rubber	4½*	...	...	10	4
Bukit Sembawang Rubber	...	...	...	12½	8
Ceylon (Para) Rubber	...	...	...	10	5
Consolidated Malay Rubber	7½*	...	...	7½	5
Gopeng (Perak) Rubber	...	Apr. 28	...	...	...
Hevea (Johore) Rubber	4½*	...	Nil*	...	...
Inch Kenneth Kajang Rubber	5½*	May 10	...	7½	3
Java United Plantations	...	...	...	2½	2
Kuala Nal Kelantan Rubber	5½*	...	...	...	...
Lebong Tea	...	...	...	10	10
Lubok Rubber	6½*	...	...	10	6
Malaysia Rubber	7½*	...	...	10	4
Neboda (Ceylon) Rubber, etc.	...	...	...	3	2½
Oriental Rubber	...	May 24	...	2½	2
Pattling Rubber	7½*	...	...	10	7
Pantaya Tea and Rubber	...	...	...	5	Nil
Renfield Rubber	...	...	...	3½	Nil
St. George Rubber	...	...	...	8	4
Scottish Malayan Estates	3½*	...	...	6	8
Strathmore Rubber	...	...	...	3½	2½
Sunmyyama Company	...	...	...	8	6
MINING					
Larut Tin Fields	5½*	Apr. 28	2½*	...	...
Kahman Hydraulic Tin	5½*	May 1	...	...	...
Same Tin (F.M.S.)	5½*	Apr. 29	2½*	...	...
South Bukuru Areas	5½*	Apr. 29	...	10½	10
Do.	5½*	...	...	...	...
OTHER COMPANIES					
Adelaide Electric Supply	5½*	June 1	Same	...	...
Anglo-Greek Magnesite	5½*	...	Same	8	8
Anti-Attrition Metal	7½*	May 1	First	...	...
Austin Reed Ord.	5½*	...	Same	10	10
Berry and Staines Linoleum	7½*	May 5	Same	12½	12½
Berger (Lewis) and Sons	6½*	May 1	Same	...	...
Burro	7½*	...	First interim	...	...
Briggs (William), Sons and Co.	5½*	...	...	...	...
Bristol United Breweries	5½*	May 7	...	...	...
British Tar Products	6½*	Apr. 20	...	...	...
British Thermostat	12½*	...	First	17½	...
Brooklands (Weybridge)	3½*	...	...	...	...
Cakebread Robey and Company	10½*	...	Same	15	15
Calcutta Electric Supply	27½*	...	Same	112	112
Capital and Provincial Property	20*	...	Same	...	...
Celion, Ltd.	12½*	...	...	20	10
Cerebos, Ltd.	10½*	...	Same	40	40
Clan Line Steamers	(m) 30½*	...	...	(c) 20	20
Colvilles Limited	(c) 15½*	...	First	7	...
Consolidated African Selection	11½ p.s.	May 4	11½ p.s.	...	...
Dutch Steamship	...	...	...	7½	Nil
Electric Supply Corporation	12½*	...	...	12	11
For (Louis G.)	10½*	...	Same	15	15
Frith (W. G.) and Company	7½*	...	...	10	6½
Gardine Company	...	...	...	8	6
Goodlass Wall, etc.	...	...	...	7	6
G.R.A. and White City (Manchester) (Def.)	...	...	...	5	Nil
Hellenic and General Trust	...	...	...	5	22½
Henley's (W. T.) Telegraph	(c) 15½*	May 10	...	(c) 18½	...
Hollandia Fabrieken	...	...	...	8	Nil
Johnson and Barnes	...	...	...	12	...
Lamont (James H.) and Company	...	Apr. 30	...	12	...
Leathens (Twilfit)	3½*	...	Same	14	12
London Trust (Def.)	9½*	...	Same	12½	11½
Melbourne City Properties	...	...	...	...	...
Murex, Ltd.	(m) 7½*	May 8	10½*	...	...
Parkland Manufacturing	8½*	...	First year	13½	...
Pollard (E.) and Co.	...	...	...	6	Nil
Power Investment	...	...	...	4	3
Prices Trust	12½*	May 15	7½*	...	...
Ragusa Asphalt	12½*	...	...	17½	10
Reid-Royce	(c) 15½*	May 28	Same	(c) 22½	22½
Sadler and Company	3½*	Apr. 15	Same	...	...
Scottish Mortgage and Trust	7½*	...	6½*	9½	9½
Second Scottish Mortgage, etc.	2½*	...	1½*	...	...
Selangor Oil Palm	5½*	...	...	7	4
Selection Trust	1/8 p.s.	...	6d. p.s.	...	...
Sneyd Collieries	2½*	Apr. 30	Same	...	...
Southern Stockholders Investment	14½*	May 7	Nil*	...	...
Spratt's Patent (America)	10½*	Apr. 30	Same	15	15
Stephenson (Robert) and Company	4½*	...	4½*	2	2
Wainwrights (Bury)	...	...	...	22½	...
Weardale Lead, etc.	3½*	Apr. 30	Nil*	...	...
West London and Provincial Electric and General Trust	4½*	...	4½*	6½	6
Wilson's Brewery	11½*	...	11½*	17½	18
Woodheads Canonbury Brewery	5½*	...	First year	10	...

† Free of income tax.

(c) Paid on larger capital.

(d) Included a Special Centenary Bonus of 1s. per share.

(e) Paid in New Zealand currency.

(f) Equal to 37½ per cent. on old capital.

(g) Payable on £1,000,000 capital, against £750,000 last year.

(h) Payable on 1,000,000 ordinary £1 shares, against 855,500 £1 shares a year ago.

COMPANY MEETINGS

DUNLOP RUBBER COMPANY, LIMITED

SUCCESSFUL YEAR — INCREASED PROFIT

SIR GEORGE BEHARRELL'S ADDRESS

The thirty-eighth ordinary general meeting of the Dunlop Rubber Company, Limited, was held, on the 14th instant, at the Hotel Victoria, Northumberland Avenue, London, Sir J. George Beharrell, D.S.O. (the managing director), presiding.

The secretary (Mr Charles Tennyson, C.M.G.), having read the notice convening the meeting and the report of the auditors,

The chairman first referred to the regrettable absence of Sir Eric Geddes through indisposition. Continuing, he said:

I am sure you will be gratified at the report presented to you, but before dealing with it I feel it will be helpful to a full realisation of its meaning if I make a brief survey of the period since the onset of the world economic crisis at the end of 1929, which has come to be regarded as the peak year of the pre-slump period. The first point which I wish to note is that the Dunlop Rubber Company's net profit for 1936 amounted to £1,502,707, compared with £1,576,585 in 1929. Out of the 1936 profits taxation required £170,000 more than in 1929, and this reduced relatively the amount available for dividend. From the point of view of earnings, however, you will see that we have very nearly returned to the 1929 level. This result is particularly creditable because, although the price of rubber in 1936 was approximately the same as in 1929, the prices of our tyres have been materially reduced. In addition, it has to be remembered that tyre performance in 1936 was very much better. Indeed, the tyres supplied by us, dependent on various sizes and types, gave from 50 per cent. to 100 per cent. longer wear in 1936 than in 1929, and are still supreme in safety and comfort. This necessitates higher cost due to increases in the weight of tyres and use of better materials and of new and improved compounds.

In all these circumstances you will, I am sure, share the satisfaction of your board that the net profit for 1936 should be within £74,000 of that for 1929. The success attained has been due to the ceaseless efforts of your board and the management to broaden the basis of our business, economise in manufacturing cost by improved methods and processes and reduce the cost of distribution at home and abroad.

Turning to the Dunlop Rubber Company's balance sheet position, there are very important changes.

SURPLUS AND RESERVES

The total surplus and reserves have increased by £759,000, and a most notable feature is the fact that at December 31, 1929, debentures and mortgages amounted to £6,513,000, whereas at December 31, 1936, these liabilities totalled £3,433,000, representing a reduction of £3,080,000. In spite of the fact that the company's funded debt has been reduced by this considerable sum, the surplus of current assets over current liabilities at December 31, 1936, exceeded by £1,569,000 the corresponding surplus at December 31, 1929.

To have so greatly increased the strength of the company's position during these seven difficult years is an achievement which must be a source of satisfaction to you.

Before I proceed to deal more in detail with the accounts, I would like to say a word on a subject of great importance to us, namely, the price of rubber.

PRICE OF RUBBER

There still seems to exist an impression that the Dunlop Company is in a different position from other manufacturers, and I have seen it stated that it is now producing about 50 per cent. of its rubber requirements, and that in the near future it should be producing 75 per cent. I cannot do better than quote a very careful statement which Sir Eric delivered at the annual general meeting of the company two years ago.

"There appears to be a popular misconception that a rise in the price of rubber is a favourable factor for the company, owing to the fact that it has its own rubber plantations. The Dunlop Plantations, however, provide a very small proportion only of the company's requirements, and by far the greater proportion of our sheet rubber requirements have to be purchased on the market. In fact, it is true to say that so far as tyres and many other products are concerned our position is quite comparable to that of manufacturers having no rubber plantations, because far more than a moiety of our crop is sold or used for special products."

The company's business has developed considerably since that time—new factories have been opened, and new products put into manufacture. The position, therefore, in so far as it has changed, is in the direction of the plantations producing even a smaller proportion of the company's total requirements.

At the same meeting and also in 1934 Sir Eric referred to the necessity of maintaining stability at a reasonable price level.

During 1936 the price of ribbed smoked sheet varied from a low point of 6½d. per lb. at the beginning of the year to a high point of 10½d. at the end of the year, and in the last three months the price has risen to over 1s. per lb. That, to my mind, does not give the stability of price which the manufacturers hoped for under the regulation scheme.

The committee, I know, intend that the scheme shall operate so as to enable them to carry out the mandate of the agreement, viz.:

"To regulate the production and export of rubber in and from producing countries with the object of reducing existing world stocks to a normal figure, and adjusting in an orderly manner supply to demand and maintaining a fair and equitable price level which will be reasonably remunerative to efficient producers."

I am sure it was not their intention that there should be such a serious and rapid rise in the price of the commodity, nor will they rest content till they have carried out their mandate.

PROFIT AND DIVIDEND

The net profit of the Dunlop Rubber Company for 1936 amounts to £1,502,700, compared with £1,288,000 for the preceding year, representing an increase of £214,700.

With the balance brought forward from 1935, namely £590,000, there is a total available for appropriation of £2,092,000. You will observe that there has been transferred to taxation reserve £395,000, and the directors have deemed it prudent to transfer to general reserve £100,000, and

substantially increased sales. During the year we introduced a new mattress, the "Deep Six." We claim that this is the most luxurious mattress now offered to the public and it has had a most encouraging reception.

Reports from all quarters encourage us to view the future of this product with every confidence. In comfort, hygiene and wearing qualities its advantages are undeniable.

Another novelty which we have introduced is the rubber wing for passenger-carrying vehicles. This has aroused great interest, since it reduces maintenance charges and will, it is believed, contribute to safety on the roads. The company commenced practical development in 1932, and over 2,500 vehicles are already equipped.

Reviewing the tyre division as a whole, one can see that the future has both favourable and unfavourable features. The general usage of both cars and commercial vehicles continues to expand, and this should offset the reduction of replacement volume caused by improved tyre life. We have an energetic and experienced sales force, and a body of distributors and retailers which favourably regards our selling policies and gives Dunlop splendid support. The board and the management and staff of the company appreciate warmly the co-operation received from the trade. The excellence of Dunlop quality is recognised beyond the need of emphasis.

We are faced with price competition, and whilst we make every attempt by our example to secure stabilised trading conditions, competition of an uneconomic nature frequently occurs. You may rest assured that everything possible will be done to protect your interests. Experience in certain other countries has shown how disastrous a policy of volume regardless of profits can be to the industry.

The rim and wheel factories have kept pace with the expansion of our tyre business in its various branches; in particular the cycle rim output exceeded all records. The development of aero-equipment has materially increased the output of these factories.

RUBBER PRODUCTS GROUP

This group, which embraces footwear, general rubber goods, garments and sports goods, plays an important and increasing part in the broadening of the company's basis, to which I have referred. The improved results from this group in recent years are a most encouraging feature of our operations.

The company's goodwill with traders has increased. The quality of its products has advanced, and this fact is generally recognised. The name of "Dunlop" is jealously guarded, and is only applied to a product when it is proved by test to be of absolutely first-class quality.

Unfortunately, we still continue to suffer from severe competition from British territories overseas. You will remember that the chairman has more than once referred to the competition in rubber footwear from British territories in the Far East, where very low standards of living and wage levels prevail.

We also suffer from the dumping in this country of Canadian made goods, some of which are sold here at prices below prices in the Canadian market.

If the footwear imported from Hong Kong and Canada in 1936 had been manufactured in this country, we estimate that this would have given direct employment to over 3,000 workpeople, and in addition indirect employment to a great many more in the cotton and other industries. The Import Duties Advisory Committee are doing excellent work in safeguarding our industries from foreign competition, but this unfair competition from British territories is beyond their scope. This is a matter with which, sooner or later, the Government will have to deal, if the country is not to suffer serious loss of employment and profits in a number of industries.

OVERSEAS MANUFACTURING COMPANIES

I now turn to our overseas business, and first I will refer to the associated Dunlop factories.

In spite of the critical situations in France which arose during 1936, the Dunlop position in that market was strengthened, sales of all main lines increased substantially, and the year closed with a satisfactory profit.

Conditions in Germany still continue abnormal. Sales of all main products showed increases in 1936, as in 1935. The year closed with a slightly better profit, but dividends cannot be remitted.

In America, after a long period of severe price competition, there is a definite trend towards the maintenance of a more reasonable level of prices in the rubber manufacturing industry. The American company is in a position to take advantage of this. Its turnover improved substantially in 1936, but the profit and

loss position was not satisfactory. If increased raw material costs can be absorbed by price increases (and there are good indications of this) and the improved volume maintained, the current year's results should be more satisfactory. Business in Dunlopillo upholstery is an increasing help to the American company, and there are definite signs that the perseverance of its management and your patience will be rewarded.

Sales of almost all products in Canada improved. There was an increased sale of Dunlop types in what is believed to have been a declining market. Prices generally were not satisfactory, but showed signs of stabilisation at a higher level towards the end of the year. The profit and loss position showed some improvement, though like that in the United States it is still not satisfactory. The quality and performance of the Canadian company's products are quite first class.

The volume and value of Dunlop business in Japan increased considerably in all lines and the year closed with a much improved profit compared with 1935. An increase in tyre prices has recently become effective. We hope to be able by a sale to Japanese interests of some part of our equity in the Far East company to consolidate the position of Dunlop in that very nationally-minded country.

The Dunlop Perdreau Company of Australia, in which you own a minority interest, has gone through a difficult time, but is now showing greatly improved results and dividends are being paid.

The good prospects foreseen last year for the South African factory were fully realised, and 1936 closed with a very satisfactory profit. A further expansion in productive capacity is now being provided.

The new Indian factory produced its first tyre in August, 1936, and its rate of progress is fully equal to that of the South African factory at the same stage of its development. The first year of operation of a new factory inevitably bears heavy expenses and exceptional production costs. This had its adverse effect on the 1936 results, and the year closed with the full payment of the preference dividend but no ordinary dividend. Provided selling prices can reflect the rise in raw material prices, 1937 prospects seem favourable.

Last year you were told that the factory established in the Irish Free State was producing giant, car and bicycle tyres, rubber footwear and tennis balls, and that the plant promised to be a most useful addition to Dunlop resources. I am glad to say that this forecast is being amply justified.

Quantity sales in all main lines exceeded expectations, and the profit position was satisfactory.

The Dunlop Rubber Company is indeed fortunate in its ability to take advantage of the desire of growing countries to become self-supporting in the products of our industry. This is due to the conservative policy of the board in building up a strong and liquid financial position.

PROSPECTS

You will expect me now to say something to you on the subject of future prospects.

I have dealt so fully with the affairs of your company that time does not permit me to dwell long on the general economic position.

I have mentioned the obstacles which still exist to the development of export trade and the difficulties caused by the competitive position here and elsewhere. I have dwelt, too, at length on the uncertainties in regard to our principal raw material. In five years the price of rubber has increased more than six times; due both to the operation of the Rubber Regulation Scheme and to the general trend of raw commodity prices. If the turn of the tide when it comes is not very gradual all manufacturers (not only in this industry) will, as in the past, be faced with the serious problem of the value of inventories of raw materials and finished products.

We are engaged in a highly competitive business. Two of our major raw materials—rubber and cotton—are subject to regulation of one kind or another. We are operating all over the world, and no one with any knowledge of international trade, with its quotas, currency risks and embargoes, would deny the need for continued prudence.

Although, therefore, there are factors in the excellence of our own organisation and the great goodwill of the "Dunlop" name, which incline your board to view the future with confidence, it is still necessary to continue the conservative policy of strengthening the company's financial position. The board feels that it can best do this by adhering to the rate of dividend paid for the last three years and giving you a share in the improved profits of 1936 by the 1 per cent. bonus recommended in the report.

The report and accounts were unanimously adopted.

EAGLE, STAR AND BRITISH DOMINIONS INSURANCE COMPANY LIMITED

SUCCESSFUL YEAR'S OPERATIONS

INCREASED DIVIDEND

RESERVE FUND RAISED TO TWO-AND-A-HALF MILLIONS

Presiding at the annual general meeting of the Eagle, Star and British Dominions Insurance Company, Limited, held on the 15th instant, Sir Edward Mountain, Bart., J.P., in moving the adoption of the report and accounts, said they continued to benefit by the increasing prosperity of the country, and he thought they would agree that the results for the past year were good.

LIFE DEPARTMENT

In the life department there was a large expansion of new business. 2,690 policies were issued for sums assured of £5,880,088, of which £146,441 was reassured. The whole of their life business, except a small sum in South Africa, was obtained in the United Kingdom. The increase in sums assured during the year was nearly £3,000,000. The amounts assured under their ordinary whole life and endowment assurance tables continued to show a pleasing increase. A considerable proportion of the new business was due to group life and pension schemes. They were one of the leading companies in that class of business, for which they had a special organisation of highly trained experts. The rate of interest earned by their current life and annuity funds in 1936 was £4 3s. 5d. per cent. after deduction of income tax. Having regard to the yield now obtainable on high-class securities and the high rate of tax, that yield they would consider satisfactory. The amount of surrenders in 1936 was the lowest for 15 years, clearly indicating the country's return to prosperity. Another good feature in their life department was that notwithstanding the large increase of business their expense ratio showed a substantial decrease of over 1½ per cent. The current life and annuity funds increased over £534,000 during the year, whilst, since the beginning of the quinquennium, they had increased by approximately 1½ millions.

In regard to the assets of the life fund, the Stock Exchange securities were taken at or under their mean market value (less accrued interest) whilst in regard to the other classes of investments the prices at which they stood in the books were, in the opinion of the directors, fully justified. They had realised certain of their securities at a considerable profit, and the realised profit and the whole of the appreciation have been left untouched.

BONUS DISTRIBUTIONS

In calculating the liabilities of the participating sections the new tables compiled by the Institute and the Faculty of Actuaries, viz.: A 1924-29 were adopted, the rate of interest assumed being 3 per cent. which brought out higher reserves than those required by the O.M. table used on the last occasion. The average rate of interest earned on their current life assurance fund during the past quinquennium was £4 4s. 10d. per cent. The valuation showed a gross surplus in the participating section of £339,087. Of this it was proposed to distribute £318,955 and carry the balance forward. The sum of £31,895 representing one-tenth of the distributable surplus had been carried to the shareholders' profit and loss account, the remainder amounting to £287,060 being credited to the policyholders. The policyholders' share was sufficient to provide reversionary bonuses of 40s. per cent. per annum of the sum assured in the case of both ordinary whole life assurances with profits and ordinary endowment assurances with profits, whilst in the case of the abstainers' section (full premium) bonuses of 42s. per cent. on whole life assurances and 41s. per cent. on endowment assurances were declared. In view of the excellent results achieved and the strong position of the life fund, the directors were pleased to announce that for the present they had decided to pay an interim bonus of £2 per cent. on all participating policies effected under their ordinary section and the abstainers' full premium section on all claims arising by death or maturity during the current quinquennium.

The liabilities in the non-participating section of the life fund were valued on the same basis as that employed five years ago which is even more conservative than a 3 per cent. net premium valuation by the A 1924-29 table and a gross surplus amounting to £129,044 was disclosed. Allowing for £40,000 already received by the shareholders during the quinquennium and the carry-forward of £18,044, the balance of £71,000 has been transferred to the shareholders' profit and loss account.

SINKING FUND ACCOUNT

The new business in the sinking fund account has increased by some £340,000 sums assured. The valuation has been strengthened by assuming 3 per cent. interest instead of 3½ per cent., and the gross surplus amounts to £17,552, of which £10,000 was transferred during the quinquennium and the balance has now been transferred to the shareholders' profit and loss account.

The liabilities of the annuity fund have been valued on the same basis as in the life fund, and while the sum of £34,961 realised profit has been brought into account in order to strengthen the reserves by reducing the rate of interest assumed, the appreciation in the value of the securities has been left untouched.

FIRE DEPARTMENT

In the fire department the premium income amounted to £795,917, compared with £808,087 in the previous year. The profit in the department was £74,073, which compared favourably with the previous year both in the amount and in the percentage. The loss ratio was 40.02 per cent. to premiums written and 39.41 per cent. to premiums earned. The fire department reserve for unexpired liability amounted to £418,367, or 52.57 per cent. of the premium income.

ACCIDENT AND GENERAL DEPARTMENT

In the accident department, after providing for claims paid and outstanding and setting up the usual reserve of 40 per cent. for unexpired risks in connection with the annual premium income, a profit of £9,749 was transferred to profit and loss account. In the general department, which includes miscellaneous classes of accident business not dealt with in individual accounts, the premium income showed a substantial increase at £461,044. Claims paid and outstanding amounted to £143,810, and after providing for the usual reserve of 40 per cent. of the income for unexpired risks, a profit of £98,544 was transferred to profit and loss account.

MOTOR DEPARTMENT

The premium income in this department of £1,633,231 showed an increase of £167,913 over that for 1935. The claims paid and outstanding amounted to £885,296 or 54.2 per cent., and after provision for increased reserve and expenses the sum of £5,683 had been transferred from the profit and loss account, showing a small loss.

MARINE DEPARTMENT

In the marine department they were able to transfer the sum of £20,000 to profit and loss account, and the marine fund at the end of the year stood at £328,557, which equalled 130.36 per cent. of the premium income.

PROFIT AND LOSS ACCOUNT

The credit balance brought in from last year was £257,264. The net interest on investments amounted to £264,276, whilst trusteeship and other fees yielded £8,658 net, and the net profit from the sale of investments was £146,762. The transfers from the various trading departments totalled £317,378. The premium on the issue of ordinary shares, after providing for expenses, was £1,116,060, and the profit on foreign exchange amounted to £26,129, making a grand total of £2,136,531. This amount had been dealt with in the following manner. There was paid an increased dividend of 27½ per cent., amounting with the preference and preferred ordinary dividends to £261,011 net, which payment was more than covered by the net interest earnings and twice over by the profits of the year. Provision for British and other taxation and expenses not charged elsewhere absorbed £137,759. Office equipment amounting to £18,937 and bad debts amounting to £4,533 were entirely written off, whilst a transfer was made to the motor insurance account of £5,683. These adjustments left the substantial balance of £1,708,605.

Out of the sum remaining the balance of cost of life businesses acquired, £145,000, and the balance of premium on shares in subsidiary insurance companies, £35,803, had been also written off. £100,000 was transferred on account of the provision for pensions. After these various deductions there remained a credit balance to carry forward of £277,802, which showed an increase of £20,538 on the amount brought in. They had therefore more than a year's dividend in hand. After writing off all expenses in connection with the recent share issue the premium on the new capital, together with the sum of £33,940, making a total transfer of £1,150,000, had been carried to reserve fund, which now stood at 2½ millions.

OUTLOOK FOR CURRENT YEAR

In conclusion, he wished to express his great appreciation and thanks to all the members of the staff who had contributed to the excellent results which they had achieved during the year and to add that the new year had opened well. Given peace at home and the fulfilment of their hopes in world conditions generally, he considered the future was full of promise.

The report and accounts were unanimously adopted, and the retiring directors having been re-elected and the auditors re-appointed, the proceedings closed with votes of thanks to the chairman, directors, officials and the staff.

HUMPHREYS, LIMITED

INCREASED DIVIDEND AND GOOD PROSPECTS

The annual general meeting of Humphreys, Limited, was held, on the 14th instant, at Winchester House, London.

Captain E. C. Eric Smith, M.C., presided in the absence of the chairman of the company, Mr A. V. Bridgland, and read his speech, which stated that the work in progress stood at £326,244 as against £290,879 in 1935, an increase of £35,365. That increase was brought about by the larger amount of business which the company had in hand. Approximately £156,717, or practically half of that work in progress was attributable to the contract for the erection of buildings for the Air Ministry in Iraq. The value of the work in progress had been certified by the company's officials on a conservative basis, and, as on every contract, provision had been made for all known contingencies in arriving at that valuation, they could safely say that that item would realise not less than the value placed upon it.

The intangible assets represented by underwriting commission and expenses in regard to the scheme of arrangement had been eliminated by writing off to profit and loss account the amount of £6,278 at which they had stood in the books. The total liquid assets of £382,270 showed an excess of £84,346 over the current liabilities.

The gross trading profit for the year under review was £34,742, against £25,507 for the previous year, an increase of £9,235, while the net profits were increased by £11,695 to £28,099. After payment of the preference dividend there remained a balance of £22,625 to be dealt with. The recommendations of the board in that connection were given in the report; the dividend recommended on the ordinary shares was 10 per cent., as compared with 5 per cent. for the previous year.

As to the current year, the value of contracts in hand was in excess of that for the previous year, and the company should show satisfactory profits for the year.

The contracting business had shown improvement during the last 12 months, but competition for the increased work available was just as keen as ever. Owing to their connections they had been fully supplied with work without having to accept the more competitive contracts, and he had every reason to feel satisfied about the future of the company.

The report was adopted.

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BRITISH TIMKEN, LIMITED

MR MICHAEL DEWAR ON STEEL PROBLEM

The seventeenth ordinary general meeting of British Timken, Limited, was held, on the 14th instant, at 65 Cheston Road, Aston, Birmingham.

Mr Michael Dewar (the chairman and managing director) said: The results for the past year show that our machinery has been kept reasonably fully employed. The increase in profit is almost entirely due to greater volume of output and improvement in methods of manufacture.

Our current assets exceed our current liabilities by about £200,000, and we propose capitalising £50,000 of our general reserve so that the issued capital may be brought more into line with the actual capital employed in the company. When a proportion of the profits of a company has for many years been retained for capital purposes to the extent that this has been done in your company, we consider that the nominal amount of the capital should also be increased.

TURNOVER STEADILY INCREASING

Your company is getting generally better known in the industrial field, and our turnover in railway, machine tool and steel mill work is steadily increasing.

Unfortunately, although we obtained some portion of a large order for anti-friction bearings destined for what will be the largest continuous sheet mill in Great Britain, we were not so successful as we had hoped. Although the mill in question had been designed round Timken bearings, we were ultimately under-quoted by a European competitor. We have been assured that the cost of the steel used for these large bearings is so much less in the country from which our competition came that it more than counter-balanced the import duty on the finished bearings.

For forgings for large bearings we have recently been quoted exactly double the price we paid only eighteen months ago. Everyone is scrambling for steel and other raw materials and probably ordering far more than they really need with the object of making certain of some stocks. Everyone is also scrambling for skilled men. The supply of men in the engineering industries is limited, and if they are transferred to the manufacture of armaments they cannot be making other products as well.

THE ECONOMICS OF REARMAMENT

According to the information available (I am taking the figures from *The Economist* and the *Ministry of Labour Gazette*) the Government appears to be going to try to spend during the current financial year £90,000,000 more on armaments than they did in the last financial year. Assuming that this sum is spent in wages in this country, it will have to be spent in addition to those wages already being spent in the industries which contribute to the re-armament programme.

The total number of people employed in the metal, engineering, vehicle, ship-building, mining and other engineering industries is approximately 3,000,000. If we assume that each employee is earning £3 10s. a week, the total earnings for a year of 50 weeks amount to £525,000,000. The addition of £90,000,000 a year to be spent in these industries means an increase in the employees of these industries of something of the order of 17½ per cent.

I am one of the people who believe that this is impossible, and that the Government will not be able to spend the money at the rate implied by their re-armament programme.

It appears that there is trouble ahead. Some action should have been taken when the re-armament programme was announced. It is becoming daily more essential that something should be done if we are to achieve the re-armament programme without causing grievous harm to our economic situation. I would suggest two lines of action, one by the Government in taking off or reducing the duties on engineering products imported into this country and thus releasing men and plant for the re-armament programme while at the same time stimulating international trade; the second by action through the big trade associations in this country for the voluntary restriction of the consumption of essential materials, such as steel, in projects which could be postponed until the situation becomes easier.

With regard to the prospects of the anti-friction bearing industry, your works are at present very fully employed, and as long as the increasing cost of labour and material can be passed on to consumers of bearings, and provided such action does not jeopardise the ultimate demand, there is no reason to expect the current year to be less favourable than the last.

The report and accounts were adopted.

NORWICH UNION LIFE INSURANCE SOCIETY

INCREASE IN NEW BUSINESS

The one hundred and twenty-ninth annual general meeting of the Norwich Union Life Insurance Society was held, on the 13th instant, at Norwich.

Mr Ernest Hicks (the President) said that 1936 had been described as an eventful year, and when one recalled that it witnessed the lamentable death of a British monarch, as well as other constitutional changes later, that it was responsible for an African campaign, as well as a civil war, that it produced a currency crisis which terminated in the devaluation of the French franc, and, further, that it was overshadowed throughout its 12 months by disquieting developments in international politics, one was not inclined to find any serious fault with this description. Happily for this country, we emerged better than might have been anticipated from the consequences of more than one unfortunate incident.

The past year had also had other claims to distinction. There had been a substantial reduction in the figures of unemployed; the payment of higher wages and consequent increased purchasing power of the community; company profits showed increases; Stock Exchange business was unusually active; overseas trading was on the upgrade; and generally 1936 would long be remembered for its marked improvement amongst industrial and commercial activities in which the business of life insurance prominently figured. If, during the recent years of depression, the satisfactory new business figures of British life offices were partly due, as was then supposed, to the abundance of funds unemployed in industry, it might have been expected that the commercial revival which took place during 1936 would operate to some extent in a contrary direction, and this might quite possibly have actually taken place; but it must also be remembered that improving trade had brought to light a number of employees' insurance and pension schemes which had been previously held in abeyance, and, on balance, new insurances completed in most cases showed an increase over the corresponding totals of the previous year.

GROWTH OF PREMIUM INCOME

Their own production amounted to £11,090,783, after deduction of re-insurances, being an increase of £303,193. The total premium income was £79,844 higher at £4,235,021, while interest, dividends, etc., at £1,850,831, showed an advance of £39,157. The net rate of interest, however, was £4 7s. 3d. per cent., resulting in a reduction of 2s. 11d. per cent. on the rate earned in 1935, part of which was attributable to the increase in income tax, and the remainder to the natural effect of the continued unremunerative yield obtainable upon new investments. The tendency of prices of the fixed interest type of security, in which they as a board were mainly interested, was certainly downwards; in fact, it rather looked as if peak prices were reached during 1935. If this should indeed prove to be the case, conditions for investment might now become progressively easier, in which event directors of insurance companies were not likely to be among the first to complain, even if this involved a certain contraction in the hidden appreciation on existing holdings. Cheap money, no doubt, acted as a stimulus when trade was flagging, but with income tax at the present high figure, to say nothing of alterations which might be divulged in the near future, one wondered whether the universal applicability of this principle might not be a little over-emphasised.

Total claims under policies amounted to nearly 2½ millions, of which roughly 1½ millions became due under maturing contracts and the other million arose by reason of death. Under both headings payments were rather lighter than last year, those by death being particularly favourable in comparison with the sum expected according to the life tables employed. It was hardly to be expected that this low mortality could continue, although up to the present this year their experience had been almost equally fortunate. Sums paid in respect of surrendered policies showed a contraction of £51,000, but bonuses taken in cash or applied in reduction of premiums had increased by £168,000, which was not unnatural in view of the large profits allocated to participating policyholders in respect of the quinquennium ending December, 1935, which had a cash value of approximately £5,000,000.

The only other items on the debit side of the revenue account were commission and expenses of management. These latter were augmented upon the present occasion by the inclusion of the costs of the quinquennial valuation and distribution of profits which he had just mentioned.

The report was unanimously adopted.

NORWICH UNION FIRE INSURANCE SOCIETY, LIMITED

IMPROVED POSITION

The annual general meeting of Norwich Union Fire Insurance Society, Limited, was held, on the 12th instant, at Norwich.

Mr Ernest Hicks (the chairman) said that the accounts, in the aggregate, showed a somewhat improved position compared with those of the previous year. The fire premium income was £1,636,947, a reduction of £33,180, caused, as in previous years, by a decline in the volume of foreign business, chiefly in the United States and Canada, where, in spite of the improvement in trade, British companies generally appeared not to have benefited by increased business up to the end of 1936. The current year showed some improvement in this respect, and he hoped that this might continue. Their home fire business had again been progressive and the loss experience satisfactory. The profit in the fire account was 5.41 per cent. against 9.04 per cent. in the previous year, the reduced ratio being attributable to the smaller contribution from the foreign field.

The accident account showed the improvement they were expecting to report. The home section of the business was both progressive in volume and yielded a profit, but even in this field there was a continued tendency for the cost of claims to rise. The premium income for the whole of their accident business was £1,417,193, a reduction of £36,369, which was much less than the volume of business given up in the United States, so that there had been substantial progress elsewhere. The result of the account showed a great improvement on the previous year and they were able to transfer £77,681, or 5.48 per cent. of the premiums to profit and loss account, as against £12,220, or 0.84 per cent., in 1935.

The premiums in the marine department showed an increase of £22,265, being £173,906 for the year of account. They were again not making any transfer to profit and loss account, and this course enabled them to carry forward in the marine insurance fund the sum of £180,283, which was more than the total of last year's premiums and, in the opinion of their underwriters, substantially in excess of all liabilities.

In the profit and loss account they brought in from the preceding year a balance of £400,231, and to this they added the transfers from the fire and accident accounts totalling £166,285, which together with interest and dividends amounting to £157,083 and transfer fees, gave a total of £723,607. From this they had paid a year's dividend of £204,600 and carried forward £430,531, being £30,300 in excess of the amount brought in.

INCREASE IN TOTAL ASSETS

In spite of the smaller casualty business now conducted in the United States, and the consequent release of a substantial amount of the funds held for unexpired risk and outstanding claims, the total assets stood at £5,814,544, which was an advance of £93,869 in the year. Moreover, in arriving at this figure no credit was taken for the appreciation in their investments, the total amount of which reached a very substantial figure not included in the accounts and consequently forming a hidden reserve.

During the year under review Mr C. S. Weston, just before entering upon his present position as secretary, paid a visit to the United States and Canada, giving particular attention to the Norwich Union Indemnity Company in New York. The board had expressed their satisfaction at what he had done in this respect and in the other matters which he took up on his visit. Subsequently their Marine Underwriter, Mr Berridge, visited New York in connection with the business of his department in the United States. Later in the year his colleague, Mr B. B. Riviere, accompanied by the general manager and the secretary of the Norwich Union Life Office, paid a visit to South Africa, where both societies had very important interests. The prosperity existing in South Africa at the present time was a good augury for the continued success of their operations there. The company had still further augmented their home organisation, and they had been rewarded by a substantial increase in the business done.

The Norwich Union was one of the pioneers of British Insurance Companies abroad, and to-day it not only had representation in every Continent, but it transacted in this country, almost every class of insurance business, and many of them beyond the seas also. Neither age, nor its provincial status, of which it was proud, had caused it to fall out of the ranks of leading insurance institutions, and to-day they offered up-to-date contracts with security and facilities of all kinds to the insuring public wherever they were established.

The report was unanimously adopted.

THE SOUTHERN LIFE ASSOCIATION OF SOUTH AFRICA

SATISFACTORY YEAR'S WORKING

INTEREST PROBLEMS

Presiding at the forty-sixth annual meeting of the Southern Life Association of Africa, held at the head offices of the company in Cape Town on March 16th, Mr Walter Marshall (chairman), in moving the adoption of the report and accounts, said the net amount of new life business for the year amounted to £3,303,311, as compared with £3,277,535 for the previous twelve months, while the premium income at £687,647 showed an increase of £37,283. Claims by death amounted to £179,752, showing an increase of £8,484, whilst the claims that matured on the survivance of lives totalled £198,906, as against £197,850 a year ago.

He was pleased to be able to report that under the heading of surrenders there was a further reduction of £11,000 as compared with the previous period. That department of their business was receiving special consideration at the hands of the board, and a new branch of their organisation, entitled the Conservation Department, had been set up at the head office, the object of which was to try and obviate the termination of policies by existing holders.

NEW CONSERVATION DEPARTMENT

The increased attention given to conservation had led to the realisation that reinstatement could never be more than a minor factor in a good conservation programme. The real problem was not to reinstate business but to prevent lapses from occurring. Experience had shown that the success of efforts in that direction depended probably more on the attitude of mind of the outside staff than on any other single factor. Accordingly, the department would make it its primary function to continue the education of their agents, so that they might have a fuller realisation of the value of the proper presentation of the varied life assurance contracts at their disposal.

In the matter of management expenses, like other commercial institutions, life offices were experiencing a tendency to increased costs. It was therefore very satisfactory to be able to state that the ratio to expenses of management for the past year, including commission on new business, remained practically the same as a year ago, the actual variation being 0.13 per cent.

INVESTMENT REVENUE PROBLEMS

The question of investment revenue was one which called for special note. All who were interested in life office management were hoping there would be an improvement in interest yields in the near future. At the same time, he would state that the activities of economists as well as of politicians were in the direction of maintaining interest at the present low level, because they feared unfavourable consequences should a sudden rise take place. All the same, he felt from their own experience that the downward movement in interest rates had been interrupted, and possibly, he thought, during the current year the upward trend would be established, not suddenly but at a pace which would enable their economists and politicians to adapt changing conditions to the requirements of the country. Their interest revenue amounted to £312,561, indicating a decrease in the yield on the invested and uninvested funds at £4 13s. 9d. per cent. gross and £4 12s. 10d. per cent. net.

TRIENNIAL VALUATION ON 2½ PER CENT. BASIS

The life funds of the association now exceeded seven millions pounds at £7,022,548, having increased by £362,192 during the period under review. At the last triennial investigation the rate of interest was assumed at 2½ per cent. in the case of participating contracts, so that when they considered a reduction in the rate of interest earned on their funds it must be borne in mind that on the whole there was now a greater margin, having regard to the fact that their previous valuation was at the rate of 3 per cent.

Having reviewed the results in the accident, fire and other insurance departments transacted in South Africa, he wished on behalf of the board to thank the members of the field staff

for their zealous work in the interests of the association, and at the same time to extend a welcome to the new men who had joined their ranks during the past year. He also wished to thank the management and staff at the head office and branches for their loyal and enthusiastic support in the work of the association. In particular, he wished to put on record his appreciation of the work done by the London board of directors. The skill and careful scrutiny exercised by them in the discharge of their difficult duties was worthy of much praise.

The report and accounts were unanimously adopted. The retiring directors (Messrs A. B. McDonald and A. F. Stephen) having been re-elected, and the auditors (Messrs Deloitte, Plender, Griffiths, Annan and Company) being re-appointed, the proceedings closed with a vote of thanks to the chairman, directors, the general manager (Mr J. M. Macfarlane, O.B.E., F.F.A.) and the officials and staff of the association.

BRITISH ENKA ARTIFICIAL SILK COMPANY, LIMITED

EFFECT OF LOW SELLING PRICES

The twelfth ordinary general meeting of the British Enka Artificial Silk Company, Limited, was held, on the 12th instant, in London, E.C., Mr C. T. Pott presiding.

The Chairman, in the course of his remarks, said: The working profit for the year as shown by the profit and loss account is £43,575, as compared with £101,297. After charging depreciation, debenture interest and other overheads, there is a net loss of £12,896. This result is disappointing after the progress we had made in the last three years.

The main reason for the reduction of our profits is the fall in the selling prices of rayon, but we are not without hope that we shall succeed in reducing our production costs, thus countering the fall in selling prices to some extent. As I have explained in past years, the price in this country is quite beyond our control. We do not believe that the fall in price has in any way stimulated consumption.

We hold the view that if there could be some stability in prices consumption would be greater. However true it may have been in the past that a fall in prices assisted consumption, the low and fluctuating prices we have now reached make it unlikely that any reduction may be passed on to the ultimate consumer. We notice that in America, where there has been a large increase in the consumption of rayon, the price has remained stable, and has even slightly increased, over the past two years. In other countries prices are hardening and even rising.

It is to be hoped that some improvement in selling price will materialise in this country, if only to meet the increasing cost of raw materials. In some directions at least we are safeguarded for a time ahead by our forward contracts, but sooner or later we, with other rayon yarn manufacturers, will have to face higher costs of the materials used in production.

Unfortunately we still have the Excise Duty with us, and this amounts to 25 per cent. tax upon our products. It is obvious that a tax of this dimension is an injustice when it is imposed on a single textile while all other textiles remain exempt, and it is our opinion that it should be removed at the earliest possible moment.

We have again maintained the high quality of our product. It has been our aim to supply rayon which is second to none, and we believe we have largely attained this position. So far as the general condition of the rayon trade is concerned, there is still expansion, although not at the same rate which we have seen in the past few years. The chief increases were in Japan and the United States. World demand rose only 9 per cent. as against 19 per cent. for the year before, and British demand 4.1 per cent. as against 26.3 per cent. for the previous year. Unfortunately our own company has lost the whole of its export trade, and, while at one time 30 per cent. of our production was sent overseas, in the year which has just closed our exports were less than ½ per cent. Exports have become almost impossible for this country owing to tariff barriers and exchange restrictions. We are not, however, troubled very much with the import of yarn, although there is a growing but not as yet menacing increase in the import of fabrics and hosiery made from rayon yarn. The British market is, however, largely in the hands of the British producers, and it does not appear that anything like saturation point has yet been reached. With the greater prosperity of the country we may look for an increased use of rayon products, as their popularity continues unabated.

The report and accounts were adopted.

SUNDAY PICTORIAL NEWSPAPERS (1920), LIMITED

INCREASED PROFIT — STRONG POSITION

The seventeenth ordinary general meeting of Sunday Pictorial Newspapers (1920), Limited, was held, on the 12th instant, at the Memorial Hall, London.

Mr John Cowley, who presided, said: The profit for the year ended February 28, 1937, after providing for income tax, working office, and other expenses, contingencies, etc., amounted to £247,573 8s. 4d., nearly £31,000 more than the profit of the previous year. The sum of £20,000 has been placed to reserve account, £5,000 has been applied as a provision for pensions, and £25,000 has been set aside as reserve for taxation.

We have paid interim dividends totalling 12½ per cent. on the ordinary shares, and after providing for the dividend on the preference capital there remains £117,538 15s. 9d. to carry forward, against a figure of £91,215 7s. 5d. brought in from last year.

Investments at cost or under total £2,522,093 7s. 4d. and show on balance an increase of nearly £57,000. During our year Albert E. Reed and Company, Limited, a company in which we already had a very considerable holding, made an issue of shares, and we took up the number to which we were entitled.

REVENUE WELL MAINTAINED

It is very gratifying to know that your company has begun its new year in a strong financial position. The four chief matters which influence the profit and loss account of the newspaper company are sales, advertisements, wages and contributions costs, and the price of newsprint paper. Taking these in the order mentioned, sales and advertisement revenue of the *Sunday Pictorial* have been satisfactorily maintained. Wages and editorial contributions show a modest increase, and last year the cost of our newsprint was not greatly different from that of the previous year. We also made certain economies, and dividends received on our investments were somewhat higher.

At our last meeting I made reference to the price we would be paying for newsprint during the year just ended. The price of this commodity is a matter of paramount importance to us, as indeed it is to every newspaper company. I am pleased to be able to say that during our financial year, which will end on February 28th next, we shall be paying very little more—only a few shillings per ton—than we paid last year, but it is in regard to the following year that your company may be faced with a fairly big increase in the price of newsprint. Your directors, however, have little fear on this score. I would remind shareholders of the excellent position your company is in through its close connection with pulp and paper businesses in which we are interested. Therefore, although the coming rise in the cost of newsprint, and, in fact, in the cost of every article manufactured from wood pulp, will mean a larger charge to your company for this very necessary article, it is satisfactory to know that among the investments owned by the Sunday Pictorial Company are four from which, in due course, we should derive benefit as a result of this better price and unabating demand. In Albert E. Reed and Company the *Sunday Pictorial* has a very considerable holding. That company now produces per year 200,000 tons of paper of various kinds, and that output will be increased to 250,000 tons in 1938. A large percentage of the company's production is of high-grade quality, and your directors look forward to improved earnings.

QUESTION OF PAPER SUPPLIES

The other kindred concerns in which we have interests are Anglo-Canadian Pulp and Paper Mills, Limited, Gulf Pulp and Paper Company, and Anglo-Newfoundland Development Company, Limited. You will appreciate, therefore, your company is in as safe a position in regard to paper supplies as any newspaper can be, and although the cost of the article will in due course be greater, there is the compensating advantage which we should derive from our holdings in the companies mentioned.

In concluding my remarks I think I can fairly say that we may look forward to the future with considerable hopefulness. We have, in the *Sunday Pictorial*, an attractive paper, a good and energetic staff, and our investment holdings should be of improving value to your business.

The report and accounts were unanimously adopted, and Messrs Deloitte, Plender, Griffiths and Company were re-appointed auditors.

The meeting closed with a very hearty vote of thanks to the management and staff.

DAILY MIRROR NEWSPAPERS, LIMITED

ANOTHER SUCCESSFUL YEAR

The seventeenth ordinary general meeting of The Daily Mirror Newspapers, Limited was held, on the 14th instant, at the Memorial Hall, Farringdon Street, London. Mr John Cowley (chairman of the company) presided.

The Chairman, in moving the adoption of the report and accounts, said: The profit of your company for the year ended February 28th last, after making provision for depreciation of plant and machinery, etc., and interest on debenture stock, amounted to £344,465 5s. 8d., an increase of nearly £30,000 over last year. (Hear, hear.) We have placed £20,000 to reserve account, allocated £10,000 as a provision for pensions, and an amount of £25,000 has been set aside as a reserve for taxation. After payment of interim dividends on the ordinary shares totalling 15 per cent. and providing for the dividend on the preference shares as set out in the appropriation account there remains £98,930 16s. 3d. to be carried forward, against a figure of £83,465 brought in from last year. Investments at cost or under, standing at £4,976,569 os. 10d., show an increase on balance of nearly £156,000. In this connection I mention that an issue of shares was made during the year by Albert E. Reed and Company, Limited (a company in which we already had a large holding), and we took up the number to which we were entitled.

SALES PROGRESS

Last year I made reference to the big circulation figures achieved by the *Daily Mirror* during the year which had then just concluded. I cannot refrain from referring again to this subject, for you will be gratified to know that generally the progress in our sales continues to be highly satisfactory. I would mention that the sound position of its sales has been achieved not by gift schemes nor by extravagant house-to-house canvassing, but by spending money in securing the best and most interesting news and picture services from every part of the world. This policy your directors will continue to follow.

I would draw shareholders' attention to a fact which is very little realised—if realised at all—that the morning newspaper which costs the reader a penny a day is without question the very cheapest article that can be obtained anywhere in the world at that price. (Hear, hear.) It has never been drawn sufficiently to the attention of newspaper readers, that the article which is supplied to them every day is without question the most remarkable and interesting pennyworth in the wide world. The average daily newspaper will provide its reader with enjoyment for 15 minutes or an hour or two hours, or even three hours, according to the time at his or her disposal. There is no other entertainment, and there is no other article of its value that I know of which can be bought for one penny.

It is possible that the growing popularity of the newspaper of the size and character of the *Daily Mirror* is a distinct sign that the time is coming when the smaller page newspaper will achieve as great, or even greater, sales than the so-called standard size newspaper. For handling, for obtaining all the news and pictures at a glance, for a quick survey of all the news in a concise and abbreviated form, papers of the size of the *Daily Mirror* and *Sunday Pictorial* have been increasing their appeal to the public in recent years. Their popularity, in my opinion, will continue to grow rapidly provided always that the news service and pictorial display are of the highest standard. This has been the aim of the directors and editor of your paper, and I am satisfied that a continuance of this policy will be reflected in a constantly increasing number of readers.

In the U.S.A., our type of paper has for years been by far the most popular size, and I see no reason why the *Daily Mirror*, as well as its sister paper the *Sunday Pictorial*, should not in due course achieve the same measure of popularity with the public here as papers of similar dimensions have secured in the U.S.A.

NEWSPRINT POSITION

The Chairman, in reviewing the Newsprint Industry, said:—For several years past, you will remember, I have referred to your company's investment in the Anglo-Canadian Pulp and Paper Mills, Limited, and mentioned briefly the position of the newsprint industry in the U.S.A. Last year I gave an indication that the prospect of this investment was somewhat brighter than it has been for six years. It is very gratifying to me now to say that during the past 12 months the newsprint industry in America and in this country has shown improvement even more rapid than was then anticipated.

The report and accounts were unanimously adopted.

HUDSON'S BAY COMPANY

GOOD PROGRESS DURING THE YEAR

A General Court of the Governor and Company of Adventurers of England trading into Hudson's Bay was held, on the 14th instant, in London. Mr Patrick Ashley Cooper (the Governor) presiding.

The Governor, in the course of his speech, said: I am sure it is a matter of great satisfaction to you, as it is to us, that to day we are able to recommend the payment of six years' arrears of dividend upon your preference shares, thus completely clearing up the heavy arrears that had accumulated. This may be considered another milestone in the long career of our company.

In 1936 Canada enjoyed a year of steady progress. The most important developments of the year were: A large expansion in export trade, an improvement in agricultural prices, great activity in mining and an upswing in industry generally. In spite of this recovery, however, there is still a great number of persons on relief.

Taking the provinces in which we mainly operate, British Columbia has enjoyed a year of prosperity: lumber, mining, fishing and shipping have all been good. On the other hand, in the three Prairie Provinces large areas were again affected by drought, some districts suffering complete loss. Fortunately, this was somewhat offset by higher grades and higher prices, so that in total the value of agricultural production showed an increase over the previous year. With the exception of Alberta all the Provinces in Canada have succeeded in meeting their obligations.

RETAIL STORES AND WHOLESALE DEPARTMENT

Turning first to our retail stores department, it is most gratifying to record continued success. Our Canadian Committee report that the profit earned in this department is the largest which it has ever made, and that for the first time every one of these stores is operating at a profit. We feel that these results reflect great credit on the department and all concerned in its management.

In previous years I have referred to the wholesale department and to the difficulties in operating it. I am therefore glad to be able to report to you that this department, which has received a great deal of consideration by the management, is making progress and profits. All the products which the department handles, as well as our wines and spirits, are selling well in Canada. In the United States also we are making progress with the products we market there.

LAND DEPARTMENT AND FUR TRADE

As I have pointed out to you, agricultural income in the three prairie provinces increased during the year, and this has enabled the land department to show some further improved results. The increase in our income last year is directly attributable to the improved prices obtained for the field crops and the higher grades of cereals. While this resulted in better collections from districts which enjoyed a crop, collections are still irregular and far below what we should like to see. Many areas enjoyed a crop for the first time for some years, but, taking it all in all, about half the crop area failed through drought. In spite of these misfortunes and the ever-growing temptation to default on payments, it is gratifying to record that so many farmers continue to make real efforts to meet their contractual obligations.

With regard to the fur trade, it is world conditions, particularly the buying power of consuming countries in which our furs are distributed, that make or mar the success of this department. Exchange and import restrictions continue to hamper us in many ways, but in spite of this we have experienced considerable demand from various countries, particularly the United States, with the result that fur prices advanced throughout the last 12 months, especially towards the end of the year. Our figures have benefited accordingly.

The fur catch in Canada during the last outfit showed a substantial decrease in volume as compared with the previous outfit, the most marked decline being in white fox. But the advance in fur prices more than offset the shortage in pelts.

As regards the future, while a great deal must depend on the conditions prevailing in Canada and in the other countries in which we operate, I feel we are justified in saying that, although 1937 will have its problems in plenty, there is good reason to hope we shall succeed in maintaining results comparable with those now before you. A great effort is needed from each one of us, but we are fully prepared and we have the necessary personnel, who year by year are proving their ability to meet with increasing confidence the demands made upon them.

The report and accounts were adopted.

OLYMPIC PORTLAND CEMENT COMPANY, LIMITED

IMPROVED RESULTS

The twenty-sixth annual ordinary general meeting of the Olympic Portland Cement Company, Limited, was held, on the 15th instant, in London.

Mr John Lawson (the chairman) said that the profit for the year showed an increase of about £20,000 over the preceding year. After providing for the interim dividend paid in November last, there was a balance available in profit and loss account of £43,300. The directors recommended the payment of a final dividend of 5 per cent., which would leave £31,025 to be carried forward, as compared with £27,973 brought in from the preceding account.

Prices for ordinary business were well maintained and the increased output effected a satisfactory reduction in production costs, but, as he warned shareholders last year, the profit margin on the Coulee Dam contract was comparatively small and the percentage of profit per barrel was thereby considerably less than in the preceding year.

During the year the factory maintained a 42-hour maximum week and an eight-hour maximum working day. An increase of wages of 5 cents per hour was agreed upon in May, in line with what was being paid in other industries, and in the latter part of the year their employees organised their own union, having obtained a charter from the American Federation of Labour. This involved a further advance in wages of from 5 to 10 cents per hour. Having regard to the prolonged strikes in some of the United States industries, it was satisfactory to report that the relationship with their employees had been most harmonious, and the manager reported that he had received assurances from the men that under the new union organisation they hoped to continue the same loyal service. The plant had responded well to the demands made upon it for increased output in the last nine months of the year; the quality of cement was of a high grade of fineness and no difficulty was experienced in complying with the requirements of the Coulee Dam specification. No construction work was undertaken during the year, but in the beginning of the current season coal grinding units of the Babcock and Wilcox type were being installed—one for each kiln—which would effect an economy in fuel and improve the kiln conditions. The old coal grinding equipment was to be transferred to the Finish Mill in order to increase the capacity of the latter in view of the expected larger deliveries of fine cement this year against the Coulee Dam contract.

POSITION IN THE UNITED STATES

The cement trade in the United States generally showed a distinct improvement. In this company's territory the improvement was even more marked than in some of the other States. In Washington and Oregon the increase in production was about 116 per cent. compared with 1935. Market prospects at the opening of the current year were reasonably good, and the agents reported that there was every indication that the plant would be kept busy in 1937.

State and county road work compared favourably with last year, while house and small building construction was more promising in their particular territory than for some time past. There was a hitch, however, in connection with the appropriation by Congress of funds required to complete the present contract for the Coulee Dam, deliveries against which had now been resumed. This might perhaps have been due to the Bonneville Power Bill now before Congress. In the interests of the company it was to be hoped the work on the Coulee Dam would be carried to completion, so much money having already been spent on the project.

RIISING PRICES AND GOVERNMENT EXPENDITURE

It was to be observed, however, that there was an increasing tendency on the part of State Governments to apply a greater share of the tax on gasoline to objects other than the extension or improvement of public highways. This tendency might have its effect on the public highways programme, and the recent remarks of the President that the rapid rise in prices of durable goods—amongst which he included cement—was unwelcome, and might lead to a reduction of Government expenditure, should not be overlooked.

In view of the unsettled conditions in the United States the directors preferred to pursue a conservative policy in regard to the disposal of the balance in profit and loss account, even although the accounts might appear to justify a larger final dividend than 5 per cent.

The report and accounts were unanimously adopted.

THE KING LINE LIMITED

IMPROVED FREIGHT MARKETS

SIR VERNON THOMSON ON THE OUTLOOK

The forty-eighth annual general meeting of The King Line, Limited, was held, on the 14th instant, at Winchester House, Old Broad Street, London, E.C.

Sir F. Vernon Thomson, K.B.E. (the chairman), presided. The Secretary (Mr F. W. Matthews) having read the notice convening the meeting and the auditors' report, The Chairman said:—Gentlemen, The directors' report and accounts for the year 1936—the forty-eighth year of the company's trading—having been duly circulated among the shareholders, you will, I hope, as customary, take them as read. (Agreed.)

The net profit of the company for the year 1936, inclusive of subsidy and after providing for interest, amounted to £83,147. To this has been added £22,545 brought forward from last year. After providing for the cost of Lloyd's surveys, the directors recommend that the sum of £73,000 be applied towards making good the arrears of depreciation of the company's fleet which have accrued owing to the recent world trade depression, and that the balance of £22,660 be carried forward.

UPWARD TREND OF OVERSEAS TRADE

The volume of the world's seaborne trade showed some expansion during 1936 and since the autumn freight markets have shown a marked improvement, but in the circumstances little of this can be reflected in our voyages completed in 1936. Overseas trade is undoubtedly trending upwards. Much may depend upon the coming European grain harvests.

The company's 17 vessels, of which nine are motor and eight steam ships, are of an average age of 13 years, and after deducting the reserve stand in our books at an average price of £4 18s. 10d. per ton deadweight. They have all been well kept up.

Since the end of the year the s.s. King Bledyn, built in 1918, has been sold, as has also the s.s. King Howel, built in 1919, at satisfactory prices well in excess of their book value.

BOARD'S DEPRECIATION POLICY

The directors are not unmindful that owing to the world trade depression, now happily receding, shareholders of this old-established company have received no dividend for the last seven years, but the provision of adequate depreciation necessarily comes first in soundly managed shipping companies. The available balance of profit for the year (£73,000) was accordingly utilised in writing down the book value of the fleet. The directors deemed this the prudent policy, and the more especially as the profit for 1936 included £47,519 subsidy, which is a non-recurring item.

The total amount received by way of subsidy without deduction of any kind has thus been used for depreciation. Ships have, of course, a limited period of service, normal depreciation being calculated upon a 20 years' life basis. Our shareholders will understand that it has been quite impossible during recent years for British tramp shipping companies to earn even the depreciation necessary for the vessels' replacement in due course.

THE OUTLOOK

The outlook now, however, is distinctly encouraging—notwithstanding increased costs—and given a continuance of the present state of affairs the directors hope to resume dividend distribution within 12 months.

The subsidy given by the Government to British tramp ship-owners during the last two years has definitely achieved its object by helping to bridge the gap between the period of abnormal depression and improved world trade. I am glad to say it now seems unlikely that any payment under the Act will be required in respect of the year 1937 owing to the return of prosperity to shipping, no subsidy being payable if the average freight rate for 1937 attains the average level for the year 1929.

TRANSPORT OF PRIMARY COMMODITIES

The present improvement in the freight markets is largely due to the demand for cargo shipping to carry primary commodities such as wheat and maize from Australia and Argentina to Europe to make good the poor harvest last year, and to the unusual demand for tonnage for maize from Argentina to the United States of America in consequence of the recent maize crop failure there. In addition, the disturbed international situation has accentuated the demand for tonnage.

These, however, are passing phases, and whilst of course utilising the opportunities of better trade, it is well to keep in mind that

permanent improvement in shipping is dependent upon a revival of international trade. It is generally recognised that this revival could best be promoted by two things involving action by Governments—viz. (1) a reduction of trade barriers, and (2) currency stabilisation.

THE VALUE OF CO-OPERATION

If, as one intimately associated with the administration of the British Shipping Assistance Act, it may be permitted me to do so, I would like to express the hope that the possibilities and value of co-operation amongst tramp shipowners demonstrated by the experience of the last two years and the institution of minimum freight rates will not be disregarded but that steps will be taken by the British shipping industry to establish permanently some measure of co-operation against the inevitable return of less prosperous times.

I shall be glad to try to answer any questions, and now have pleasure in proposing:—"That the report and accounts for the year ended December 31, 1936, as submitted, be received and adopted."

Mr Percy Cross seconded the resolution, which, after some congratulatory remarks by Mr A. Hunt, a shareholder, was carried unanimously.

The retiring directors (Mr Percy Cross and Sir Vernon Thomson) were re-elected, and the auditors (Messrs James Brown and Sandeman) were reappointed.

The meeting then terminated.

OOREGUM GOLD MINING COMPANY OF INDIA, LIMITED

SATISFACTORY CASH RESOURCES

The ordinary general meeting of the Ooregum Gold Mining Company of India was held, on the 15th instant, at Southern House, London, E.C.

The Hon. A. T. J. Fraser, D.S.O. (the chairman), said that the tonnage crushed for the year amounted to 147,282, which had produced 38,917 ozs. of gold. In addition to that, some 250,000 tons of old tailings were retreated and gave 12,243 ozs., a total of 51,160 ozs. of fine gold, valued at £357,290. After adjustments for royalty and interest, etc., the net income amounted to £351,166. The working costs, including additional royalty, amounted to £293,574. The profit for the year was £57,591, or £3.245 less than the year before. A preference dividend of 1s. per share had been paid in October, and the directors now recommended a final dividend for the year of 9d. per share on both classes of shares. Those dividends were a decrease of 2½ per cent., or 3d. per share, compared with last year.

Development during the year under review had been pushed ahead as fast as possible. Work had been concentrated on three main points, the West Reef, the Main Lode in Auxiliary Shaft Section at the south end of the mine, and Bullen's Section in the north. In the Main Reef Auxiliary area results had been quite satisfactory. The West Reef, a much more important body, was opening up very well at the 82nd and 83rd levels during the period under review, and that improvement had continued since the end of the financial year. Unfortunately the same could not be said of Bullen's Section. That area had for a great many years been the main producer of the mine, but from the 82nd level downwards the course of the reef had been almost completely blotted out by intrusions of pegmatite. Those who by experience were best able to judge both on the field and in this country were convinced that perseverance in depth would lead to opening up further good ore bodies below the pegmatite.

The problem before the directors and managers had been to lengthen out as much as possible the period that the mine could carry on while awaiting that much hoped for eventuality. It was with that end in view that the grade of current ore crushed had been lowered to a point that would just pay the cost of running the mine and pushing on the development. Owing to that conservative exploitation it had been possible during the year not only to maintain their ore reserves, but to increase them by over 43,000 tons and raise the average grade by nearly 0.4 of a dwt., so that at December 31st they stood at 220,000 tons, averaging the merest fraction under 10 dwts. In addition to that, there was an amount not far short of 100,000 tons of low grade ore payable at the present price of gold which must be taken into account.

Their liquid cash resources were quite satisfactory and at December 31st, after allowing for current liabilities, stood at £175,800. That was especially satisfactory in view of the fact that they might have in the near future to spend a considerable sum in capital expenditure to improve the ventilation at the bottom of the mine.

The report was unanimously adopted.

CHAMPION REEF GOLD MINES OF INDIA, LIMITED

DIVIDEND RAISED TO 45 PER CENT.

The ordinary general meeting of the Champion Reef Gold Mines of India, Limited, was held, on the 14th instant, in London, the Hon. A. T. J. Fraser, D.S.O. (Chairman), presiding.

The Chairman, in moving the adoption of the report, said: You will agree with me, I am sure, that the accounts show that the company has once more had a most satisfactory year.

The mill has crushed 143,000 tons for a return of 69,470 oz., which realised £485,000; after deducting royalty and adding interest received the total income was £467,243.

The total expenditure, including £24,000 odd additional royalty, amounted to £270,013. This leaves a profit of £197,230, an increase of more than £27,000 over the previous year. An interim dividend of 1s. 9d. was paid in October, and a final dividend of 2s. 6d. in March. The dividend for the year under review of 4s. 6d., or 45 per cent., is 3d., or 2½ per cent., greater than the previous year.

As you will probably remember, the retreatment of old tailings came to an end some 18 months ago. It is therefore all the more satisfactory that during the past year such good results have been obtained without this source of income; the loss of revenue has more than been made up by an increased tonnage of current ore treated.

BIG REDUCTION IN WORKING COSTS

Partly in consequence of the closing down of retreatment the total working costs show a big reduction, amounting to £29,600; other causes were curtailment of development and the fact that a proportion of overhead charges were taken over by the big scheme of capital expenditure now in progress.

As you very well know, the capital of the company was increased just a year ago by the issue of 130,000 10s. shares at a premium of 25s. The total cash received from the issue amounted to £229,375.

The object for which this money was raised—viz., the carrying out of a scheme of shaft sinking and equipment for mining at depth—has been prosecuted with vigour during the year.

A total of 1,061 ft. of sinking had been done on Gifford's Shaft by December 31 out of a total of 2,695. The plans and specifications for the new hoist at this shaft, which has to haul from nearly 6,600 ft., have been completed, tenders have been put out and accepted and work is in progress.

Heathcote's Shaft has been sunk a total of 232 ft. for the year, and at December 31 was down 31 ft. below the 82nd or 7,851 ft. vertically below surface. It will interest you to know that the next level, the 83rd, will be exactly 1½ miles vertically from the surface.

The estimates for the cost of this large scheme were made a year ago. Meanwhile the cost of all engineering work has risen very considerably. It is only natural, therefore, that the actual cost of the plant will be in excess of the original estimate, in spite of that estimate having been a very liberal one when it was made. On the other hand, there is, I think, no doubt that the cost of the shaft sinking and other underground work is likely to come out considerably lower than the estimate. Although this will not compensate the higher cost of the machinery, it seems probable that the sum raised will be sufficient to carry out the work originally estimated for.

I have said already that the development for the year was on a somewhat reduced scale. In view of the extremely sound position of our ore reserves this was considered politic. It is therefore all the more satisfactory that our ore reserves have increased by practically 23,000 to 471,000 tons of an average grade of 11.36dw. The grade, it is true, is lower by ½dw., but this is principally due to the fact that only a small amount of driving has been done on the rich Glen's Shoot during the year.

Mr Sydney E. Taylor, D.S.C., in seconding the resolution, said that the programme for the current year was similar to that of the last year. The sinking of Gifford's Shaft would be continued and development footage upon the actual lode channel would again have to be on a lower scale while the new construction work was in progress.

The report was unanimously adopted.

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

BUKIT IJOK (SELANGOR) RUBBER COMPANY, LIMITED

VALUE OF RESTRICTION

The twenty-sixth ordinary general meeting of this company was held, on the 9th instant, in London.

Mr H. B. Yuille (the chairman), after referring with regret to the retirement of Mr G. Kingsley, who had been chairman of the company for 21 years, said that the profit for the year was £6,022, or £1,842 higher than the previous year. It was proposed to pay a final dividend of 7½ per cent., less tax, making 12½ per cent. for the year.

It was their intention to cut out and replant their oldest rubber, of which some 700 acres were planted as long ago as 1907-08, and 150 acres were to be dealt with during the current year.

Their standard production for the current year had been raised to 730,200 lbs., and since releases for 1937 as at present notified would average 83½ per cent., they would be allowed to export some 611,000 lbs. of rubber, representing an increase of 184,000 lbs., or more than 30 per cent. over last year's crop. A small quantity, amounting to 134,400 lbs., had been sold forward for shipment throughout the year at 8d. per lb. c.i.f., and the balance of their crop should realise a higher price. Those facts indicated that the immediate prospects were more favourable than they had been for some years past.

In the main the Rubber Regulation Scheme was responsible for the satisfactory price reached, and its renewal when the present term expired next year was of paramount importance to the industry. It did not require very much experience of the history of the industry to visualise how rapidly the desirable state of affairs which had at last been achieved would revert to chaos if the control exercised by the Regulation Committee were removed.

The report and accounts were unanimously adopted. A resolution was passed authorising a bonus issue of one fully-paid 2s. share for every two shares at present held, and the proceedings terminated with a cordial vote of thanks to the chairman, directors and staff, a special tribute being paid to the services rendered by Mr G. Kingsley.

THE RIVER PLATE TRUST LOAN AND AGENCY COMPANY, LIMITED

IMPROVED RESULTS AND PROSPECTS

The meeting of the River Plate Trust Loan and Agency Company, Limited, was held, on the 12th instant, in London.

Mr Walter Woodbine Parish (the chairman) said that the record of 1936 bore evidence of that extraordinary recuperation which, not for the first time, Argentina had given evidence that she possessed. The figures for 1936 showed an increase in gross revenue at £345,700 of £39,000 and in net earnings at £199,000 of £23,600. After payment of 5 per cent. interest on the preference stock and the interim dividends on the "A" shares and the "B" shares, the directors recommended a further distribution of 8 per cent. on the "A" shares, making 13 per cent. for the year as against 12 per cent. in 1935, and 2½ per cent. on the "B" shares, making 3½ per cent. as against 3 per cent. For the six years from 1928 to 1934 the company's gross revenue had shown a yearly falling off; in 1935 there had been a slight improvement of £1,500, and he thought they could now say that with a further advance of £39,000 the pendulum of their fortune was once more slowly moving upwards, but he begged shareholders not to turn up their old reports and warm themselves in the hope of a return to the dividends paid before the disasters of the past few years. Conditions then and now bore no comparison.

The improvement in gross earnings arose from adjustments in respect of mortgage moratorium interest. Improved conditions in Argentina had led to greater punctuality in payment of interest and better collections. The Mortgage Moratorium Act, which had come into being in October, 1933, was framed to cover a period of three years, but it had been extended for a further two years, to October, 1938. The improvement in the financial position of the agriculturist, however, should enable a further reduction to be made in outstanding interest, although he could not hold out hopes of an increase in receipts arising from an extended demand for new loans. So far as the directors could see into the future, the dividend which they recommended for the past year they would be in a position to propose again a year hence.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the 10 days ended April 10, 1937, amounted to £21,671,000, against ordinary expenditure of £32,530,000. After allowing for an increase in Exchequer Balances of £238,134, the operations for the period, as shown below, increased the gross National Debt by £11,328,000, to approximately £7,921 millions.†

(000's omitted)			
Treasury Bills	+ 11,909	National Savings Certificates	— 100
Public Department Advances	+ 2,450	Other debt (War Loan Acts)	— 32
Land Settlement (Fac.) Acts	+ 8	Tithe Act, 1936	— 2,907
	+ 14,367		— 3,039

† Including £375 millions on Account of Exchange Equalisation Fund.

An analysis of the approximate position of the National Debt as at March 31, 1937, appeared on page 47 of *The Economist*, of April 3, 1937.

REVENUE	Total Receipts into the Exchequer from	
	April 1, 1936, to April 11, 1936	April 1, 1937, to April 10, 1937
ORDINARY REVENUE		
Inland Revenue—		
Income Tax	6,875,000	6,950,000
Sur-tax	1,280,000	1,330,000
Estate, etc., Duties	2,470,000	2,680,000
Stamps	200,000	110,000
Excess Profits Duty and Corporation Profits Tax	—	—
Land Tax and Mineral Rights Duty	20,000	30,000
Total Inland Revenue	10,845,000	11,109,000
Customs and Excise—		
Customs	6,085,000	6,650,000
Excise	1,000,000	1,600,000
Total Customs and Excise	7,085,000	8,250,000
Motor Vehicle Duties (Exchequer Share)	238,000	1,374,000
Post Office (Net Receipts)	250,000	850,000
Crown Lands	—	—
Receipts from Sundry Loans	65,733	54,325
Miscellaneous Receipts	38,356	33,498
Total Ordinary Revenue	18,522,089	21,670,823
SELF-BALANCING REVENUE		
Post Office	1,450,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	1,194,000	—
Total Self-balancing Revenue	2,644,000	1,000,000
Total	21,166,089	22,670,823

EXPENDITURE	Total Issues out of the Exchequer to meet Payments from	
	April 1, 1936, to April 11, 1936	April 1, 1937, to April 10, 1937
ORDINARY EXPENDITURE		
Interest and Management of National Debt	18,184,957	18,021,810
Payments to Northern Ireland Exchequer	257,057	258,537
Other Consolidated Fund Services	—	—
Post Office Fund	—	—
Total	18,442,014	18,280,347
Total Supply Services (excluding Post Office)	16,550,000	14,250,000
Total Ordinary Expenditure	34,992,014	32,530,347
New Sinking Fund (1928)	227,561	229,836
Total (excluding Self-balancing Expenditure)	35,219,575	32,760,183
SELF-BALANCING EXPENDITURE		
Post Office	1,450,000	1,000,000
Road Fund	1,194,000	—
Total Self-Balancing Expenditure	2,644,000	1,000,000
Total	37,863,575	33,760,183

The aggregate revenue from April 1, 1937, to April 10, 1937, is shown below:—

(000's omitted)			
Expenditure	32,531	Revenue	21,671
Increase in balances	238	Gross borrowing	11,328
		Less New Sinking Fund	230
		Net borrowing	11,098
	32,769		32,769

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding:	Apr. 11, '36	Mar. 31, '37	Apr. 10, '37	Apr. 10, '37
Advances by Bank of England	—	—	—	—
Advances by Public Departments	33,060,000	23,535,000	25,985,000	+ 2,450,000
Treasury Bills outstanding	665,055,000	674,585,000	686,480,000	+ 11,895,000
Total Floating Debt	728,115,000	698,120,000	712,465,000	+ 14,315,000

* Includes £5,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury Bills were opened on April 9, 1937. The amount applied for was £75,320,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday at £99 17s. 3d. about 36 per cent. and above in full. The average rate per cent. was 10s. 10.27d. The amount allotted was £40,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	£ 30,000,000	£ 49,560,000	£ 27,500,000	£ s. d. 0 6 1.64
July 5, 1935	40,000,000	60,805,000	40,000,000	0 12 4.32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10.72
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5.63
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10.80
April 9, 1937	40,000,000	75,320,000	40,000,000	0 10 10.27

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended March 20, 1937	646,956	£ 485,217
Five days ended March 27, 1937	562,411	421,808
February, 1916, to March 27, 1937	1,289,300,635	1,013,413,314

At the end of February, 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,398,986.

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,

APRIL 14, 1937

ISSUE DEPARTMENT

£		£	
Notes Issued:—		Government Debt	11,015,100
In Circulation	485,694,083	Other Government Securities	185,901,338
In Banking Department	47,967,841	Other Securities	3,073,749
		Silver Coin	9,815
		Amount of Fiduciary Issue	200,000,000
		Gold Coin and Bullion	313,661,924
	513,661,924		513,661,924

BANKING DEPARTMENT

£		£	
Proprietors' Capital	14,553,000	Government Securities	96,949,933
Reserve	—	Other Securities:—	—
Public Deposits*	22,371,160	Discounts and Advances	£ 6,906,004
Other Deposits:—	—	Securities	£ 22,147,211
Bankers	£ 96,897,131		29,058,215
Other Accounts	£ 37,921,035		47,967,841
	134,818,166		910,465
			174,881,454

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

Both Departments	Amount, Apr. 14, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	£ 465,694,083	— 4,275,804	+ 48,803,455
Public deposits	22,371,160	+ 2,140,448	+ 12,467,568
Bankers' deposits	96,897,131	+ 2,066,295	+ 8,014,248
Other deposits	37,921,035	+ 446,247	+ 1,352,191
Total outside liabilities	622,883,409	+ 4,798,204	+ 49,638,066
Capital and res.	17,692,128	+ 19,697	— 3,092
Government debt and securities	293,866,369	— 4,073,554	— 71,423,789
Discounts and advances	6,906,004	— 488,949	+ 1,849,786
Other securities	25,220,960	+ 204,136	+ 11,656,310
Silver coin in issue department	8,815	+ 1,681	+ 989,827
Coin and bullion (bank's reserve)	314,572,389	+ 11,499	+ 112,192,970
Reserves of notes and coin in banking department	48,878,308	+ 4,264,305	+ 8,367,515
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("Proportion")	31.1%	+ 2.8%	+ 4.4%
(b) Gold stocks to deposits and notes ("reserve ratio")	50.5%	+ 0.4%	+ 15.2%

REDUCE PRODUCTION COSTS
—USE ELECTRICAL POWER FOR ALL INDUSTRIAL PURPOSES

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

Apply to above address for particulars of Sites for Works

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1937							
Mar. 24	513,662	470,528	27,908	81,986	37,568	1	2
Mar. 31	513,662	473,837	27,908	81,986	37,568	1	2
Apr. 7	513,662	469,970	24,512	84,831	38,367	Nil	2
Apr. 14	513,662	465,694	22,371	86,897	37,921	Nil	2

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Dis-counts & Advances		
1937							
Mar. 24	198,169	1,829	314,619	50 1/2	94,549	4,756	22,350
Mar. 31	197,977	2,013	314,646	50 1/2	100,529	7,139	22,883
Apr. 7	196,868	3,124	314,584	50 1/2	101,072	7,395	22,801
Apr. 14	196,916	3,074	314,572	50 1/2	96,950	6,906	22,147

BANKERS' CLEARING RETURNS LONDON (000's omitted)

Date	Town		Metropolitan		Country		Total
	£	£	£	£	£	£	
1937							
January 1 to March 31	9,734,494	552,009	947,486				11,233,989
Week ended April 7	778,266	52,614	97,583				928,463
Week ended April 14	782,871	42,076	72,048				896,995
Total to date, 1937	11,295,631	648,699	1,117,117				13,059,447
Total to date, 1936	9,417,771	584,678	999,315				11,001,764
Increase or decrease in 1937	+1,877,860	+62,021	+117,782				+1,955,132
	+18.7%	+10.6%	+11.7%				+18.7%
Total for year 1936	35,039,356	2,039,620	3,537,698				40,616,574
Total for year 1935	32,443,575	1,887,112	3,229,064				37,559,751
Increase or decrease in 1936	+2,595,781	+152,508	+308,634				+3,056,923
	+8.0%	+8.1%	+9.6%				+8.2%

PROVINCIAL (000's omitted)

No. of working days :	Week ended April 10		Month of March		Inc. or Dec.	Aggregate Totals January 1 to April 10	
	1936	1937	1936	1937		1936	1937
BIRMINGHAM	2,037	2,040	10,653	11,321	+ 6.2	39,934	41,584
BRADFORD	907	1,067	4,666	4,579	- 1.8	15,687	16,275
BRISTOL	1,028	1,080	5,533	5,474	- 1.0	19,051	18,634
DUBLIN	5,746	6,192				85,651	88,848
LIVERPOOL	684	918	3,424	4,017	+17.3	12,254	13,907
LEICESTER	628	668	3,974	4,840	+21.6	14,599	16,259
LIVERPOOL	4,761	7,061	27,526	35,802	+30.0	92,641	110,046
MANCHESTER	8,993	10,580	44,900	50,681	+12.8	153,121	165,411
NEWCASTLE	1,085	1,174	5,656	6,296	+11.3	19,339	21,044
NOTTINGHAM	437	479	2,116	2,291	+ 8.2	8,055	7,936
SHEFFIELD	791	1,021	4,289	5,960	+38.9	15,202	16,832
	27,940	33,228	115,751	134,586	+16.2	486,873	528,243

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Spain appeared in *The Economist* for August 15. Portugal, in February 6. Denmark, March 27. Egypt, New Zealand, Poland, in April 3. Argentina, Bulgaria, Denmark, International Settlements, Lithuania, Netherlands, South Africa, Federal Reserve Reporting Members, Latvia, Norway, Sweden and Finland in April 10.

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

U.S.F.R. BANKS	Apr. 15, 1936		Mar. 25, 1937		Apr. 8, 1937		Apr. 15, 1937	
	1936	1937	1936	1937	1936	1937	1936	1937
Gold Certificates on hand and due from the Treasury	7,684,830	8,844,380	8,844,400	8,843,900	8,843,890			
Total cash reserves	8,020,810	9,126,890	9,126,890	9,126,810	9,126,810			
Total bills discounted	841,740	270,410	285,030	273,760	279,670			
Bills bought in open market	6,180	7,990	12,010	8,150	11,050			
Total bills on hand	10,880	11,000	15,350	11,580	14,570			
Industrial advances	30,310	22,670	22,840	22,570	22,540			
Total U.S. Govt. securities	2,430,250	2,430,230	2,430,230	2,459,050	2,466,580			
Total bills and securities	2,471,680	2,463,890	2,467,920	2,493,200	2,523,700			
Total resources	11,295,190	12,817,730	12,839,500	12,833,270	12,550,620			
LIABILITIES								
Federal Reserve notes in actual circulation	3,761,760	4,166,730	4,174,230	4,178,980	4,176,090			
Aggregate of excess member bank reserves over requirements	2,550,000	1,270,000	1,400,000	1,440,000	1,830,000			
Deposits—Member bank—reserve account	5,333,050	6,578,280	6,639,080	6,683,960	6,900,750			
Government deposits	829,730	278,680	310,950	274,870	111,670			
Total deposits	6,497,360	7,135,640	7,185,580	7,205,400	7,248,320			
Capital paid in and surplus	302,720	305,580	305,580	305,580	305,510			
Total liabilities	11,295,190	12,817,730	12,839,500	12,833,270	12,550,620			
Ratio of total reserves to deposit and F.R. note liabilities combined	78.2%	80.4%	80.5%	80.2%	80.0%			
U.S.F.R. BANKS AND TREASURY COMBINED								
Monetary Gold Stock	10,200,000	11,541,000	11,574,000	11,592,000	11,697,000			
Treasury and National Bank Currency	2,502,000	2,587,000	2,542,000	2,539,000	2,541,000			
LIABILITIES								
Money in Circulation	5,677,000	6,375,000	6,377,000	6,387,000	6,383,000			
Treasury Cash and Deposits with Federal Reserve Banks	3,774,000	3,002,000	3,063,000	3,049,000	2,988,000			

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

Assets	Apr. 15, 1936		Mar. 25, 1937		Apr. 8, 1937		Apr. 15, 1937	
	1936	1937	1936	1937	1936	1937	1936	1937
Total gold reserves	3,106,880	3,430,710	3,581,970	3,504,200	3,509,770			
Total bills discounted	3,480	3,550	4,030	5,090	6,470			
Bills bought in open market	1,750	1,320	1,330	1,410	1,500			
Total U.S. Govt. securities	729,380	652,280	652,280	698,980	709,680			
Total bills and securities	742,300	662,950	663,640	710,830	723,080			
Deposits—Member bank—reserve account	2,351,340	2,892,080	3,029,400	2,974,550	3,106,800			
Ratio of total res. to dep. and Federal Res. note liabilities combined	82.3%	85.8%	86.3%	85.0%	84.7%			

AUSTRALIAN COMMONWEALTH BANK. In £'s (000's omitted)

Assets	Apr. 15, 1936		Mar. 25, 1937		Apr. 8, 1937		Apr. 15, 1937	
	1936	1937	1936	1937	1936	1937	1936	1937
Gold and English sterling	16,003	16,011	16,011	16,011	16,011			
Other coin, bullion and cash	6,424	5,613	5,453	5,181	5,674			
Money at short call—London	18,838	23,849	26,380	26,299	25,682			
Short-term loans	2,828	7,205	6,589	5,841	5,641			
Securities	76,997	76,811	77,558	78,056	78,056			
Discounts and advances	8,305	9,152	8,979	9,196	9,463			
LIABILITIES								
Notes issued	49,045	47,038	47,789	48,288	47,288			
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753			
Deposits	71,351	75,900	76,243	76,486	76,945			

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

Assets	Apr. 8, 1936		Mar. 24, 1937		Apr. 8, 1937		Apr. 15, 1937	
	1936	1937	1936	1937	1936	1937	1936	1937
Reserve, of which	193,467	211,510	210,011	208,816	208,816			
Gold coin and bullion	180,299	188,237	187,947	189,629	189,629			
Dominion Government securities	107,905	152,887	152,771	152,567	152,567			
LIABILITIES								
Note circulation	89,648	124,128	125,970	128,403	128,403			
Deposits: Dominion Government	23,358	34,917	36,751	39,408	39,408			
Chartered banks	182,263	194,226	194,275	183,202	183,202			
Ratio of reserves to notes and deposit liabilities	65.1%	59.6%	58.6%	59.2%	59.2%			

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

Assets	Apr. 10, 1936		Mar. 26, 1937		Apr. 7, 1937		Apr. 15, 1937	
	1936	1937	1936	1937	1936	1937	1936	1937
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17	44,42,17			
Rupee coin	59,22,52	61,08,98	61,08,91	61,08,91	61,08,91			
Balance abroad	21,77,88	26,49,61	25,80,57	24,83,04	24,83,04			
Sterling securities	67,31,87	79,30,70	79,30,70	79,30,70	79,30,70			
Indian Govt. rupee securities	24,42,81	22,37,52	22,37,52	22,37,52	22,37,52			
Investments	5,06,20	7,58,31	7,58,31	7,58,31	7,58,31			
LIABILITIES								
Note circulation	1,73,22,74	1,94,35,52	1,93,93,38	1,96,88,94	1,96,88,94			
Deposits: Government	6,89,89	14,52,86	13,83,09	9,86,49	9,86,49			
Banks	35,30,93	23,07,52	23,03,37	23,88,76	23,88,76			
Ratio of gold and sterling to liabilities	57.2%	59.5%	59.5%	59.8%	59.8%			

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

STATE OF FLORIDA—IN DOLLARS (000's omitted)							
ASSETS	Apr. 10, 1936	Mar. 19, 1937	Mar. 26, 1937	Apr. 2, 1937	Apr. 9, 1937		
Gold	62,972,020	57,358,742	57,358,742	57,358,742	57,358,742		
Advances on Gold Coin	1,616,651	1,140,484	1,098,943	1,098,943	1,098,943		
Commercial Bills	13,758,005	9,686,913	9,686,913	9,686,913	9,686,913		
Bills bought abroad	1,125,249	1,261,244	1,165,450	1,165,450	1,153,691		
Advances on securities	4,115,177	4,354,671	3,922,538	4,696,534	5,022,466		
Loans to State without interest: (a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000		
(b) provisional		20,072,096	20,065,793	20,065,793	20,003,436		
Negotiable Bonds, Sinking Fund Dept.	5,707,677	5,639,771	5,639,771	5,639,771	5,639,771		
Other assets (exclud- ing forward exch.)	3,877,577	3,978,987	4,259,043	4,289,178	3,990,085		
LIABILITIES							
Notes in circulation	83,841,285	85,377,977	85,745,930	86,934,769	86,934,769		
Public deposits	2,761,733	2,072,804	1,977,074	2,076,810	2,076,810		
Private deposits	7,190,859	16,820,476	16,230,884	14,761,827	12,320,049		
Other liabilities	2,577,851	2,621,650	2,725,071	2,696,846	2,552,282		
Ratio of gold reserve to sight liabilities	67.0%	55.1%	55.1%	55.2%	55.0%		

II.—Forward Rates (Closing quotations)

London on	Apr. 9, 1937 Per £	Apr. 10, 1937 Per £	Apr. 12, 1937 Per £	Apr. 13, 1937 Per £	Apr. 14, 1937 Per £	Apr. 15, 1937 Per £
New York, cent.	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2
Paris, fr.	(d) 1 1/2	(d) 1 1/2	(d) 1 1/2	(d) 1 1/2	(d) 1 1/2	(d) 1 1/2
Amsterdam, c't	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2
Brussels, cent.	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2
Geneva, cent.	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2

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

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

NEW YORK MONEY AND EXCHANGE RATES

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

	Apr. 15, 1937	Mar. 17, 1937	Mar. 24, 1937	Mar. 31, 1937	Apr. 7, 1937	Apr. 14, 1937
Call money	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Time money (90 days' mixed coll.)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptances	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Members—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-members—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Commercial accept., 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

Rates of Exchange, New York on—	Par Level	Apr. 15, 1937	Mar. 31, 1937	Apr. 7, 1937	Apr. 14, 1937
London—					
60 days					
Cable					
Cheques					
Paris					
Brussels					
Switzerland					
Italy					
Berlin					
Vienna					
Madrid					
Amsterdam					
Copenhagen					
Oslo					
Stockholm					
Athens					
Montreal					
Yokohama					
Shanghai					
Calcutta					
Buenos Aires					
Rio de Janeiro					

THE BANK OF LONDON AND SOUTH AMERICA, LTD., has received telegraphic advice from the Valencia Branch that the gold surcharge for payment of Spanish customs duties has been fixed for the period April 11th to 20th at 143.56 per cent. The previous rate was fixed as from April 1st at 144.18 per cent.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended April 15, 1937, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD
(Into and from United Kingdom)

Imports	Exports
From	To
Bullion*	Bullion*
Coin†	Coin†
Channel Islands	Germany
British S. Africa	Netherlands
Tanzania	Switzerland
Kenya	Yugoslavia
Uganda	U.S.A.
British India	Other Countries
British Malaya	
New Zealand	
U.S.S.R.	
Germany	
Netherlands	
Belgium	
France	
Switzerland	
Panama	
Other Countries	
Total	Total

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in *italics*. Other coin is entered at current market value.

IMPORTS AND EXPORTS OF SILVER

Imports	Exports
From	To
Bullion*	Bullion*
Coin†	Coin†
Irish Free State	Anglo-Egyptian
Germany	Sudan
Netherlands	Sweden
Belgium	Other Countries
France	
Japan	
Other Countries	
Total	Total

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in *italics*. Other coin is entered current market value.

No gold movements were reported at the Bank of England between April 9th and 15th. Details of previous movements appeared in the issue of April 3rd.

GOLD MARKET

Messrs. Samuel Montagu and Company write on April 14, 1937:—
The Bank of England gold reserve against notes amounted to £313,661,924 on April 7, 1937, showing no change as compared with March 31st. In spite of authoritative denials of any intention to reduce the American Treasury's buying price for gold, nervousness persisted and the week has seen heavy liquidations of gold holdings. The open market, therefore, has been very active with dealings on a large scale, about £5,000,000 having been disposed of at the daily fixing during the week. In the circumstances buyers were reluctant and prices ruled considerably below dollar parity; however, a good proportion of the offerings were taken for New York, and purchases for an undisclosed destination were also reported. The effect of reassuring statements by Mr Morgenthau were apparent during the last two days and conditions became calmer; demand has been more general and offerings in consequence absorbed with less difficulty. The s.s. "Strathnaver" which sailed from Bombay on April 10 carries gold to the value of about £536,000.

SILVER MARKET

Quiet conditions have prevailed in the market during the past week and movements in prices have been smaller. Sales on China account continued on a moderate scale and there was further re-selling by speculators, whilst a little buying by the latter was also in evidence. The Indian Bazaars, however, were the principal buyers and the maintenance of the present level still depends upon a continuation of support from this quarter.

Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard	Price of Silver New York per ounce fine
			Cash	Two Months
April 8	141 11 1/2	11 11 1/2	21 1/2	21 1/2
" 9	141 9 1/2	11 11 1/2	21 1/2	21 1/2
" 10	141 8 1/2	11 11 1/2	21 1/2	21 1/2
" 12	141 8 1/2	11 11 1/2	21 1/2	21 1/2
" 13	141 6 1/2	12 0 0	21 1/2	21 1/2
" 14	141 6 1/2	12 0 0	21 1/2	21 1/2
Average	141 8 25	11 11 0	21 0 21	21 0 21
April 15	141 6 1/2	12 0 0	20 1/2	20 1/2

The highest rate of exchange on New York recorded during the period from April 8th to the 14th was \$4.91 and the lowest \$4.88 1/2.

OTHER STATISTICS

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended Apr. 10, 1937 (£'000)						Aggregate Gross Receipts, compared with 1936 (14 weeks) (£'000)					
		Miles Open	Passen- ger, etc.	Merchan- dise, etc.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, etc.	Merchan- dise, etc.	Coal and Coke	Total Goods	Total Receipts	
(b) Week ended Apr. 8, 1937.	(c) Week ended Apr. 9, 1937.												
Great Western	{ 1937 1936	3,738 3,746	183 269	221 172	122 94	343 266	526 535	2,387 2,339	2,699 2,638	1,615 1,535	4,314 4,173	6,701 6,512	
(c) L. & N. Eastern	{ 1937 1936	6,820 6,333	276 394	368 288	288 204	636 492	912 886	3,765 3,678	4,627 4,546	3,616 3,569	8,243 8,115	12,008 11,793	
L. M. & Scottish	{ 1937 1936	6,877 6,898	421 668	532 423	293 226	825 649	1,246 1,317	5,703 5,801	6,730 6,591	3,983 3,837	10,713 10,428	16,416 16,029	
Southern ...	{ 1937 1936	2,153 2,154	276 394	63 56	31 25	94 81	370 475	3,696 3,583	801 842	473 498	1,274 1,340	4,970 4,903	
Total	{ 1937 1936	19,088 19,132	11,561 17,251	11,841 9,391	714 549	18,986 14,888	3,054 3,213	15,551 15,181	14,857 14,617	9,687 9,439	24,544 24,056	40,085 39,237	
(b) Belfast & Co. Down	{ 1937 1936	80 80	1-8 2-0	...	...	0-5 0-6	2-3 2-6	24-8 25-7	...	...	7-1 8-1	81-9 85-8	
(b) Great Northern	{ 1937 1936	543 543	9-2 10-3	...	...	9-9 11-2	19-1 21-5	118-0 118-5	...	...	129-6 148-4	247-6 288-9	
(b) Great Southern	{ 1937 1936	2,078 2,124	29-8 34-3	...	...	44-8 42-2	74-6 76-5	391-2 388-0	...	...	884-6 886-4	978-8 988-8	

COMPARISONS WITH CORRESPONDING PERIODS, 1935 and 1936

(000's omitted)	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1936, compared with first half-year, 1935:				
Gross increase or decrease	+ 263	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935:				
Gross increase or decrease	+ 491	+ 1,575	+ 751	+ 378
First half-year 1937, compared with first half-year, 1936:				
14 weeks to April 10, 1937	+ 189	+ 387	+ 215	+ 67
Weekly average first half 1937	+ 13 1/2	+ 27 1/2	+ 25 1/2	+ 4 1/2
Latest week 1937 compared with 1936	- 9	- 71	+ 26	- 105

LONDON TRANSPORT

	*Takings (before pooling)	Compared with corresponding period of last year
Week ending April 10, 1937	£575,600	+ £49,900
Aggregate 41 weeks to April 10, 1937	£22,929,900	+ £679,400

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

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1937	+ or -
				1937	+ or -

INDIAN

		1937	Rs.	Rs.	Rs.	Rs.	
Assam Bengal	51	Mar. 20	1,330	£5,32,900	+ 63,278	1,75,20,647	+ 10,64,545
Barsi L. Ry.	51	20	292	£39,100	- 17,800	14,83,900	- 3,79,800
Bengal & N. Western	27	20	2,107	£11,99,844	- 81,650	1,88,10,242	- 8,69,105
Bengal-Nagpur.	51	20	3,268	£29,44,000	+ 5,74,814	8,01,98,352	- 35,04,983
Bombay, Bar. & C.I.	52	31	3,072	£39,51,000	- 1,24,000	1,192,94,000	+ 68,92,000
Madras & S. Mahr. .	51	20	3,229	£22,61,000	+ 50,871	1,21,59,446	+ 21,91,442
Rohilk'd & Kumaon	27	20	3,572	£25,52,561	- 30,458	36,72,345	- 85,700
South Indian	51	20	2,532	£15,30,133	+ 54,041	5,18,72,510	+ 10,64,788

+ 10 days.

£ 10 days.

CANADIAN

		1937		\$	\$	\$	\$
Canadian National .	14	Apr. 7	23566	3,962,443	+ 603,509	48,939,632	+ 5,300,927
Canadian Pacific	14	7	17223	2,719,000	+ 204,000	34,386,000	+ 2,587,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia)	15	Apr. 11	834	{	\$22,160 + 8,600	251,510 + 48,210
Argentine N.E.	41	10	753	{	\$132,900 + 10,300	5,927,700 + 499,300
B.A. and Pacific	41	10	2,860	{	\$8,244 + 1,041	355,258 + 36,368
B.A. Central	39	Mar. 27	...	{	\$2,020,000 + 275,000	62,626,800 + 4,554,300
B.A. Gt. Southern	41	Apr. 10	5,084	{	\$125,310 + 22,784	3,783,913 + 372,416
B.A. Western	41	10	1,930	{	\$108,400 + 30,000	5,596,600 + 1,251,400
Central Argentine	41	10	3,700	{	\$824,000 + 102,100	10,339,000 + 1,039,000
Central Uruguayana ..	40	3	273	{	\$179,094 + 57,884	6,178,058 + 792,532
C. Ury. (East Ext.) ..	40	3	311	{	\$59,988 + 11,751	33,227,000 + 1,990,000
C. Ury. (N. Ext.)	40	3	185	{	\$2,877,500 + 102,280	104,316,830 + 20,582,780
C. Ury. (W. Ext.)	40	3	211	{	\$178,505 + 69,521	6,287,955 + 1,368,940
Cordoba Central	41	Apr. 10	1,218	{	\$497,197 + 58,755	5,927,700 + 499,300
Entre Rios	41	10	810	{	\$3,309 + 895	94,356 + 3,313
G. Westn. of Brazil ..	15	10	1,082	{	\$2,362 + 625	66,185 + 9,197
Leopoldina	14	3	1,918	{	\$988 + 132	41,017 + 5,478
Leopoldina Termn.	14	3	1,918	{	\$573,000 + 216,000	21,559,000 + 1,985,000
Nitrate	13	Mar. 31	397	{	\$35,550 + 14,570	1,294,100 + 144,190
Paraguay Central	41	Apr. 10	274	{	\$200,500 + 65,300	8,838,100 + 1,306,500
Salvador	40	3	100	{	\$12,438 + 4,494	531,344 + 88,902
San Paulo	13	Mar. 28	1534	{	\$6,300 + 100	122,200 + 17,800
United of Havana	41	Apr. 10	1,353	{	\$201,900 + 286,000	24,589,000 + 2,729,000
				{	\$25,490 + 5,994	307,031 + 56,998
				{	\$382,000 + 44,000	4,819,000 + 296,000
				{	\$49,031 + 335	47,333 + 2,868
				{	\$3,850,000 + 113,600	113,690,000 + 199,780,000
				{	\$20,000 + 18,750	895,608 + 153,000
				{	\$204,000 + 44,000	30,000 + 3,000
				{	\$20,000 + 665	370,249 + 10,948
				{	\$48,603 + 21,106	1,079,818 + 133,939

* Converted at average official rate during week ended Apr. 10, 1937, 16-12 pence to the £.
† Receipts in Argentine pesos.
‡ Fortnight.
§ Converted at official rate.
¶ Converted at "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta Light Railways	52	1937 Mar. 31	621	£	6,627	+	£ 181	254,529	+	£ 3,772
Egyptian Markets.....	14	Apr. 8	...		1,957	-	36	27,879	-	269
Gr. Southn. of Spain	34	1936 Aug. 29	104	Ps.	14,208	-	62,843	840,732	-	724,859
Mexican Railway ...	14	1937 Apr. 7	483	£	283,000	-	17,000	4,362,800	+	794,800
± 10 days.										

SUEZ CANAL RECEIPTS

Suez Canal	13	1937 Mar. 31	...	£361,800	-	£7,600	3,060,100	+	£39,300
‡ 10 days.									

Messrs E. Woodall and Yardley have taken Mr G. C. Golding into partnership.

Messrs Fifteen Moorgate Unit Trusts, Ltd., opened on April 12th a branch office at Birmingham, under the direction of Mr Robert Lyall.

The Earl of Dudley has been appointed a director of the Westminster Bank.

MISCELLANEOUS

SUNGEI WAY (SELANGOR) RUBBER.—Trading profit for 1936 £19,993, against £13,325 for 1935. Ordinary dividend raised from 5½ per cent. to 9 per cent. To replanting reserve £5,000. Carry forward reduced from £16,362 to £11,537. Standard production for 1937 1,170,000 lb., an increase of 96,488 lb.

VEREENIGING ESTATES.—Profit, £252,039, against £221,902. Final dividend 7½ per cent., making 10 per cent., against 8½ per cent.; Union and Provincial taxation, £20,000, against £10,000; to debenture redemption reserve £7,280, against £6,890; to general reserve £50,000, against £43,000; forward, £71,082, against £55,658. Company has sold to new company, Amalgamated Collieries of South Africa, Cornelia Colliery, interests in the Largo Schoongezicht (Witbank), and Springfield Collieries.

BRYANT AND MAY.—Final ordinary dividend of 15 per cent., making 25 per cent., tax free, for year to March 31 (same). Employees proportion of profit, £42,159, against £43,263. Also bonus dividend of £250,000 from general reserve to holders of all the ordinary shares, the British Match Corporation, who will place that amount to reserve.

AFRICAN AND EUROPEAN INVESTMENT COMPANY.—Preliminary statement shows an increase in profits of £207,882 in 1936. Profits, £807,888. To reserves: Debenture redemption, £553; tax, £150,000, against £75,000; general, £150,000. Dividend maintained at 15 per cent. Carry-forward raised from £93,952 to £89,162.

R. W. CRABTREE AND SONS.—A first dividend is declared for 1936 of 20 per cent. Profit on trading, £54,093, against £33,011. Net profit, £13,108 higher at £34,774. To general reserve, £20,000, against £2,250. Proposed also to write down an investment by £10,000.

LEWIS AND PEAT.—Profit for 1936, £23,889, against £2,682. Preference dividends for one and a half years, £18,872. To reserve, £5,000. Carry-forward, £7,255.

CALCUTTA ELECTRIC SUPPLY CORPORATION.—Gross revenue for 1936, £1,278,589, against £1,223,763. Net revenue, £10,554 higher at £483,069. To reserve, £25,000, against £50,000. Dividend maintained on a larger capital at 12 per cent., tax free. Carry-forward increased from £36,962 to £40,545. Number of units sold, 311,412,003, against 262,913,080.

UNION MINIERE DU HAUT KATANGA.—All the outstanding 6 per cent. sterling bonds, 1928, will be redeemed on July 15, 1937, at 103, plus four months' accrued interest.

BRITISH DRUG HOUSES.—Trading profits rose by £11,530 to £71,296 in 1936. Ordinary dividend raised from 5 per cent. to 6 per cent. To writing off balance of leasehold expenditure, £8,930. To reserve, £7,500, against £10,000. Carry-forward, £11,068.

TOYO TIN.—Report for year to November 30, 1936, states that the profits of the Japanese company did not permit of a dividend payment. The credit balance of £1,024 brought forward reduced to £122, against which £230 is reserved for cash, leaving debit balance forward £108.

R. HOVENDEN AND SONS.—Net profit for year to January 8, 1937, £24,031, against £27,359. Ordinary dividend, 8 per cent., against 11½ per cent. Carry-forward, £32,664.

TUBE INVESTMENTS-RENOULD DEAL.—Negotiations have been completed between the Renould and Coventry Chain Company, Ltd., and the cycle fittings companies associated with Tube Investments, Ltd., for a plan under which Renould will discontinue manufacture and sale of cycle accessories.

TRUST OF BANK AND INSURANCE SHARES.—Distribution payable on April 30th will be at rate of 3.1149d. per unit, tax free. For year to September 30, 1937, the managers estimate a gross yield of 3¼ per cent. per annum on current price.

BARROW HEMATITE STEEL COMPANY.—Net profit for 1936, £32,321, against a net loss of £12,812 for 1935. Debit balance of £27,758 removed and a credit balance of £4,562 carried forward.

DONCASTER AMALGAMATED COLLIERIES.—Final allocation of shares in recent merger: Brodsworth, 38.2 preference and 78.2 £1 ordinary shares for every existing £100 share. Bullockton: 11 £1 preference for every ten 6 per cent. £1 preference; and 5.8 preference and 11.7 £1 ordinary shares for every £1 ordinary held. Hickleton: 26.7 preference and 185.6 ordinary shares for every £100 £1 ordinary shares. Yorkshire Main: To the sole beneficial owner (the Staveley Coal and Iron Company) of the share capital, 457,868 preference and 1,397,733 ordinary shares in the merger company.

INDUSTRIAL PROFITS

(See Leading Article on page 134)

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

	No. of Companies	Reports published in	Increase (+)
		1936	
First quarter	569	66,839,644	+ 8,892,332
Second quarter	739	83,404,187	+ 8,876,473
Third quarter	382	25,359,334	+ 3,615,238
Fourth quarter	496	36,565,347	+ 5,569,420
Total 1936	2,186	212,168,512	+26,853,461
Total 1935	2,116	175,289,571	+27,957,418
1937			
First quarter	628	84,961,458	+10,071,680

PROFITS AND RESERVES

	No. of Companies	Total Ordinary and Preference Capital	Net Profits after Payment of Debenture Interest	Carried to Reserve, etc.
1936				
First quarter	569	757,045,526	75,731,976	16,792,850
Second quarter	739	1,015,646,042	92,280,660	24,527,324
Third quarter	382	311,349,009	28,974,570	8,598,650
Fourth quarter	496	395,408,899	42,134,767	12,186,634
Total 1936	2,186	2,479,449,476	239,121,973	62,105,458
Total 1935	2,116	2,398,362,356	203,246,989	45,248,634
1937				
First Quarter	628	852,038,088	94,733,138	22,347,878

PROFITS, DIVIDENDS, ETC., IN SEPARATE INDUSTRIAL GROUPS (Quarter ended March 31st, 1937)

Group	Net Profit after Payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
Breweries	1,971,537	1,012,076	51-3	412,268
Canals and docks	437,784	114,232	26-1	219,889
Electric lighting and power	9,879,543	3,609,319	36-5	1,480,352
Financial land and investment	6,257,563	3,765,002	60-1	1,607,824
Gas	3,267,217	2,503,035	76-6	603,822
Hotels and restaurants	78,782	35,689	45-9	19,836
Iron, coal and steel	6,707,721	2,635,882	39-3	1,181,373
Motor cycle and aviation	1,470,500	820,133	55-8	107,190
Oil	179,555	175,000	97-5	4,555
Rubber	707,196	585,293	82-7	1,088
Shipping	948,945	233,297	24-6	18,596
Shops and stores	10,024,738	6,008,632	59-9	2,168,234
Tea	38,197	21,421	56-1	9,607
Telegraphs and telephones	363,253	266,136	73-3	27,998
Textiles	4,198,365	2,642,938	62-9	897,852
Tramway and omnibus	1,314,686	811,659	69-3	154,191
Trusts	3,552,069	1,607,313	45-2	1,512,824
Waterworks	786,102	478,712	60-9	240,227
Building materials	4,399,904	2,342,107	53-2	464,882
Food, confectionery and drink	1,828,625	934,751	11-1	568,217
Electrical equipment	2,664,677	1,041,511	39-1	459,700
Newspapers, printing, etc.	2,218,030	942,583	42-5	607,131
Tobacco	14,370,133	12,415,290	86-4	1,218,028
Warehouse and trading	468,327	234,995	50-1	202,769
Miscellaneous	16,599,679	8,272,349	49-8	5,316,124
Total	94,733,138	53,609,355	56-6	18,775,905

CAPITAL AND RATES OF DIVIDEND (Quarter ended March, 1937)

Group	Debenture Capital	Rate of Int.	Preference Capital	Rate of Int.	Ordinary Capital	Rate of Div. (b)	Rate of Div. a Year Ago (a)
Breweries	10,276,835	4-4	6,647,050	6-2	9,763,990	10-3	9-5
Canals and docks	3,257,123	3-9	5,886,230	3-7	7,868,894	1-4	1-2
Electric lighting and power	40,244,188	4-5	26,393,542	5-6	42,728,292	8-5	7-2
Financial land and investment	11,534,649	4-3	11,435,553	7-7	54,807,249	6-9	7-7
Gas	30,241,082	3-9	13,499,163	4-3	44,156,157	5-6	5-6
Hotels and restaurants	415,000	4-0	441,660	4-5	552,866	6-5	5-4
Iron, coal and steel	13,237,864	5-0	27,208,067	4-4	44,510,854	5-9	3-8
Motor cycle and aviation	478,598	6-1	2,082,000	5-1	3,680,000	22-3	28-6
Oil	Nil	Nil	Nil	Nil	500,000	35-0	27-5
Rubber	273,946	6-9	14,349	7-6	10,820,119	5-4	3-1
Shipping	300,000	5-0	378,000	4-9	7,169,603	3-2	2-7
Shops and stores	10,988,176	Nil	32,744,812	6-3	30,146,168	19-9	19-8
Tea	Nil	Nil	154,565	6-2	433,750	4-9	4-1
Telegraphs and telephones	275,000	4-1	399,970	7-0	2,570,010	10-4	9-5
Textiles	2,192,254	4-0	20,963,778	4-2	39,324,692	6-9	5-5
Tramway & omnibus	1,716,376	4-3	2,538,110	6-1	10,279,578	8-8	8-1
Trusts	51,028,502	4-4	37,118,656	4-1	31,240,949	5-1	4-7
Waterworks	5,088,677	4-4	5,017,095	4-7	7,345,565	6-5	6-6
Building materials	4,407,952	4-7	8,580,633	5-4	13,431,747	17-4	15-6
Food, confectionery and drink	682,250	4-3	8,077,441	7-0	10,837,543	8-6	8-8
Electrical equipment	3,272,280	4-6	5,245,393	8-7	11,488,988	9-0	8-7
Newspapers, printing, etc.	3,824,194	4-5	11,834,112	5-1	10,495,912	8-9	8-6
Tobacco	83,229	5-0	18,817,663	6-5	60,327,500	20-6	19-9
Warehouse & trading	263,000	4-1	3,636,832	5-7	6,780,739	3-8	3-2
Miscellaneous	20,690,473	4-4	75,528,882	7-0	68,749,297	12-6	12-4
Total	214,770,638	4-4	324,534,866	5-8	527,503,222	10-1	9-2

(a) 569 companies.

(b) 628 companies.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount				
			£	£	£	£	%	£	£	£	%
Banks											
Ionian Bank	Dec. 31	£ 14,646	(w) 21,177	35,823	...	18,000	3/- p.s.	10,000	7,823	(a)	(a)
Breweries											
Shipstone (James) and Sons	Dec. 31	105,573	169,447	275,020	23,842	107,793	15	40,000	103,385	187,408	17(p)
Woodheads Canonbury	Jan. 31	...	(v) 8,879	8,879	1,538	3,050	10	3,738	553	(a)	(a)
Electric Lighting, etc.											
Calcutta Electric Supply ...	Dec. 31	36,962	393,592	430,554	87,180	238,130	12	64,699	40,545	382,271	12
Southern Areas Electric ...	Dec. 31	2,692	26,502	29,194	...	21,736	4½	...	7,458	12,510	4
Financial, Land, etc.											
African City Properties Trust	Dec. 31	34,733	69,132	103,865	7,500	46,750	17	15,000	34,615	58,236	15
Agricultural Mortgage Corp'n.	Mar. 31	7,350	25,446	32,796	...	...	...	25,997	6,799	23,713	7
Assurance Finance Trust ...	Dec. 31	315	13,725	14,040	...	5,719	10	7,000	1,321	(a)	(a)
Gas											
United Kingdom Gas	Dec. 31	5,360	87,829	93,189	44,822	28,594	5	10,000	9,773	(a)	(a)
Iron, Coal and Steel											
Barrow Hematite Steel	Dec. 31	Dr. 27,759	32,321	4,562	...	...	...	...	4,562	Dr. 12812	Nil
Colvilles, Ltd.	Dec. 31	123,408	602,154	725,562	84,219	209,206	7	185,000	247,137	489,209	Nil
Rubber											
Amherst Estates (Selangor)	Dec. 31	1,753	10,920	12,673	...	7,803	7½	3,000	1,870	4,030	3
Anglo-Malay	Dec. 31	26,787	17,936	44,723	...	13,750	3½	4,262	26,711	8,420	2
Batu Caves	Dec. 31	1,247	16,090	17,337	...	9,180	5	4,266	3,891	454	3
Bikam	Dec. 31	33,496	39,779	73,275	...	32,388	6	7,000	33,887	17,939	3
Ceylon Timber and Rubber	Dec. 31	256	2,417	2,673	...	2,380	5	...	293	1,172	4
Dangan	Dec. 31	1,034	8,573	9,607	26	6,097	4	1,500	1,984	787	Nil
F.M.S. Planters	Dec. 31	16,168	28,110	44,278	...	24,500	10	5,176	14,602	16,384	6
Hanwell	Dec. 31	205	4,077	4,282	...	2,292	12	...	1,990	911	5
Harpenden (Selangor)	Dec. 31	1,751	3,203	4,954	2,100	...	...	...	2,854	Dr. 499	Nil
Junun	Dec. 31	Dr. 9,235	6,727	Dr. 2,508	...	...	...	Dr. 2,508	392	Nil	Nil
Lavant	Dec. 31	1,192	2,222	3,414	...	...	...	3,000	414	Dr. 1,111	Nil
Lawas (Sarawak)	Dec. 31	1,165	11,318	12,483	...	10,450	5½	...	2,033	1,713	Nil
London Asiatic	Dec. 31	81,016	120,646	201,662	...	70,907	10	50,698	80,057	55,449	7
Lower Perak	Dec. 31	5,107	4,046	9,153	...	3,367	5	1,100	4,686	1,558	2
Marudu Consolidated	Dec. 31	Dr. 2,860	2,200	Dr. 660	...	...	...	...	Dr. 660	228	Nil
Medini	Dec. 31	3,349	2,074	5,423	...	2,500	5	...	2,923	1,855	5
Panagula	Dec. 31	2,631	3,020	5,651	...	2,500	2½	642	2,509	1,753	Nil
Pataling	Dec. 31	22,977	38,456	61,433	...	30,515	10	7,500	23,418	19,108	7
Rahman	Dec. 31	355	1,439	1,794	...	1,144	4	...	650	540	2
Selangor River	Dec. 31	599	12,599	13,198	...	11,384	4	...	1,814	5,153	Nil
Sumatra Anglo-Dutch	Dec. 31	Dr. 48,178	Dr. 204	Dr. 48,382	...	...	...	Dr. 48,382	Dr. 7,084	Dr. 7,084	Nil
Sungei Kruit	Dec. 31	4,266	9,252	13,518	...	6,500	10	2,352	4,666	4,831	6
Sungei Salak	Dec. 31	5,664	15,138	20,802	...	12,000	10	3,118	5,684	5,917	5
Tarun (Malay)	Dec. 31	4,082	9,078	13,160	...	7,500	7½	1,500	4,160	5,803	5
Shipping											
Court Line	Dec. 31	16,660	16,705	33,365	...	...	...	...	33,365	625	Nil
Shops and Stores											
McIlroy (William)	Feb. 17	21,785	17,353	39,138	7,000	7,500	7½	...	24,638	12,586	7
Stylo Boot (Northern)	Jan. 31	...	21,915	21,915	...	6,100	8	11,343	4,472	(a)	(a)
United Drapery Stores	Feb. 28	15,265	41,917	57,182	...	38,125	5	...	19,057	37,788	4
Wallis (Thomas)	Jan. 31	4,616	7,411	12,027	...	...	...	10,149	1,878	6,851	Nil
Woodlands Chemists	Dec. 31	Dr. 4,821	Dr. 6,005	Dr. 10,826	...	...	...	...	Dr. 10,826	Dr. 3,546	Nil
Tea											
Craig Tea	Dec. 31	4,545	1,391	5,936	...	1,250	2½	200	4,486	421	Nil
Textiles											
Lancashire Cotton Cprn. ...	Oct. 31	Dr. 874085	Dr. 504967	Dr. 1379052	...	...	...	...	Dr. 1379052	Dr. 522266	Nil
Trusts											
American Inv't. and General	Mar. 15	59,543	119,585	179,128	43,750	56,875	6½	18,500	60,003	104,792	5½
Hellenic and General	Jan. 31	51,718	49,025	100,743	19,063	19,062	5	...	62,618	43,909	3
Northern Securities Trust ...	Dec. 31	12,069	23,817	35,886	11,110	9,900	7½	2,000	12,876	19,756	6
Second Caledonian	Mar. 1	28,741	19,374	48,115	11,469	3,083	2	5,000	28,563	17,632	7
Second Scottish Northern	Mar. 15	17,538	35,982	53,520	12,295	19,428	10	5,000	16,797	29,416	2½
Third Scottish Western	Mar. 1	36,074	23,700	59,774	16,056	2,158	1	5,000	36,550	21,088	1
Waterworks											
Consolidated of Rosario	Dec. 31	109,777	21,915	131,692	8,400	12,500	2½	...	110,792	13,345	Nil
Other Companies											
Achille Serre	Dec. 31	Dr. 92,673	Dr. 7,576	Dr. 100289	...	...	...	...	Dr. 100289	Dr. 16167	Nil
Amalgamated Metal	Mar. 31	28,296	365,081	393,377	54,000	310,505	7	...	28,872	322,956	6
British Drug Houses	Dec. 31	11,032	56,714	67,746	16,250	24,000	6	16,430	11,066	43,998	5
Browne and Eagle	Dec. 31	18,375	28,974	47,349	6,250	15,000	10	7,000	19,099	35,454	10
Derbyshire Stone	Dec. 31	...	42,193	42,193	11,715	21,300	10	...	9,178	(a)	(a)
Franco Signs	Mar. 31	...	(t) 15,756	15,756	...	13,725	9	...	2,031	(a)	(a)
Hovenden (R.) and Sons ...	Jan. 8	31,555	15,836	47,391	6,877	7,850	8	...	32,664	20,084	11½
International Sponge	Dec. 31	Dr. 226	4,272	4,046	...	...	...	...	4,046	3,062	Nil
Mackintosh (John) and Sons	Dec. 31	87,629	73,665	161,294	60,000	...	...	...	101,294	63,540	Nil
McNeill (F.) and Company	Dec. 31	1,068	23,439	24,507	10,000	7,500	10	6,000	1,007	25,555	10
Mandleberg (L) and Co. ...	Dec. 19	Dr. 45,431	5,971	Dr. 39,460	...	...	...	...	Dr. 39,460	Dr. 5,866	Nil
North British Rubber	Dec. 31	517	39,393	39,910	(s) 17500	...	...	...	22,410	Dr. 12205	Nil
Parkland Manufacturing	Feb. 28	3,161	42,862	46,023	...	29,700	13½	10,000	6,323	(a)	(a)
Ragusa Asphalte Paving ...	Dec. 31	1,491	35,172	36,663	...	26,250	17½	7,500	2,913	23,991	10
Skeiko Ball Bearing	Dec. 31	129,352	235,492	364,844	...	150,000	30½	...	214,844	(a)	(a)
Thompson (John) Eng'g ...	Dec. 31	...	(n) 84,827	84,827	7,958	60,252	17½	3,504	13,113	(a)	(a)
United Premier Oil, etc. ...	Dec. 31	37,749	80,115	117,864	34,431	18,765	12½	25,022	39,646	93,524	10
Wickhams (C. Barker)	Jan. 31	3,580	21,065	24,645	4,473	10,500	10	4,803	5,869	(a)	(a)

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

LAST week's slump of the prices of primary products represented the first serious interruption of the upward trend since May last year. In April, 1936, a similar reaction, though much less severe, took place.

This week the tendency of prices on the leading commodity markets was rather indeterminate. Wheat, which rose in price a week ago, contrary to the general trend, was marked down on favourable reports concerning the winter crops of the United States, indications that Australia's export surplus had been under-estimated, and a decline of Continental buying pressure. Raw sugar prices, after rising steeply before the inception of the International Sugar Conference, have since fallen back sharply, though the outcome of the deliberations in London is not yet known. Cocoa changed hands appreciably cheaper than a week ago. Among provisions, butter was dearer and eggs cheaper, while beef was practically unchanged in price.

The principal non-ferrous metals show little change in price on the week. Spelter was quoted slightly lower and copper, lead and tin slightly higher. Linseed and linseed oil failed to maintain last week's prices, and rubber dropped below the shilling per lb. level. Among textile raw materials, wool was distinctly firmer, but raw cotton continued to decline in price.

In the United States the tendency of quotations for primary products was again downwards. Thus, Moody's index of the prices of staple commodities (December 31, 1931 = 100) declined from 223.9 on April 7th to 217.3 on April 14th, against 218.5 a month ago and 170.6 last year.

COAL

SHEFFIELD.—Export demand is expanding steadily, and supplies are readily taken up. Enquiries are numerous for graded steams for forward and prompt shipment, singles and doubles being most in demand. Prices for all grades are high owing to the shortage of available supplies. It is almost impossible to obtain coal for prompt shipment outside contract. The demand for bunker coal remains normal. On the inland market industrial fuels are in good request and coke ovens are working at high pressure. Steam coal is in strong demand, and as buying of hards for the domestic market lessens, more will become available for steam purposes. The labour difficulties in some collieries render the outlook for supplies of industrial and domestic fuel somewhat uncertain.

NEWCASTLE-ON-TYNE.—Conditions in the North-East coalfield are much the same as during the past few weeks. There is no indication of any ease on the market; prices in all sections are strong and supplies limited. Northumberland steam coals of all grades are heavily booked for the year, and a considerable amount of business has been done over 1938. Durham manufacturing coal is as firm as ever, and it seems that prices will continue to advance. Patent oven coke is just as strong.

GLASGOW.—Conditions show little change. Output remains on a full scale, and is almost entirely taken up against contract, the export position as regards new orders being now almost nominal. This position seems likely to last for some little time yet, as the collieries already hold large orders. There is a fair forward enquiry circulating from overseas sources. The market generally remains strong, with prices showing an upward trend.

CARDIFF.—The coal market remains firm. Most classes of coal are scarce for prompt positions and, although there has been no further upward movement in prices, collieries are experiencing little or no difficulty in arranging contracts for forward supplies on terms substantially better than those of expiring contracts. There are persistent complaints, however, of delays in deliveries to both inland and foreign consumers, and a meeting of coalowners is to be held next Monday to consider an amendment of the district scheme providing for the temporary suspension of the trade-sharing regulations. Apparently this step is being taken with the consent of the Government. Coke and patent fuel prices are being maintained; on the other hand the ex-ship quotations for Portuguese pitwood are a shade easier at from 25s. to 26s. Foreign and coastwise shipments at the South Wales ports last week totalled 398,000 tons, compared with 331,945 tons in the corresponding week last year, and for the current year to date the increase amounts to 760,000 tons, or about 13½ per cent. The Italian State Railways are reported to have placed a contract for an additional 100,000 tons, and the Portuguese Railways and Norwegian Naval Authorities are also inquiring for supplies.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that the markets have been quiet, not owing to any decrease in demand, but because producers are so heavily booked for the next few months that they are reluctant to accept further orders. At the same time some consumers are disinclined to place contracts until the price position during the latter half of the year has become more clearly defined. All departments of the iron and steel industry are making great efforts to maintain deliveries, but although the works are operating at capacity so far as supplies of raw materials will permit, they are unable to meet fully the insistent demand.

In the pig iron department new business has been reduced to small proportions, since most makers are no longer in a position to accept orders for delivery in the first six months of this year. Most consumers

have covered their needs over this period and in some cases beyond; but delays in delivery are frequent and many users are operating on a hand-to-mouth basis.

The scarcity of supplies in the semi-finished steel department is unrelieved. A number of the re-rolling works have had to restrict their operations, and in some instances have had to close down temporarily.

Little new business is reported in finished steel owing to the congested state of the manufacturers' order books. The demand from all sections of the consuming industry shows no signs of relaxing and makers are concentrating upon meeting consumers' more urgent needs.

MIDDLESBROUGH.—The demand for pig iron continues unabated, and, as stocks have been practically cleared, makers can only give deliveries on a rationed basis after covering their own requirements in the steelworks and foundries. No business is being transacted for early delivery. The official quotations for home business remain at 81s. per ton for No. 3 Cleveland foundry pig iron and 97s. 6d. per ton, less 5s. per ton rebate, for East Coast Hematite Mixed Numbers, all for delivery locally. The price of basic iron is 82s. 6d. per ton less 5s. per ton rebate, but practically the entire output of this quality is used by the steelmakers themselves.

Shipments of pig iron from the Tees from April 1st to April 13th amounted to 3,077 tons, against 6,667 tons during the corresponding period in March. Local shipbuilders have recently received orders for some large cargo liners, and, generally, there is no easing in the demand for finished and semi-finished steel. It is reported that some increased supplies of semi-finished steel will be available from the Continent, which should ease the position for re-rollers. Good Durham blast furnace coke is in exceptional demand at advancing prices. New business in iron ore from North Spain is at a standstill and shipments are suspended for the time being. Heavy steel scrap is in strong demand, and the price is understood to be approximately 67s. per ton delivered works.

SHEFFIELD.—The pronounced shortage of raw materials is causing difficulties in the iron and steel market. Very little new business is being transacted, and producers have to turn down fresh orders, contracts accepted relating mainly to replacements. Consumers are eager buyers of little towards users' requirements. Makers of West Coast hematite have nothing to offer at present, but the pending increase in production is expected to ease the situation. Some limited supplies of East Coast mixed numbers are available. In common and marked bars the increase of business is maintained, and Crown bars are coming into fuller demand. It is felt that a general increase of steel prices in the near future is certain.

Owing to the rise in costs the increase is expected to be substantial. The output of basic steel billets, though heavy, is still far behind demand, and deliveries are falling into arrears. The shortage of acid steel billets is also considerable. Wire rods, strip and bars are in heavy demand, and requirements of stainless steel sheets and bright drawn steel show a further increase. Structural steel demand continues at a high level. Steel production generally in this area is at a record level.

GLASGOW.—It is understood that work will be resumed at the Flemington Works of the Lanarkshire Iron and Steel Company early next week, after a stoppage of several weeks. At the same time there has been little improvement in raw material supplies for the steelmakers. Plants are still working to capacity, but supplies of raw materials are unsatisfactory and it is feared that it will be some months before regular supplies for the requirements of the re-rollers, who in turn are quite unable to meet demand for iron and steel materials and orders on books will absorb the total possible output for some months ahead. All the local manufacturing industries are busy and are calling for heavy tonnages of steel.

CARDIFF.—Business in the South Wales tinplate trade continues very active, but prices are a shade easier and are ruling at from 24s. to 25s. per basis box f.o.b. Galvanised steel sheets are unchanged at £18 15s. per ton for export and £17 for inland delivery, and steel bars stand at £6 2s. 6d. per ton. Shipments of tinplates at Swansea last week totalled 4,885 tons, compared with 9,104 tons the previous week, and 6,255 tons in the corresponding week last year. As a result of the temporary lull in exports, stocks in warehouses and vans at Swansea increased from 6,019 tons to 10,288 tons.

OTHER METALS

COPPER.—Heavy liquidation was responsible for a further decline in prices during most of the period under review, but the market staged a recovery on Wednesday. The cessation of selling pressure suggests that consumer's demand; but the repetition of the boom conditions which have recently characterised the metal markets appears unlikely.

The unofficial statistics for March disclose a fairly favourable picture. World stocks fell from 328,170 to 308,430 short tons last month, although production rose by 18,099 to 191,010 short tons. The movement was due to the high level of "apparent consumption" which attained a new record at 210,740 short tons, or 29,910 short tons more than in February. There is no doubt that actual consumption last month was substantially smaller than those figures appear to indicate, and that stocks in the hands of consumers were considerably augmented. Meanwhile, the United States market has recently had an easy tone, but the domestic price showed some recovery this week.

Sales on the London Metal Exchange: 4,500 tons on Monday, against 4,600 tons last week; 5,100 tons on Tuesday, against 6,500 tons last week; 3,150 tons on Wednesday, against 9,000 tons last week. Domestic spot was quoted at 15-12½ cents per lb. in New York on Wednesday, against 14-6½ cents a week ago and 16-77½ cents a month ago. Wednesday's official closing price for standard cash in London was £64 2s. 6d. to £64 1s. refined copper, compared with £63 15s. to £63 17s. 6d. a week ago. Stocks at 23,021 tons, showed a decrease of 1,618 tons, while stocks of rough copper, at 707 tons, were 100 tons smaller.

LEAD AND SPELTER.—Both markets have again been weak, large scale liquidation being the most prominent feature. Lead prices reached the year's lowest level on Tuesday, but showed some recovery on Wednesday and closed showing no net change on the week. Spelter registered a slight improvement compared with a week ago. Despite the heavy liquidation of the past fortnight, the speculative bull position in both metals is still believed to be considerable and the markets therefore remain vulnerable to psychological factors.

During March, stocks of spelter in the United States fell by a further 6,379 short tons to 18,183 short tons. Stocks are thus lower than for many years and cover only about ten days' requirements. Nevertheless, the U.S. market has lately been easier; for consumers are well covered and production is rising sharply. In March, the United States produced no less than 53,202 short tons of spelter, against 38,010 and 40,025 short tons, respectively, in the two previous months. According to the "Metallgesellschaft," world smelter output of lead fell from 131,752 metric tons in January to 121,107 metric tons in February. This decline, however, was due merely to the shorter month. The daily output, which has been satisfactory of late, rose further from 4,250 tons in January to 4,325 tons in February.

Sales of lead on the London Metal Exchange: 4,000 tons on Monday, against 2,100 tons last week; 2,750 tons on Tuesday, against 3,500 tons last week; 1,250 tons on Wednesday, against 5,500 tons last week. The New York quotation on Wednesday was 6-00 cents per lb., against 6-00 cents a week ago and 7-25 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £25 13s. 9d. per ton, compared with £25 13s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 2,500 tons on Monday, against 3,300 tons last week; 3,250 tons on Tuesday, against 3,500 tons last week; 1,500 tons on Wednesday, against 9,500 tons last week. Wednesday's quotation in East St. Louis was 7-00 cents per lb., against 7-00 cents the week before and 7-50 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £26 2s. 6d. per ton, against £26 last week.

TIN.—After remaining relatively steady, tin prices closed the week on Wednesday showing a net gain of £3 15s. per ton. Since speculation in this metal is fairly small, there has been little selling pressure. On the other hand, buying has not yet regained large dimensions. An important development was the rise in home warehouse stocks from 1,846 tons on April 3rd to 2,048 tons on April 10th. Four weeks earlier stocks in this country were no more than 1,172 tons. Although shipments from Bolivia and Nigeria—our leading suppliers—have not been too satisfactory lately, a further gradual expansion of home warehouse stocks is looked for in the near future.

Sales of tin on the London Metal Exchange: 425 tons on Monday, against 200 tons last week; 750 tons on Tuesday, against 675 tons last week; 300 tons on Wednesday, against 1,000 tons last week. The New York quotation on Wednesday was 60-87½ cents per lb., against 60-12½ cents a week ago and 65-25 cents a month ago. Wednesday's official closing quotation in London for standard cash was £275 15s. to £276 5s. per ton, compared with £272 to £273 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 2,048 tons, an increase of 202 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was quoted at £14 7s. to £14 7s. 6d. per flask of 76 lb. the same as last week. Chinese antimony was quoted at £79 to £80 per ton ex warehouse, the same as last week. Chinese wolfram for "April-May" shipment was quoted at 61s. to 64s. per unit, c.i.f., compared with 65s. to 67s. last week. Refined platinum was steady on Wednesday at £11 15s. an ounce.

TEXTILES

COTTON.—Manchester.—Demand continued encouraging and some spinners and manufacturers have been able to extend their order lists during the week. Numerous producers appear to have oversold their output and deliveries under contract have fallen into arrears. An easier tendency has shown itself in raw cotton prices in Liverpool, partly owing to rumours concerning a change in the gold policy of the United States Government. There are persistent reports of preparations being made in America to produce a much larger crop next season, and fertiliser sales are much bigger than a year ago.

Demand for yarn has been healthy. In the American section prices for ring beams have been raised, despite the lower rates for raw cotton. There continues much pressure for deliveries. In some quarters there has been freer buying of Egyptian yarns.

In the piece-goods section the feature of interest has been the larger inquiry for the several outlets of India. Leading shippers have placed substantial orders and in certain directions the turnover has been more extensive than for a long time back. The bulk of the buying has been in bleaching and printing qualities. The trade has been of considerable benefit to manufacturers in Blackburn, Preston and Burnley. Fair miscellaneous transactions have been put through for Java and Singapore. Heavy shirtings and coloured cloths have moved off fairly well for West Africa. Rather irregular operations have occurred for Egypt, many offers being unworkable. Steady buying has taken place in printers and satens for South America and in heavy materials for Scandinavia and the Dominions. Home trade purchases have covered a wide range of goods.

COTTON PRICES

	1937				Corresponding Date	
	Mar. 23	Mar. 31	April 7	April 14	1936	1936
Raw Cotton—Mid. American..... per lb.	7-85	8-09	7-87	7-63	6-68	6-50
" Sakellaridis Fully Good Fair..... per lb.	12-56	12-96	12-45	12-28	8-32	9-08
Yarns—32's twist..... per lb.	18½	14½	14½	14½	10½	10½
" 40's twist..... per lb.	18½	13½	13½	13½	10½	10½
" 60's twist (Egyptian)..... per lb.	20	20½	20½	20½	15½	15½
12-in. Printers, 116 yds., 16 by 16, 32's and 60's.....	21 0	21 3	21 3	21 3	17 9	17 2
16-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	29 0	29 4	29 2	29 2	24 0	24 3
18-in. Shirtings, 36 yds., 16 by 16, 10 lb.	11 7	11 9	11 9	11 9	10 5	10 1
18-in. Shirtings, 37½ yds., 16 by 15, 8½ lb.	10 7	10 9	10 9	10 9	9 3½	9 1

WOOL.—Bradford.—In general, raw wool prices have advanced by about 5 per cent. at the auctions held in the Southern Hemisphere during the past fortnight. The selling season is thus ending on a firm note. By the end of April there will only be clearing-up sales in Australia, with limited offerings of short clothing wools at the different selling centres in South Africa. No sales are advised during the month of May at any selling centre in Australia.

The next series of London sales will again be a testing time for wool prices. Offerings look like being on the small side and should be absorbed without difficulty by the various sections of the trade. The market is very firm at centres like Bradford, but cannot be called very active. It appears that a quiet and steady but limited business is passing, most spinners having covered their requirements for the next three or four months. Total turnover seems much larger than appears on the surface. Most mills continue to run full time, but deliveries are not so large as they were six months ago. Prices for tops and yarns remain firm, with most topmakers asking 40d. for warp 64's, though it is difficult to make this price. Cross-breds are also on the firm side, with prices against the buyers; in fact, the trade is now facing higher prices. It looks as if there is going to be a very firm series in London on April 27th, but offerings will be very limited in both merinos and crossbreds. The best selection will probably be in Punta Arenas wool, most of the offerings being new clip.

GRAIN MARKETS

WHEAT.—Prices have not recovered from the decline initiated by last week's gold scare in the United States and, after a period of erratic fluctuations, closed on Wednesday showing a net decline on the week. Buying pressure has abated, and the market has been affected by indications of a larger Australian surplus, by favourable reports of the American winter wheat crop and by an increase in American offers of No. 2 hard winter wheat for August shipment from Gulf ports.

On Wednesday last, "May" futures were quoted in Chicago at 137½ cents per bushel, against 141½ cents the week before and 138½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 55s. 9d. to 57s. 9d. per 496 lbs., as against 58s. 9d. a week ago, No. 2 Northern Manitoba, ex ship, not quoted, as against 57s. 9d. to 59s. 6d. a week ago. According to the Corn Trade News, total shipments of wheat and flour last week amounted to 1,677,000 quarters, against 1,506,000 quarters in the previous week and 981,000 quarters in the corresponding week a year ago.

FLOUR.—The market has shown no important development, and prices are rather easier. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 45s. 6d. per 280 lbs., as against 45s. 6d. a week ago; delivered inner London, 45s., as against 45s. a week ago. Manitoba patents, ex store, 42s. 9d. to 44s. 3d., as against 44s. to 45s. 6d. a week ago. Australian, ex store, 35s. to 35s. 6d., as against 35s. to 36s. a week ago.

BARLEY.—Imported feeding barley has been in quiet request, but has nevertheless been a steady market this week. "May" futures were quoted at 72½ cents per bushel in Winnipeg on Wednesday, against 82½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed," at farm, 36s. to 38s., as against 36s. to 38s. a week ago; "English malting," at farm, 38s. to 45s., against 38s. to 45s. last week. Californian (new), ex ship 49s. to 55s., as against 49s. to 55s. a week ago. Chilean, brewing (new), ex ship, 44s. 9d. to 50s., against 44s. 9d. to 50s. a week ago.

OATS.—On Wednesday, "May" futures were quoted at 50½ cents a bushel in Chicago, against 50½ cents a week ago and 47½ cents last month, quotations in London, Wednesday: "English black," at farm, 24s. 6d.

THE FINANCIAL NEWS

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

MONDAY, APRIL 19.—COMPANIES AND THEIR PROFIT-EARNING CAPACITY, No. 42.—TRINIDAD LEASEHOLDS. Oil shares tended to go worse last week, along with the rest of the markets. But interest is still strong, particularly as rumour insists that there will be a further increase in the U.K. price of petrol once the Budget is out of the way. Accordingly, we continue our analyses of leading Oil Companies this week with a concern which is interested *par excellence* in the U.K. market.

TUESDAY, APRIL 20.—WHO IS RIGHT ABOUT NEWSPRINT PRICES? The differences of opinion between Lords Rothmere and Beaverbrook over the future of newsprint has reached the proportions of a battle royal. The one predicts famine prices, the other prefers to believe that the industry is one that has always had, and still has, a comfortable excess of capacity at any reasonable price. This article seeks to establish which way the truth lies, and how much substance underlies the boom in newsprint shares.

WEDNESDAY, APRIL 21.—BASE METALS IN AMERICA. The recent spectacular boom and almost equally spectacular collapse in the Base Metal Markets have had a strong American angle. With Copper, Lead, and Zinc, the U.S.A. has been largely an isolated market in the past: there was, therefore, plenty of scope for the Bulls and Bears prophesying respectively that the U.S. would be a big exporter, or a big importer, of metals. This article gives the facts about the American Metal Industry—facts which may be important to remember in case there is any recurrence of recent mania on the Metal Exchange.

THURSDAY, APRIL 22.—COMPANIES AND THEIR PROFIT-EARNING CAPACITY, No. 43.—IMPERIAL SMELTING. The smelting and refining of metals in this Country has been—for strategic reasons—becoming a live subject. Imperial Smelting, as the biggest smelter in this Country and one of the biggest zinc smelters in the world, thus presents a particularly interesting problem at the present time. British smelting has suffered from certain handicaps in the past. It is possible that these may be alleviated, and in any case, the boom in base metals has made the Company's trading conditions much more favourable than they were.

FRIDAY, APRIL 23.—TRENDS IN THE OIL INDUSTRY. The fact that conditions in the Oil Industry are becoming more no repetition. The separate trends and tendencies within that boom are, however, interesting and important. It is, therefore, an appropriate time for one of our periodical surveys of developments in the industry.

THE FINANCIAL NEWS

(Twopence Daily)

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OVERSEAS TRADE RETURNS

	IMPORTS (Value C.I.F.)		EXPORTS OF PRODUCE AND MANUF.	
	Month ended March 31	Three Months ended March 31	Month ended March 31	Three Months ended March 31
	1936	1937	1936	1937
I.—Food, Drink and Tobacco—				
A. Grain and Flour	5,548,247	8,147,449	14,888,369	22,069,744
B. Feeding-stuffs for Animals	688,647	1,040,954	2,191,609	2,836,066
C. Animals, Living, for Food	589,749	620,047	1,474,130	1,530,745
D. Meat	6,417,036	6,770,766	18,577,470	19,780,664
E. Dairy Produce	4,718,450	5,453,536	15,145,540	15,145,152
F. Fresh Fruit and Vegetables	3,576,622	3,321,502	8,940,089	8,982,628
G. Beverages and Cocoa Preparations	3,845,198	4,338,065	11,813,244	12,263,772
H. Other Food	3,414,506	4,364,045	11,270,687	11,635,089
I. Tobacco	1,355,561	1,057,825	4,374,190	3,130,218
Total, Class I	30,154,016	35,114,189	88,619,328	97,374,079
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	4,614	1,514	15,127	5,782
B. Other Non-Metalliferous Mining and Quarry Products and the like	346,278	374,832	901,199	1,018,885
C. Iron Ore and Scrap	867,921	725,859	2,176,671	1,826,767
D. Non-Ferrous Metalliferous Ores and Scrap	985,584	1,095,471	3,133,374	3,296,142
E. Wood and Timber	1,589,054	2,340,744	5,797,160	7,582,098
F. Raw Cotton and Cotton Waste	2,996,020	5,666,916	10,674,672	14,452,699
G. Wool, Raw and Waste, and Woolen Rags	5,314,768	5,154,674	14,466,901	15,981,400
H. Silk, Raw, Knobs and Noils	185,169	202,970	618,032	500,301
I. Other Textile Materials	1,027,934	1,371,541	3,602,725	4,709,894
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,599,197	3,422,922	7,564,245	9,342,025
K. Hides and Skins, Undressed	1,649,010	1,920,203	5,118,974	6,748,241
L. Paper-making Materials	677,092	749,975	2,622,556	2,907,682
M. Rubber	537,645	749,975	1,633,104	1,721,678
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	842,119	945,350	2,467,357	2,377,164
Total, Class II	19,553,315	24,983,533	60,792,097	72,840,758
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	11,530	20,460	30,833	59,008
B. Pottery, Glass, Abrasives, etc.	577,023	647,499	1,650,666	1,771,290
C. Iron and Steel and Manufactures thereof	1,030,460	951,427	2,907,191	2,538,245
D. Non-Ferrous Metals and Manufactures thereof	2,579,902	4,390,025	7,199,372	11,028,169
E. Cutlery, Hardware, Implements and Instruments	572,482	587,287	1,529,712	1,710,200
F. Electrical Goods and Apparatus	260,191	330,450	779,945	931,753
G. Machinery	1,516,744	1,915,670	4,012,274	5,431,784
H. Manufactures of Wood and Timber	582,295	581,381	1,754,883	1,700,131
I. Cotton Yarns and Manufactures	242,492	283,531	659,934	758,910
J. Woollen and Worsted Yarns and Manufactures	237,391	452,435	705,882	1,146,974
K. Silk Yarns and Manufactures	242,750	271,827	744,565	682,910
L. Manufactures of other Textile Materials	621,866	732,965	1,843,152	2,056,679
M. Apparel	992,476	1,188,715	2,523,746	2,786,535
N. Chemicals, Drugs, Dyes and Colours	1,148,600	1,119,313	3,057,896	3,181,801
O. Oils, Fats and Resins, Manufactured	3,226,828	3,879,547	8,693,048	9,461,052
P. Leather and Manufactures thereof	775,464	932,217	2,127,987	2,432,152
Q. Paper, Cardboard, etc.	1,203,130	1,242,904	3,574,322	3,455,278
R. Vehicles (including Locomotives, Ships and Aircraft)	597,659	697,473	1,468,807	1,760,990
S. Rubber Manufactures	51,050	79,396	158,964	193,553
T. Miscellaneous Articles wholly or mainly Manufactured	1,405,658	1,789,887	4,099,635	5,033,637
Total, Class III	17,875,991	22,094,409	49,522,814	58,133,891
IV.—Animals, not for Food	159,708	275,419	372,148	478,485
V.—Parcel Post	257,194	223,829	843,794	706,286
Total	68,000,224	82,691,379	200,150,181	229,533,479

to 25s. 6d. per 336 lbs. a week ago, as against 24s. 6d. to 26s. 6d. a week ago; "English White," at farm, 24s. 6d. to 26s. 6d., as against 24s. 6d. to 26s. 6d. a week ago; mixed Canadian feed (Vancouver), landed, 25s. 6d. per 320 lbs., as against 25s. 6d. a week ago.

MAIZE.—Maize prices have fluctuated to lower levels in the period under review. "May" futures were quoted on Wednesday at 126½ cents per bushel in Chicago, against 125½ cents a week ago and 108 cents last month. Quotations in London, Wednesday: "Plate," landed, 29s. 6d. against 29s. 3d. a week ago; "Plate," ex ship, 28s. 6d., as against 28s. 3d. a week ago; "Plate," ex wharf, was quoted at £7 10s. to £7 12s. 6d. per ton, as against £7 15s. a week ago.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-37:—

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	April 15, 1936	Dec. 30, 1936	April 7, 1937	Apr. 14, 1937
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	82½	84½	81½	129	147½	141½
Chicago (No. 2, Winter) —Cents per 60 lb.	98½	101½	98	185½	141½	137½

The visible supply of wheat in Canada amounts to 80,927,000 bushels, against 82,568,000 bushels last week, and 110,611,000 bushels in the corresponding week last year.

EXPORTS OF PRODUCE AND MANUF.

KINGDOM (Value F)

	EXPORTS OF PRODUCE AND MANUF.		KINGDOM (Value F)	
	Month ended March 31	Three Months ended March 31	Month ended March 31	Three Months ended March 31
	1936	1937	1936	1937
I.—Food, Drink and Tobacco—				
A. Grain and Flour	171,313	151,341	171,313	151,341
B. Feeding-stuffs for Animals	61,718	87,075	61,718	87,075
C. Animals, Living, for Food	457	442	457	442
D. Meat	103,294	89,334	103,294	89,334
E. Dairy Produce	88,551	68,236	88,551	68,236
F. Fresh Fruit and Vegetables	7,590	59,562	7,590	59,562
G. Beverages and Cocoa Preparations	1,070,184	1,081,881	1,070,184	1,081,881
H. Other Food	1,043,887	965,977	1,043,887	965,977
I. Tobacco	401,535	404,030	401,535	404,030
Total, Class I	2,948,529	2,907,881	2,948,529	2,907,881
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,162,298	2,651,709	2,162,298	2,651,709
B. Other Non-Metalliferous Mining and Quarry Products and the like	97,646	107,667	97,646	107,667
C. Iron Ore and Scrap	33,921	115,343	33,921	115,343
D. Non-Ferrous Metalliferous Ores and Scrap	185,632	300,417	185,632	300,417
E. Wood and Timber	8,235	8,000	8,235	8,000
F. Raw Cotton and Cotton Waste	109,304	91,469	109,304	91,469
G. Wool, Raw and Waste, and Woolen Rags	589,811	928,853	589,811	928,853
H. Silk, Raw, Knobs and Noils	946	379	946	379
I. Other Textile Materials	44,725	52,098	44,725	52,098
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	212,359	325,034	212,359	325,034
K. Hides and Skins, Undressed	168,775	186,616	168,775	186,616
L. Paper-making Materials	108,800	149,683	108,800	149,683
M. Rubber	16,125	29,681	16,125	29,681
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	313,306	316,720	313,306	316,720
Total, Class II	4,061,883	5,263,669	4,061,883	5,263,669
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	228,251	324,800	228,251	324,800
B. Pottery, Glass, Abrasives, etc.	668,037	896,137	668,037	896,137
C. Iron and Steel and Manufactures thereof	2,771,084	3,852,922	2,771,084	3,852,922
D. Non-Ferrous Metals and Manufactures thereof	1,204,424	1,655,289	1,204,424	1,655,289
E. Cutlery, Hardware, Implements and Instruments	681,673	745,641	681,673	745,641
F. Electrical Goods and Apparatus	827,737	979,816	827,737	979,816
G. Machinery	3,496,493	3,886,691	3,496,493	3,886,691
H. Manufactures of Wood and Timber	110,639	116,492	110,639	116,492
I. Cotton Yarns and Manufactures	5,349,212	6,016,920	5,349,212	6,016,920
J. Woollen and Worsted Yarns and Manufactures	2,793,120	3,088,572	2,793,120	3,088,572
K. Silk Yarns and Manufactures	103,957	112,185	103,957	112,185
L. Manufactures of other Textile Materials	1,553,542	1,746,129	1,553,542	1,746,129
M. Apparel	1,146,291	1,214,910	1,146,291	1,214,910
N. Chemicals, Drugs, Dyes and Colours	1,789,218	2,124,140	1,789,218	2,124,140
O. Oils, Fats and Resins, Manufactured	862,072	571,719	862,072	571,719
P. Leather and Manufactures thereof	355,868	435,885	355,868	435,885
Q. Paper, Cardboard, etc.	532,382	595,827	532,382	595,827
R. Vehicles (including Locomotives, Ships and Aircraft)	2,426,673	3,169,581	2,426,673	3,169,581
S. Rubber Manufactures	142,400	151,423	142,400	151,423
T. Miscellaneous Articles wholly or mainly Manufactured	2,087,110	2,572,851	2,087,110	2,572,851
Total, Class III	28,630,183	34,157,834	28,630,183	34,157,834
IV.—Animals, not for Food	60,535	77,275	60,535	77,275
V.—Parcel Post	808,422	1,062,864	808,422	1,062,864
Total	36,509,552	43,469,623	36,509,552	43,469,623

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the years 1933-34 to 1936-37:—

	1933-1934	1934-1935	1935-1936	1936-1937
Estimated sales of home-grown wheat—				
1 week to April 10	221,277	203,393	95,341	240,329
32 weeks to April 10	9,515,740	11,387,361	11,341,609	8,778,907
Average price of English wheat per cwt.	s. d. 4 5	s. d. 4 10	s. d. 6 5	s. d. 10 0

The following is a statement showing the quantities sold and the average price of British cereals in the past five weeks:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
March 13, 1937	Cwts. 205,919	117,276	59,383	s. d. 8 11	s. d. 9 9	s. d. 8 8
March 20, 1937	277,345	116,429	52,951	9 0	9 10	8 8
March 27, 1937	190,881	51,503	30,468	9 2	10 1	8 8
April 3, 1937	286,717	83,499	82,622	9 6	10 0	8 8
April 10, 1937	240,329	45,453	38,728	10 0	10 1	8 8

OTHER FOODS

BACON.—Under the influence of an active demand, Danish was marked up last week-end. The market has since had a steady tone. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 92s. to 96s.; Canadian, 88s.; Danish, 95s., against 92s. to 96s., 85s., and 92s. last week. Arrivals in London last week included: Danish, 14,077 bales; Canadian, 6,485; Dutch, 2,407; Lithuanian, 1,180; and Polish, 3,209; as against 13,435, 6,790, 2,303, 1,209 and 2,867 bales, respectively, in the previous week.

BUTTER.—A firmer tone ruled this week and prices show little alteration. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 105s.; Australian, choicest salted, 105s.; Danish, 115s.; compared with 100s., 100s., and 114s. to 116s., respectively, a week ago.

CHEESE.—English and Colonial makes were a firm market, prices being generally higher. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 89s. to 96s.; Canadian, finest coloured, 74s. to 75s.; and New Zealand, finest coloured, 68s., against 86s. to 92s., 74s. to 75s. and 65s. 6d. to 66s., respectively, a week ago.

COCOA.—The reaction in prices has continued. The spot quotation in New York on Wednesday was 9½ cents per lb., as against 10½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "April-May," was quoted at 45s. per 50 kilos, c.i.f. Continent, against 48s. 3d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 10,888 bags; delivered, for home consumption, 7,901 bags; exported, 200 bags; stocks, 260,390 bags, against 149,296 bags a year ago.

COFFEE.—The London spot market was steady. In New York quiet conditions ruled, with prices mainly unchanged. On Wednesday, Rio No. 7 (cash) was quoted at 9 cents per lb. in New York, as compared with 9 cents per lb. last week and 9½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered, for home consumption, 82 cwt.; exports, 12 cwt.; stocks, 2,482 cwt., against 11,657 a year ago. Central and other South American: Landed, 9,462 cwt.; delivered for home consumption, 4,279 cwt.; exported, 634 cwt.; stocks, 103,628 cwt., against 112,480 last year. Other kinds: Landed, 3,365 cwt.; delivered for home consumption, 6,733 cwt.; exported, 1,245 cwt.; stocks, 128,648 cwt., against 163,228 last year.

EGGS.—On the Tooley Street market prices were again easier this week. A better demand was, however, encountered at the lower level. At Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 9s. 3d. to 9s. 6d. per 120, as against 10s. to 10s. 3d. last week; while Danish (15½ lb.) made 8s. 3d. to 8s. 6d., as against 8s. 6d. to 8s. 9d. last week.

FRUIT.—Business at Covent Garden shows steady improvement, states *The Fruitgrower*, and certain special lines are receiving more attention. The influx of visitors for the Coronation is expected to have a favourable effect on the level of demand during the next month. Meanwhile, the apple trade continues active and prices good. Pears also remain in steady demand, prices for this fruit being well maintained. English forced strawberries, of good size and colour, sell well at prices ranging from 10s. to 20s. per lb. A few peaches have put in an appearance, and some French cherries have arrived. The good supplies of South African grapes clear satisfactorily, and melons are receiving attention. Plums from South Africa have now about finished, but those from Australia and Argentina are steady. Demand for grape-fruit has improved, and reliable parcels of oranges find a ready sale. All lemons are firm.

MEAT.—Business has again been on a somewhat quiet scale at Smithfield market this week. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. per 8 lbs., as compared with 3s. 8d. to 4s. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 2d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,616 tons, an increase of 335 tons on the corresponding week last year. Beef and veal accounted for 4,954 tons, mutton and lamb 2,906 and pork and bacon 1,095, as compared with 4,972, 2,656 and 1,131 tons, respectively, in the same week of 1936.

MILK.—Information relative to the operation of the Milk Marketing Scheme during March as issued by the Milk Marketing Board is given in the following table, together with comparable statistics for earlier months:—

	March, 1936	Dec., 1936	Jan., 1937	Feb., 1937	March, 1937
Regional pool prices* (per gallon) :	d.	d.	d.	d.	^ d.
Northern	12½	14	14	14	13½
North-Western	12½	14	14	14	13½
Eastern	12½	14½	14½	14½	14
East Midlands	13	14½	14½	14½	14
West Midlands	12½	14	13½	13½	13½
North Wales	12½	14	13½	13½	13½
South Wales	12½	14	14	14	13½
Southern	13½	14½	14½	14½	14½
Mid-Western	12½	14	14	13½	13½
Far Western	12½	13½	13½	13½	13½
South-Eastern	13½	14½	14½	14½	14½
Full milk price (per gallon, all regions)	17	17	17	17	17
Manufacturing price (per gallon, average)	5-793	6-254	6-249	6-26	5-824
			Million gallons		
Total sales under contract	74-05	63-61	64-15	60-00	69-45
For liquid consumption	47-54	47-30	48-14	45-02	49-17
For manufacturing	26-51	16-31	16-01	14-98	20-28

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, April 14th.

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, Etc.—				English King Edward				English Southdown, greasy, per lb.			
Wheat—				per cwt.				" Lincoln hog, washed			
No. 2, N. Man. 496 lb.				SPICES—				Queensland, scd. super cmg.			
Eng. Gaz. av., per cwt.				Pepper, per lb.—				N.S.W. greasy, super cmg.			
Barley, Eng. Gaz. av.				Black Lampong				N.Z., gray, half-bred 50-56			
Oats,				White Muntok				Crossbred 40-44			
Maize, La Plata, landed				Cinnamon—1st sort, per lb.				Tops—			
480 lb.,				Cloves—Zanzibar, per lb.				Merinoes 70's average			
Flour, Lon. stan. ex mill,				Ginger—per cwt.—				" 64's			
280 lb.,				African				Crossbred 48's			
Rice, No. 2 Burma, per cwt.				Jamaica, ord. to good				" 48's			
MEAT—				Mace,				MINERALS			
Beef, per 8 lbs.—				Nutmeg, 65's				COAL—			
English long sides				SUGAR—				Welsh, best Ad'ty., ton			
Argentine chilled hinds				(Duty, 11/8 per cwt.)				Durham, best gas, f.o.b.			
Mutton, per 8 lbs.—				Centrifugals, 96°, prpt.				Tynes			
English wethers				shipm., c.i.f. U.K./Cont.				Sheffield, best house, at			
N.Z. frozen				B.W.I., crystallised ..				pits			
Lamb, per 8 lbs.—				Java, white, c. & f. India				IRON AND STEEL—			
N.Z. frozen				Mace,				Pig, Cleveland No. 3, d/d.			
Pork, English, per 8 lbs.				Nutmeg, 65's				Bars, M'brough			
OTHER FOODS				SUGAR—				Steel rails, heavy			
BACON—				(Duty, 11/8 per cwt.)				Tin plates			
English				Centrifugals, 96°, prpt.				Copper, Electrolytic, ton			
Irish				shipm., c.i.f. U.K./Cont.				Sheets (strong)			
Danish				B.W.I., crystallised ..				Standard			
Dutch				Java, white, c. & f. India				Lead, Eng. pig., per ton			
HAMS—				Mace,				Soft foreign			
Canadian				Nutmeg, 65's				Spelter G.O.B.			
United States				SUGAR—				Tin—English ingots			
BUTTER—				(Duty, 11/8 per cwt.)				Standard cash			
Australian				Centrifugals, 96°, prpt.				MISCELLANEOUS			
New Zealand				shipm., c.i.f. U.K./Cont.				CHEMICALS—			
Danish				B.W.I., crystallised ..				Acid, citric, per lb., less 5%			
CHEESE—				Java, white, c. & f. India				Nitric			
Canadian				Mace,				Oxalic, net			
New Zealand				Nutmeg, 65's				Tartaric, English, less 5%			
English Cheddars				SUGAR—				Alcohol, Plain Ethyl			
Dutch				(Duty, 11/8 per cwt.)				Alum, lump			
COCOA—				Centrifugals, 96°, prpt.				Ammonia, carb.			
(Duty, British grown,				shipm., c.i.f. U.K./Cont.				Sulphate			
11/8; foreign, 14/- cwt.)				B.W.I., crystallised ..				Arsenic, lump			
Accra, f.f.				Java, white, c. & f. India				Bleaching powder, per ton			
Trinidad				Mace,				BORAX, gran.			
Grenada				Nutmeg, 65's				Do., powder			
COFFEE—				SUGAR—				Nitrate of soda			
(Duty, British grown,				(Duty, 11/8 per cwt.)				Potash—Chlorate, net ..			
4/8; foreign, 14/- cwt.)				Centrifugals, 96°, prpt.				Sulphate			
Santos sup. c. & f. cwt.				shipm., c.i.f. U.K./Cont.				Soda Bicarb.			
Colombian, good				B.W.I., crystallised ..				Crystals			
Costa Rica, med. to good				Java, white, c. & f. India				Sulphate of Copper, per ton			
East Indian				Mace,				CEMENT, best Eng. Portland, d/d. site,			
Kenya, medium				Nutmeg, 65's				London area, jute sacks, 11 to ton			
EGGS—				SUGAR—				(charged and credited at 1/8d. each) or			
English				(Duty, 11/8 per cwt.)				paper bags 20 to ton (free, non-return-			
Danish				Centrifugals, 96°, prpt.				able)			
FRUIT—Oranges—				shipm., c.i.f. U.K./Cont.				1-ton loads and upwards 39/- per ton			
Valencia				B.W.I., crystallised ..				and up to 4-ton loads 41/- per ton			
Jaffa				Java, white, c. & f. India				COPRA			
Lemons				Mace,				S.D. Straits c.i.f., per ton			
Sicilian				Nutmeg, 65's				DRUGS—			
Apples: Amer. (var.) bbls.				SUGAR—				Camphor			
(var.) boxes				(Duty, 11/8 per cwt.)				Japan, refined			
" Australian				Centrifugals, 96°, prpt.				Ipecacuanha			
Onions—				shipm., c.i.f. U.K./Cont.				HIDES—			
Valencia, case				B.W.I., crystallised ..				Wet salted—Australian			
Egyptian, bags				Java, white, c. & f. India				per lb.			
Grapes, Almeria, barrels				Mace,				West Indian			
Grapefruit, Jaffa				Nutmeg, 65's				LARD—			
" Amer.				SUGAR—				Irish finest bladders ..			
LARD—				(Duty, 11/8 per cwt.)				U.S.			
Irish finest bladders ..				Centrifugals, 96°, prpt.				These prices are for fuel oil for inland consumption—other than for use in Diesel-engined road vehicles—and do not include the Government tax.			
U.S.				shipm., c.i.f. U.K./Cont.							
				B.W.I., crystallised ..							
				Java, white, c. & f. India							
				Mace,							
				Nutmeg, 65's							

at a very high level or a very low one—will escape the new tax altogether. The tax is only payable on expanding profits; it is designed as a tax on prosperity.

There will be wide agreement that in the circumstances in which the country finds itself at present, it is sounder in principle to place the burden of the new taxation on profits, than to increase the Income Tax still further (which would directly hit the consuming power of the population) or to impose a miscellaneous collection of indirect taxes. In a period of expanding national income, profits always increase more rapidly than other varieties of incomes. Moreover, in the present incipient boom, profits are being swollen by the Government's heavy expenditure on armaments, which is precisely the occasion of the need for new taxation. The increasing burden should be on increasing incomes.

It cannot be denied, however, that the scheme, as briefly outlined by the Chancellor, is open to certain powerful objections which call for modification. Pending the issue of the Finance Bill itself, it is, perhaps inevitably, very obscure on a number of essential points and has caused uneasiness and hesitation in business circles.

Some of the obscurities were cleared up by Colonel Colville in Wednesday's debate. For example, it is made clear that both the assessment of profits and the assessment of the capital upon which the scale of taxation will depend, are to follow the precedent of the Excess Profits Duty; that is to say, debentures, loans and debts of a company will not be included in capital, while the profits subject to tax will be arrived at after deducting debenture and other charges. Profit will also exclude revenue derived from investments outside the business, which will also presumably be excluded from the assessment of capital. Broadly speaking, the method of assessing profits will follow the assessment for Income Tax, but, in order to avoid double taxation, the payment of the levy will be deducted before assessing Income Tax.

In one important particular, however, the new tax differs from the old E.P.D.; for the capital of every company will have to be assessed, whereas in the case of the war-time impost, this assessment was only needed in exceptional cases, notably where capital changes had taken place since the basic period. The accountants do not regard the assessment of capital as an insoluble problem, but to assess the capital of all the important concerns in the country on standard principles is a tremendous undertaking and full of pitfalls and anomalies. Is it or is it not to include goodwill? Clearly it would be difficult to exclude it, if it has been paid for. But what is to happen if goodwill has been built up over a period of years and is represented by disclosed or undisclosed reserves? Are the assets in the business to be reckoned at cost? If so, is there not the possibility of grave inequalities between Company A, which has bought its plant at top prices, and Company B, which has been capitalised when prices were low? The valuation problem is clearly one of the gravest difficulties which this proposal encounters, and may even prove to be a rock on which it will founder.

But assuming this difficulty overcome, there remains

the question whether in its present form the tax is or is not equitable. It is agreed that armament profits, which clearly cannot be fully controlled, even by the best conceived accounting devices in the purchasing departments of the fighting services, should contribute something to the Exchequer in time of special need. Other boom profits, which in some measure may also be the indirect result of the armament programme, may in equity also be asked for a special contribution. But, if it be granted that the new tax should fall on profits generally, there are two possible ways of levying it. One would be to place a graduated tax on profits which, whether rising or falling, are high relative to the capital employed. The other would be to tax any increase in profits, whether, after the increase, they are high or low. The new tax, though it contains elements of both principles, substantially follows the latter. And, in doing so, there is a real danger that it may press unfairly on firms which are struggling out of the depression, or on businesses which have made headway in recent years by special enterprise. For example, shipping, the cotton trade, the trades of the Depressed Areas, the new industries of this country which have been absorbing the employable population, will all be hard hit. In all these cases it is important that the flow of resources into development should not be too sharply checked, or the firms in question be prevented from reconstituting their proper reserves, by a tax rising to the very heavy figure of 33½ per cent.

These difficulties cannot be brushed aside by reference to the experience of the war-time E.P.D. That tax was itself full of thorny problems which became immensely more complicated when we passed from war to peace. In the Great War it was almost true to say that all profits were directly or indirectly due to war expenditure. Normal economic influences were suspended and the competitive fixing of prices and profits almost ceased. In peace time this is not the case; and to-day the rearmament programme is far from being the single dominating influence in the profits situation of this country.

If, therefore, the present tax is to become an instrument adapted to the present situation it needs to be much more supple and elastic than the old E.P.D. The suggestion that it should be confined to armament profits has been rejected by the Chancellor, and the decision would seem to be the right one, partly because it is so difficult to draw the line between what is and what is not armament profit, and partly because some profits which would be excluded by any definition might properly be asked for a Defence Contribution in the present circumstances.

If this larger view is accepted and it is sought to design the tax as an emergency profits tax, the exemption limit should not be based on years which for many firms are the bottom of the depression and make the tax a burden, not on prosperity, but on normal recovery. It is, for example, suggested that the two best years of the period 1933 to 1936 should be the chosen base. On the other hand, it would seem desirable to modify the exemption granted to all firms, however big or however prosperous, whose current profits do not happen to exceed those of a given period in the recent past. In other words, the exemption limit should be below the figure of the standard period in cases where the return to capital was already high in that period. There is also a strong case to be made for a modification of the rates proposed which will grade the burden more smoothly.

These and many similar problems must be dealt with if the tax is to be forged into the instrument Mr Chamberlain is seeking; and it is clear, therefore, that Parliament has a severe and responsible task ahead of it. But if amendments are made on the lines suggested, we may succeed in devising a workable compromise between a pure tax on growing profits and a tax on high business profits, which would be a valuable complement to the standardised graduations of the present tax system.

Dove and Olive Branch

THE waters of tribulation which overwhelmed the world are at last subsiding. The ark of peace is slowly settling down. Mr LANSBURY has flown to Berlin and come home with an olive branch. The importance of his trophy does not lie in its size or substance, but in the evidence that the waters really are abating from off the earth. It is a tiny branch; yet we like it a good deal better than the leaf which SIGNOR MUSSOLINI rather aggressively poked at us the other day from off the points of eight million bayonets. MR LANSBURY was able, on Monday, to make the following statement with HERR HITLER'S approval:—

Germany will be very willing to attend a conference and take part in a united effort to establish economic co-operation and mutual understanding between the nations of the world if President Roosevelt, or the head of another great country, will take the lead in calling such a conference.

A sceptic will point out that on the morrow of the German military reoccupation of the Rhineland on March 7th last year, HERR HITLER positively threw at our heads the offer of a general European settlement, without waiting for MR LANSBURY or anyone else to coax it out of him. Then, when this lure had served its immediate purpose of tiding us over the shock, it was almost impudently withdrawn from under our noses. Last year's offer turned out to exclude Russia and to be limited, in effect, to the western corner of the continent. MR LANSBURY confessed on Monday, when tackled on the point, that "we didn't discuss the question whether Germany would refuse to participate in such a conference if Russia were to come in." Now it is just as true this year as it was last year that, unless Germany is willing to come to terms with Russia, Europe cannot have peace. But it is by no means certain that the intransigence towards Russia which was HERR HITLER'S mood then is still his mood to-day. DR SCHACHT, at Brussels last week, said he would certainly collaborate with Russia in an international economic agreement for expanding trade.

In the past twelve months a great deal has happened to change HERR HITLER'S outlook. The progress of German rearmament has been beset with increasing financial and economic difficulties—by a formidable rise in world prices, last but not least. Great Britain has thrown herself into an armaments race in which she threatens to outstay the runners who have already loped three times round the dust-and-ashes track. Intervention in Spain has proved a disappointment. The policy of divide and conquer in Eastern Europe has begun to drive the threatened countries into presenting something like a united front against impending aggressors. In short, the dictatorial technique in its application to international affairs has begun—as we have been steadily pointing out—to bring in diminishing returns.

On this showing, the HITLER-LANSBURY statement ought to be taken seriously and followed up on our side with vigour and sincerity. The worst that can befall us is another disappointment, while the best that we have a chance of gaining is the supreme good: a stable peace. Nor need HERR HITLER (and this is also for SIGNOR MUSSOLINI'S ear) have any fear that a peaceward move on his part will be interpreted on our side as a sign of weakness, or maliciously taken advantage of in the hope of getting him on the run and making him cut a poor figure in his own people's eyes. As MR BALDWIN told

the House of Commons on Thursday, at any moment we are ready to build a golden bridge if there is a reasonable prospect that the dictators will join us in walking arm-in-arm across it.

It is a happy coincidence that at this moment HERR ROSENBERG'S (we will not now say HERR HITLER'S) eastern prospects are less bright than they were a few months ago—and this notwithstanding DR STOYADINOVITCH'S recent deviation from the straight line of the Little Entente. The policy of the PRIME MINISTER of JUGOSLAVIA is not the policy of his countrymen, as they showed demonstratively in the reception they accorded PRESIDENT BENEŠ when he visited Belgrade for the Little Entente Conference three weeks ago. Moreover, the *rapprochements* of Vienna, Budapest and Bucarest towards Prague count for much more, taken together, than the falterings of Belgrade. Austria's determination to be a thing-in-herself grows daily more evident; and DR VON SCHUSCHNIGG was undoubtedly speaking the mind of a majority of his countrymen when he declared on April 15th at Eisenstadt that an *Anschluss* with Germany and a restoration of the Habsburgs were not the only two alternatives that Austria had before her. He will probably tell the DUCE at Venice this week-end that Austria must settle her own destiny.

As for Hungary and Roumania, the Reichsdeutsch Nazi fomentation of local native Nazi movements has overreached itself in both countries almost simultaneously. Last week we recorded KING CAROL'S and M. TATARESCU'S forced counter-stroke against PRINCE NICHOLAS and the Iron Guard. Now comes corresponding news from Hungary. On Friday of last week the so-called "National Will" Party was dropped upon by the Government. In both countries Nazism has evoked a national reaction against it when it has been found to stand for subservience to Germany and not, after all, for a Hungarian or Roumanian super-patriotism. M. DARANYI has already drawn the moral and is steering a course that leads towards collaboration with the succession States. These will surely have the sense to acquiesce in the re-armament of Hungary now that she is shelving her claims to treaty-revision, and now that Germany and Austria have unilaterally rearmed. In Roumania, M. TATARESCU—or will it once more be M. TITULESCU?—will probably come to terms with Russia by entering into a pact with her in exchange for a Russian recognition of Roumania's title to Bessarabia. And Poland, already Roumania's friend and ally, may be led to look at the world still more nearly with the eyes of the Little Entente by her concern over the reign of Nazidom in Danzig and over the approaching demise of the Upper Silesia Convention.

In these subsiding European waters the political fishing is already much less promising for Germany and Italy than it was a short while ago. If Germany is still thinking of making herself mistress of Danubia, she must face the fact that she cannot now hope to achieve this by DR SCHACHT'S economic acts alone. Arms are needed to do the trick to-day; and that is an adventure for which, we believe, the German people has no stomach.

In a time of transition it is sometimes prudent to change one's prophet. We again should like to suggest to HERR HITLER, with all respect and sincerity, that if he did now drop HERR ROSENBERG and take up MR LANSBURY, he would be making a very good bargain for his country and for himself.

THE BUDGET

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Housing in Britain

THERE are two aspects of Britain's housing problem. The first is the existence of bad houses; the second, the existence of overcrowding. The problem is now executive and financial, not legislative. Since the passing of the 1935 Housing Act, the primary responsibility for its solution, in the interests of national health and decent standards of living, has passed from Parliament to the Government and the local authorities. What are the main features of the Government's policy? How much has been done, and what still remains to do?

The Government's policy has three principal lines of attack. The most spectacular is the slum-clearance programme, inaugurated in 1933. Under this programme approximately 300,000 houses were to be cleared and replaced in the ensuing five years. According to the latest returns, orders for the demolition of 120,000 houses have been confirmed by the Minister of Health, and 109,000 new houses have actually been completed. The rate of "ex-slum" building is nearly 60,000 a year, and seems to be increasing. The process of slum-clearance, from the original resolution to demolish a given area to the completion of the replacement houses, usually takes anything up to two years to accomplish. There is therefore a reasonable possibility that the 300,000 new houses stipulated in the Government's programme may be finished and occupied by 1939 or 1940.

This, so far as it goes, is gratifying. There is a tendency, however, on the part of some Government supporters, to treat the completion of this programme as being synonymous with the end of the slum problem in Great Britain. This suggestion requires to be refuted as strongly as possible. It might, perhaps, be near the truth in the case of certain of the smaller towns and in rural areas; but anyone who is acquainted with housing conditions in the large industrial cities knows that only a fraction of their slums have been included in their programmes. In their case, the programme figures have as a rule contained merely as many of the worst houses as were capable of being demolished and replaced in the course of five years. Although no decisive figures are available at the moment, one informed estimate has put the total number of houses which could be condemned without any raising of the current standards at as many as 1,000,000.

The second part of the Government's policy is concerned with the building of houses to relieve overcrowding. Before the 1935 Act was passed, the Government had been severely criticised for bringing to an end the earlier Wheatley legislation (passed during the first Labour administration), under which local authorities could build working-class houses for letting. It was urged that, so long as a widespread shortage of houses remained, the Government had deprived working-class tenants of the only source from which their housing needs could be satisfied. Meanwhile, building by private enterprise was practically confined to the erection of houses for sale at prices beyond the means of working-class tenants. The 1935 Act has partially met this criticism, since local authorities will now be able to build at any rate a certain number of houses to let. The subsidy which this Act provides should enable the large, poor families, who constitute the most difficult part of the overcrowding problem, to be rehoused. But as yet building under the 1935 Act has hardly begun. The preliminary stage in its application was the holding of a nation-wide overcrowding survey, as a result of which 340,000 dwellings were declared to be overcrowded. Unfortunately, however, this figure is largely vitiated in the eyes of housing reformers by the fact that the standard utilised to test overcrowding was very low,

and allowed living-rooms to be used for sleeping purposes. A very different result would have been produced by the adoption of a standard more in accordance with the needs and habits of the people. Such a standard might well have raised the total of overcrowded dwellings to 800,000 or 900,000, or even more. The Minister of Health has already admitted that the standard of the 1935 Act is not to be taken as an ultimate one. The fact remains, however, that its use has led once again to a tendency to underestimate the size and gravity of the housing problem. Finally, the Government's housing policy has a third item—building by private enterprise. Private building has been phenomenally active during the last three years, and the total number of new houses erected has averaged over 250,000 annually. To-day the saturation point is probably not far off. Though most of these houses are not of a large type, only a small proportion—during 1936 about 33,000—were built for letting, and the majority are not suitable for working-class tenants, except, possibly, for a relatively small number of the better-paid workers. The middle-class demand for houses is not sufficient to maintain a rate of building at this level indefinitely. There is reason to believe, therefore, that private building forms an unstable element in the present situation, and a fall of considerable dimensions may soon occur.

If such a fall is actually experienced, there are three possible alternatives for the future. Private builders may turn to the production of working-class houses. Alternatively, there may be a slump in the building trade, with heavy unemployment; or, finally, increased local authority building, either for the relief of overcrowding or for slum clearance, may take the place of private building. But the present overcrowding programme is estimated to require the building of only 200,000 to 250,000 houses altogether; and such a number would hardly provide an adequate offset to a serious decline in private building for any length of time. The number of workers in the building trade has grown from 884,000 to 1,020,000 in the last three years, and the capacity of the building trade is now greater than it has ever been. A good deal of building of a non-residential character is being undertaken, and it may be expected to increase still further, given the continuance of industrial activity. But it can hardly be expected to take up all the slack from a decline in residential building.

Until the 1935 Act is in full operation, it will probably be premature to attempt to pass a final judgment on the Government's housing policy. The slum-clearance scheme seems to be on the way to achieving a fair measure of success, within the limits marked out for it; but the results of the Government's policy under other heads appear more doubtful. There is still a regrettable tendency to underestimate the amount of work to be done. Courageous measures are conspicuously absent. For example, nothing has been heard recently of the possibilities of decentralisation by the creation of self-contained garden cities, a step which many experts regard as the true solution of many of the most formidable problems brought about by excessive urban growth. Nor has anything been done to cheapen the cost of building by central purchasing or through increased standardisation. No serious steps appear to be contemplated to control the location of industry, or to regulate the growth of Greater London. For the present, then, the conclusion must be that while a degree of progress is being made towards a solution of the housing problem, this progress is being achieved in a rather haphazard way; and it is adding considerably to the enormous built-over and semi-urbanised areas of Great Britain.

The Budget Accounts

BUDGET speeches follow a classical pattern, aptly described by Mr Attlee on Tuesday as "financial strip-tease," in which the House of Commons is kept "in tantalising expectation of what is to come." The Chancellor first surveys the experience of the past year, then estimates in turn expenditure and revenue for the year to come; only finally does he distribute the potential surplus or impose taxation to cover the prospective deficit. In the first of our tables we amalgamate two of these stages, considering together the actual expenditure of the past year and the estimated expenditure of the current year 1937-38:—

EXPENDITURE (£'000's omitted)				
	Budget Estimate 1936-37 (1)	Actual Issues 1936-37 (2)	Budget Estimate 1937-38 (3)	Col. (3) compared with Col. (2) (4)
Consol. Fund Services:—				
Interest and Management of Debt	224,000	210,873	224,000	+ 13,127
Payments to N. Ireland	7,500	7,996	8,000	+ 4
Other Cons. Fd. Services	3,200	3,240	3,200	— 40
Post Office Fund	600	420	300	— 128
Total	235,300	222,529	235,500	+ 12,971
Supply Services*:—				
Army Votes (including Ordnance)	49,321	54,846	63,703†	+ 8,857
Navy Votes	69,930	81,092	78,065†	— 3,027
Air Votes	39,000	50,134	56,500†	+ 6,366
Margin for Supplementaries	20,000	...	...	...
Total Defence Services	178,251	186,072	198,268†	+ 12,196
Civil Votes	365,254	367,711	405,184§	+ 37,473
Margin for Supplementaries	5,600	...	10,000	+ 10,000
Revenue Votes	13,492	13,447	13,896	+ 449
Total Supply Services*	562,597	567,230	627,348†	+ 60,118
Total Ordinary Expenditure	797,897	789,759	862,848†	+ 73,089
New Sinking Fund	...	13,127	...	— 13,127
Total	797,897	802,886	862,848†	+ 59,962
Self-Balancing Expenditure:—				
Post Office	69,344	71,880	75,198§	+ 3,318
Road Fund	26,500	27,427	†	— 27,427
Total	95,844	99,307	75,198	— 24,109
Total Expenditure ...	893,741	902,193	938,046†	+ 35,853

* Excluding Post Office. † Excluding sums, aggregating £80,000,000 for all the Defence services, to be met out of Defence Loan. ‡ Now included in Supply Services. § Expenditure on Broadcasting, amounting to £2,870,000, is omitted from Civil Votes and included in Self-Balancing Expenditure.

The Chancellor's comments on expenditure, past and prospective, contained nothing of particular moment. The Fixed Debt Charge is to be put once more at £224 millions. As the Chancellor remarked, there would be something illogical in instituting a sinking fund in a year when £80 millions is to be borrowed. Power is to be taken to borrow for the statutory sinking funds, and also to omit the provision, mandatory under the existing law, for debt redemption equal to last year's deficit. Following his own recent precedents, Mr Chamberlain made provision for Supplementary Estimates expected in the course of the year. But this provision is confined to the Civil Estimates, and amounts to no more than £10 millions, which is less than was expected. The Defence Estimates are apparently considered to be ample. When the sums to be borrowed are included, the increase amounts to almost exactly 50 per cent, and the depen-

ments may have difficulty in attaining this rate of expenditure unless they are confronted by heavy increases in prices.

There has been a re-organisation of the self-balancing chapter, as the result of the decision to end the autonomy of the Road Fund. Road expenditure is brought into the Supply Services. It is estimated at £28,500,000, but the balance in the Road Fund on March 31st last of £5,000,000 is to be appropriated against the expenditure (the final "raid on the Road Fund"), as also is £1,000,000 expected to be gathered during this year in fees and fines, leaving a net figure of £22,500,000. On the other hand, the expenditure on Broadcasting, amounting to £2,870,000, is to be counted as self-balancing, although it also appears in Class 4 of the Civil Estimates.

The next stage is to estimate the yield of revenue on the existing basis of taxation:—

REVENUE (£'000's omitted)				
	Budget Estimate 1936-37 (1)	Actual Receipts 1936-37 (2)	Estimate for 1937-38 on existing basis of taxation (3)	Col. (3) compared with Col. (2) (4)
Inland Revenue:—				
Income Tax	259,000	257,237	275,000	+ 17,763
Surtax	56,500	53,540	58,000	+ 4,460
Estate, etc., Duties	89,000	87,990	89,000	+ 1,010
Stamps	27,000	29,140	29,000	— 140
Other Revenue	1,500	1,730	1,500	— 230
Total Inland Revenue	433,000	429,637	452,500	+ 22,863
Customs	207,525	211,282	219,850	+ 8,568
Excise	110,000	109,500	113,150	+ 3,650
Total Customs and Excise	317,525	320,782	333,000	+ 12,218
Motor Vehicle Duty (Exchequer share) ...	5,000	5,300	34,000*	+ 28,700
Total Tax Revenue ...	755,525	755,719	819,500	+ 53,781
Post Office (net receipt)	11,256	10,970	11,800	+ 830
Post Office Fund	...	100	...	— 100
Crown Lands	1,350	1,350	1,350	...
Sundry Loans	5,000	4,550	4,300	— 250
Miscellaneous Receipts	25,250	24,600	11,000	— 13,600
Total Ordinary Revenue	798,381	797,289	847,950	+ 50,661
Self-Balancing Revenue:—				
Post Office	69,344	71,880	75,198	+ 3,318
Road Fund	26,500	27,427	†	— 27,427
Total	95,844	99,307	75,198	— 24,109
Total Revenue	894,225	896,596	923,148	+ 26,552

* Whole proceeds of Motor Vehicle Duty now go to Exchequer.

Mr Chamberlain's estimates of the yield of revenue are liberal, without being precisely optimistic. Thus Income Tax is expected to show an increase of over £18 millions. Surtax, in spite of (or possibly because of) the disappointing yield of 1936-37, is to produce nearly £4½ millions more. The estimate for Death Duties is put back to last year's Budget figure. Customs and Excise are both expected to show substantial increases. Of the total expected increase under this head of £12,218,000, beer is expected to provide £2.4 millions, tobacco £2.4 millions, oil £2.5 millions, the Import Duties Act £2.1 millions, and the recently-imposed beef and veal duties £2.5 millions. The only other feature of interest in the table is the estimated decline in Miscellaneous Receipts from £24.6 millions to £11.0 millions. The Chancellor

remarked that this item had been swollen in recent years by non-recurrent receipts, and that it was always subject to considerable fluctuation. As already explained, however, the annual "raid" on the Road Fund is now included as a set-off against expenditure, although in 1936-37 it figured as a Miscellaneous Receipt.

These estimates of revenue and expenditure left the Chancellor with a prospective deficit of £14,898,000 to be met by fresh taxation. Before proceeding to his major proposals, he announced a few minor adjustments. The most important of these was a new provision directed against "bondwashing," or the sale of bonds cum dividend and their immediate repurchase ex dividend. The difference between the two prices has hitherto been considered as capital, and, for many recipients, has not been subject to income tax. There is also to be further tightening-up of the law in regard to one-man companies. The import duty on hops is to be continued, and minor changes are to be made in the Customs duties to implement the Anglo-Canadian Trade Agreement. Finally, as previously foreshadowed, the Male Servants' Licence Duty is to be abolished.

None of these small changes is expected to have any perceptible influence on the revenue, and the Chancellor turned for the major part of the needed revenue to the Income Tax, "the one source of revenue to which all Chancellors look in time of trouble and which has never yet failed them." The standard rate is to be raised by 3d. to 5s. in the £. This will produce £13 millions this year and £15 millions in a full year. There were no changes in the allowances.

The gap was now reduced to the "trifling figure" of £1,748,000, and probably most members of the House thought that the Budget of 1937 was virtually finished. But Mr Chamberlain's biggest surprise—and that a sensational one—was still to come. Explaining that defence expenditure was likely to be "very much heavier" in the next two or three years than in the present year, although borrowing on the maximum scale was already contemplated, the Chancellor described his search for "some device capable of growth in itself, but easily adjustable." He claimed to have found it in the National Defence Contribution, to be levied on the growth of business profits in the present upward phase of the trade cycle. This new tax, which bears a very strong resemblance to the war-time Excess Profits Duty, is fully explained and discussed elsewhere in this issue, and it is necessary here only to mention that it is expected to bring in no more than £2,000,000 this year, but "a yield of the important order of £20 millions to £25 millions next year."

War at Sea

WARS have been fought on land and sea almost since the dawn of history; but the conquest of the air has within one generation added a new sphere to warfare. This has produced three striking changes. First, it has added 50 per cent. to the total expenditure of the fighting services; for a third arm has to be provided; and 40 first-line planes, if we allow for their rapid obsolescence, are equivalent in cost of construction, upkeep and the personnel to one battleship. Secondly, it robbed maritime, island Powers, like Japan and Britain, of their inviolability, and engendered a nervousness unknown to them for many centuries. No insular Great Power can now reckon itself safe with a big navy, as it did before 1914. Lastly, the aeroplane may profoundly change the character of war at sea.

It is scarcely surprising, therefore, that Western nations have tried to cover themselves against all risks in the bomber versus battleship controversy by building up increased supplies of both. At a time when the bombing aeroplane has increased in size and performance warships have become larger, more powerful and more costly. A modern navy imposes a heavy economic burden on countries whose possessions, communications, trade and material welfare demand the maintenance of

The Budget was thus balanced, as shown in the final table:—

I.—ORDINARY REVENUE AND EXPENDITURE, 1937-38	
ESTIMATED REVENUE	ESTIMATED EXPENDITURE
£ Mn.	£ Mn.
<i>Inland Revenue</i> —	<i>Interest and Management of National Debt</i> 224.0
Income Tax 288.1	<i>Payments to Northern Ireland Exchequer (including net share of reserved taxes)</i> 8.0
Sur-tax 58.0	<i>Miscellaneous Consolidated Fund Services</i> 3.2
Estate Duties 89.0	<i>Post Office Fund</i> 0.3
Stamps 29.0	
Other Inland Revenue	
Duties 1.5	
National Defence Contribution 2.0	
Total Inland Revenue 467.6	Total 235.5
<i>Customs and Excise</i> —	<i>Supply Services</i> —
Customs 219.8	<i>Defence</i> —
Excise 113.1	
Total Customs and Excise 333.0	Army 63.7
<i>Motor Vehicle Duties</i> ... 34.0	Navy 78.1
	Air Force 56.4
Total Receipts from Taxes 834.6	Total 198.2
Post Office net receipts 11.8	<i>Civil</i> —
Crown Lands 1.3	I. Central Government and Finance 2.6
Receipts from Sundry Loans due to British Government 4.3	II. Foreign and Imperial 8.9
Miscellaneous 11.0	III. Home Department, Law and Justice 23.9
	IV. Education (excluding Broadcasting) 59.9
	V. Health, Labour, Insurance (including Old Age and Widows Pensions) 170.2
	VI. Trade, Industry and Transport 31.4
	VII. Works, Stationery, etc. 9.9
	VIII. War Pensions and Civil Pensions 43.9
	IX. Exchequer Contributions to Local Revenues 54.5
	Total 405.2
	MARGIN FOR CIVIL SUPPLEMENTARY ESTIMATES 10.0
	Tax Collection 13.9
	Total 627.3
	TOTAL EXPENDITURE 862.8
	Surplus 0.2
TOTAL REVENUE 863.1	GRAND TOTAL 863.1

* Exclusive of amounts estimated at £80,000,000, to be met from borrowed moneys under the Defence Loans Act, 1937.

II.—SELF-BALANCING REVENUE AND EXPENDITURE

Post Office—Revenue to meet Post Office expenditure (£72,328,000) and Broadcasting (£2,870,000) £75,198,000

The small surplus of £252,000 is, of course, a purely formal figure. It should also be borne in mind that the sum of £80 millions to be raised by borrowing has been omitted from the figures of expenditure throughout this article.

sea power. The following table gives some idea of its growth in the last half-century:—

NAVAL ESTIMATES (£ millions)§								
Year	Great Britain	France	Germany	Italy	Japan	U.S.A.	Russia	Total
1886	13½	7½	2½	3½	...	3½	4	34½
1900	27½	12½	7½	4½	...	10	9	71
1912	44	17	22	8½	9½	26	17½	144½
1934	55½	22	...	15	41½	57½	...	191½
1937	105½	42½	30*	30*	42	105	...	354

§ Converted at rates current in each year. * Estimated; Budgets are not published. † Negligible. ‡ Including expenditure from loans. || Unknown.

Great Britain is spending eight times, and the world's seven largest Powers more than ten times, as much to-day as in 1886. The mass of a navy—the ships of the line, which give battle—has gradually become composed of fewer, but bigger, ships. A larger proportion of total sea-power is represented by cruisers for raiding merchantmen and bases, and by flotillas of smaller offensive and defensive craft—torpedo-boats, destroyers, submarines and motorcraft. After the last war two innovations appeared. The first were giant battle-cruisers of 45,000 tons, cost-

ing more than £7,000,000 each, with very high speeds and armaments. The second were aircraft carriers, costing almost as much apiece, whose duty was to act both as antennae carrying the eyes of the fleet, and as long-distance aerial weapons. The lapse, last year, of the system of limitation on the naval armaments of the naval Powers, fashioned at Washington in 1921 and extended at London in 1930, has started another naval arms race at a juncture when the rôles of capital ships, battle-cruisers, naval aircraft, submarines, and modern light surface-craft are still largely competitive and, in any case, indeterminate.

Moreover, another factor in the increasing cost of navies is the growing complexity of ships and their armament. So far, the heaviest guns have remained at 16 in. calibre, and in the latest capital ships laid down by the French, Italian, German, Japanese and British Governments they are no bigger than 15 in. calibre. Negotiations have been proceeding between the chief naval Powers to make 14 in. the biggest calibre for the future, but Japan's unwillingness to agree has just condemned these discussions to sterility. Meanwhile, modern armour-plating, munitions, anti-aircraft guns and shells, wireless, electrical and range-finding apparatus, fuel and firing equipment, motors and turbines all render the cost of the finished product many times more than that of its pre-war prototype. Finally, this factor has greatly multiplied the cost of maintaining the necessary equipment in those naval bases abroad on which battle fleets must depend now that so many maritime nations are potential disputants of sea power.

At sea, the last war provided few revolutionary lessons in strategy or tactics—apart, perhaps, from the use of submarines for blockade. There was at the outset a good deal of raiding by German cruisers; but the mass of the German navy emerged only for the inconclusive Jutland engagement, which provided no data for estimating the effect of large-scale intervention by aircraft. Accordingly, no Admiralty—and no Air Ministry—yet knows how vulnerable the mass of a navy may prove to aerial attack. Clearly, a battle fleet, or a merchant convoy, in confined waters within reach of an enemy air base—and that zone is to-day, for heavy bombers, a circle of 600 miles' radius from the base—is far more vulnerable than a cruiser squadron; whereas cruisers proceeding out of formation, or a battle fleet on the high seas, will be safer from aerial attack. The English Channel, the Mediterranean highway, and narrows like those at Gibraltar, Suez, the Red Sea, Dardanelles, Sea of Marmora, the two Baltic Belts, the China Sea and Straits of Korea—all these are commercial highways; and both merchantmen and warships using them will be vulnerable to aerial attack, unless they operate in such narrows only at night. On the other hand, it is difficult to identify ships from anything like a safe height. A direct hit on a neutral ship might prove as costly in a future war as the sinking of the "Lusitania" in the last; and the aerial bombardment of ships in the recent Greek and Spanish rebellions affords no experience on which major decisions of naval strategy or tactics can usefully be based, owing to the absence of modern artillery defences and of supporting fleets.

But the threat of aerial bombardment has raised a most important question on the future of war at sea. Each naval Power favours those categories of ships which best serve its geographical and strategical situation. Minelayers are mainly employable for defence of coasts near home or near bases abroad; submarines for blockade in the same zones of operation; cruisers and destroyers for conveying and for curtaining a battle fleet. But the battle fleet itself—to-day the vestigial mass of former navies—is reserved for major decisions, e.g. the destruction of the mass of the enemy's navy if battle is offered. This mass has become very costly; and since the Russo-Japanese war of 1905 no opposing battle fleets have fought a wholly decisive action. The stronger naval Powers, with their eyes on their commerce and their heavy battle fleets, are fast seeking and equipping new naval and aircraft bases in strategical positions: Britain at Alexandria, Cyprus, Singapore and Simonstown; and the United States at Guam,

still retaining the Philippines; Japan has fortified her mandated Pacific islands north of the Equator, and seeks to extend her influence in the Dutch East Indies. The greater naval Powers are also increasing their cruiser strength; for example, the British Navy will soon possess the seventy cruisers demanded by the Admiralty in the Preparatory Disarmament Commission at Geneva ten years ago.

These signs of the times are vague portents of revolutions in strategy which will probably only be consummated if the world is scourged by future wars at sea. For the moment we may note that the heavy central mass of navies still remains, with a capacity of gunfire which can still force decisions in major sea battles provided an engagement is allowed to take place. After victory in such an engagement, a battle fleet would have its enemy's remaining naval forces at its mercy—and therefore the control of the seas, however many miles away from the enemy's coasts and air bases it then instituted its blockade. At present, however, it seems more likely that a future naval war will—at least for some time—be confined to naval and aerial raids on, and defence of, communications; by warships no heavier than cruisers, and aircraft operating from land bases. From such engagements, capital ships and battle-cruisers will be excluded—save as "mother-ships"—because of their value as the outer defences of strategic bases. They will be moved as floating fortresses from one land base to another as tactical considerations demand—the battle-cruisers being the most mobile, and therefore quickly disposable for emergency reinforcements. Aircraft, submarines, and the new light surface-craft will for some time need to operate mainly within a given radius of their bases; and if battle fleets never offer or accept battle, their accompanying protective craft, both aerial and surface, will only be able to skirmish.

Thus, in future warfare at sea, no decisive advantage for either side can as yet be prophesied on the basis of the kinds of naval armament they possess. The construction of new "tall ships," coupled with the development of more numerous naval and air bases abroad, seems likely to keep vital communications open on the high seas for adequate supplies. In narrow European waters (including the Mediterranean) British, German, Italian or French communications would be seriously threatened in a war in which any of these Powers were opposed. In the Mediterranean a major engagement between battle fleets would necessarily have to lead to a naval decision; after which, blockade or evacuation would follow.

In essentials, naval strategy has not altered very much since 1900. The size of the ships, and guns themselves, is still decided by mutual tacit agreement. One naval Power cannot steal a march on another. Blockade is still pre-eminently a task for the main fleet, since the main fleet can impose a blockade beyond range of enemy bases. Only in the case of virtually contiguous countries—e.g. France and Germany, Germany and Britain, France and Italy—can submarine blockade again attempt to smash the convoy system; and to-day, as we pointed out in an article on February 27th (page 455), the new aerial arm will effect much more damage on an enemy's docks, railways and commissariat system than submarine blockade, with its attendant risks, could accomplish against his shipping. The main brunt of a future war would fall from the skies at the start, on every participant. The function of navies remains the safeguarding of vital communications with overseas sources of supply. To a great extent, air forces can now protect a maritime country against invasion from the sea; and navies will probably remain relatively immune from the air arm in safeguarding overseas communications—immune, at least, by comparison with towns, docks and railways at home. But navies may find that the greatest threat of the aeroplane is not against the warship, but against its function. If air forces can lay the docks and harbours of Britain, France, Germany, Italy and Japan in ruins, they may render the function of their navies supererogatory.

Notes of the Week

The Move for Freer Trade.—So far, the sum total of the British Government's contribution to the rapidly spreading movement for freer trade has been their lame concurrence in the French proposal that M. van Zeeland, Prime Minister of Belgium, should be charged to investigate the necessary preliminary steps towards it. The Government's policy, in brief, is to explore avenues and leave no stones unturned. Meanwhile, M. van Zeeland, an economist of high standing, whose perception of the political importance of reducing the hindrances to international commerce has long been known, has charged M. Maurice Frère, former adviser to the Austrian National Bank, with the task of sounding other Governments on the possible measures. M. Frère, himself a distinguished economist from the Belgian Foreign Office, has been in Paris this week; and M. van Zeeland has been invited by President Roosevelt to Washington in a few weeks' time. President Roosevelt, Mr. Secretary Cordell Hull, M. Blum in France, M. van Zeeland in Belgium, Dr. Colijn in the Netherlands, Hr. Sandler in Sweden, Hr. Stauning in Denmark, their colleagues in Norway and Finland, and President Benes and M. Hodza in Czechoslovakia, are all of one mind: that the critical moment has arrived to ease political tension in Europe by relieving economic tension, and by expanding both the trade and the economic collaboration of like-minded nations. The prospects of its achievement depend absolutely on the attitude of the British Government. If they adopt, in the boom conditions of 1937, the same narrow conception of British interests as they adopted at Ottawa in the trough of depression five years ago, the blow will be worse, and more costly in the long run, than the Ottawa blow in 1932. And the political implications of that have been disturbing enough, in all conscience, in the last five terrible years.

"Shells—without Profits."—The alleged rejection by the War Office of an offer by Messrs Ransomes and Rapier to make shells for the Government without profit was again raised this week by the letter of Sir Thomas Inskip, Minister for Co-ordination of Defence, to Mr T. Johnston, M.P. The latter had been through the correspondence with Sir Thomas since the matter was first raised in the Commons on March 24th. Last July the company were invited to tender. On July 17th they wrote to the Secretary for War stating that they would fulfil contracts "without profit at all to ourselves, assuming that full depreciation and oncost charges will be allowed." This certainly meant that rises in costs should be covered, as well as costs involved if capacity should be improved or extended; and it equally meant that the firm would forgo what anyone, including the Army Contracts officials, would understand as their profit. "In other words," said the company, "we shall work neither at a profit nor at a loss." This would not have been as beneficial a basis to them as that on which all other Government contractors work for armaments: namely, a guaranteed profit margin over and above all costs. The story then becomes complicated; for, although the Government authorities agreed to the proffered financial basis for any tender, the company themselves had to allow for necessary new buildings and for plant to the cost of £30,514 8s., which the Government would have to supply. (Incidentally, Sir Thomas Inskip's letter shows that the company could not have secured the necessary machine tools for 10-12 months; and delivery of shells could not have begun before 14-16 months after receipt of instructions to proceed!) After this, they

duly sent in their tender, and added a 10 per cent. profit margin; but this was to defray the cost of new factory premises, available to the company in time of peace, and to the Government in time of war.

Meanwhile, however, experts visited the factory and decided that it was more fitted—as, indeed, is the case—to produce tanks and caterpillar vehicles. The company appear to have pressed the Director of Army Contracts, on two occasions at least, to allow a notice to appear in the Press to the effect that a contract was *in course of preparation* on a basis of "no profit, no loss." But, after the company had expressed a natural preference for the caterpillar work, and after their tender for shells (with its complicated provisions for new buildings and plant) had been received, it was declined on the ground that these shells would in effect cost much more than was stated. Consequently, under the "no profit, no loss" basis, the tender price would be scaled up. The Contracts authorities were perfectly justified in taking this view; for they had to compare the *probable* cost, on this unprecedented basis, with the costs of other firms. What the public does not, and cannot, know is: How did the costs really compare? Clearly, it is possible that the "cost plus necessary capital expenditure" basis of one firm may exceed the "cost plus profits" basis of another. But there can obviously be no objection to a "no profits" contract; and it is well that the War Office should have made it clear that they will welcome any such offer from any quarter.

Spain's Frontiers and the Powers.—On Monday night the first stage of international supervision of Spanish frontiers was begun. So far, only the British and French sea-patrol areas—i.e. along the north coast, round Majorca, and from Gibraltar to beyond Málaga—the French land frontier, and the Italian sea-patrol region on the east coast are being fully patrolled. The Pyrenean frontier is in the hands of an international force composed mainly of Scandinavian, Dutch, and Baltic State citizens. The Portuguese-British joint commission is slowly taking up its posts on the Portuguese frontier. But all interest has been focussed this week on the so-called blockade of Bilbao by the ephemeral warships of the insurgents. The acute public dissatisfaction with the British Government's action last week in warning British food ships, which had a right to go to Bilbao, against proceeding thither, broke out again in the Commons this week. Mr Eden admitted that General Franco's threat to stop the four British foodships at St. Jean de Luz from going to Bilbao had been received by the British Government as early as April 10th. This confession suggests that the Government on April 13th merely kow-towed to illegal threats by a rebel, to whom they declined to accord the status of a belligerent. The Government's contention that Bilbao harbour was dangerously mined, on which their decision nominally reposed, was shown this week to be as invalid as General Franco's "blockade." For one of the four British foodships cheerily put to sea at night, and entered Bilbao safely on Tuesday. It was accompanied by Spanish Government warships cavorting hither and thither to prove the absence of mines and the viability of the channel. Other British ships are now preparing to run the "blockade," which appears to have so alarmed the British Government. It seems that international maritime law must look to Welsh skippers—"Potato," "Corn-cob" and "Ham and egg" Jones, Master

Roberts, and men of that kidney—and not to the British Government for the maintenance of its canons. After much hesitation, the Government have announced that they will afford full protection up to the limit of Spanish waters to British ships whose masters ignore the Government's warnings about Bilbao. In the rest of Spain, the Spanish Government forces seem to be making some headway; while on the Basque front the rebels are massing for a big offensive.

Trade Union Ballots.—The democratic procedure of the ballot has been adopted in the two major labour disputes now outstanding, in the coalfields and on the Clyde. At the end of last week the half-million miners of Great Britain were asked to declare whether or not they were willing to cease work in support of the claim of the Nottinghamshire Miners' Association for recognition at Harworth Colliery. The poll was decisive, and the necessary two-thirds majority to authorise a strike was obtained in every coalfield: as many as 444,546 votes were given for handing in strike notices if necessary, and only 61,446 against; in Nottinghamshire itself, 21,956 of the Association's members voted for a strike against 4,810. The die has not yet, however, been finally cast. The miners have, in effect, recognised the vital importance for their Federation that its affiliated body in Nottinghamshire should be recognised by the owners in its own right, irrespective of the steps being taken to amalgamate the Association with the Industrial Union, which has hitherto had company support. The threat of a general strike, backed by an overwhelming majority of miners, may now be used by the National Executive of the Mineworkers' Federation as a bargaining weapon to secure a favourable settlement of the Harworth dispute and to prevent the victimisation of Association members at that colliery. The Executive has decided to summon a delegate conference on April 30th; and, unless a settlement has been made before that date, a general stoppage will probably be arranged to begin on May 14th—the earliest possible date in view of the necessary notices. May 14th is uncomfortably near the date of the Coronation, and a general coal strike would be a national disaster. There is, however, no cause for immediate alarm. The dispute would probably be capable of settlement if the owners at Harworth recognised the rights which have traditionally been accorded to the Federation elsewhere; and it is to be hoped that prudence and a sense of responsibility will inspire the Federation and the employers to agree upon this simple and obvious way out of the present *impasse*.

The second ballot, taken among the engineers of Messrs Beardmore's Forge at Parkhead, is an example of local autonomy in trade union procedure. The strike of these engineers, who have demanded an extra penny an hour and refused to negotiate through the Employers' Federation because Messrs Beardmore did not join it until the dispute had begun, has hitherto been repudiated by the National Executive of the Amalgamated Engineering Union. The secretary of the Union went so far as to condemn publicly "unauthorised and irresponsible strikes" in a speech at Chester. The Parkhead men have, however, been consistently supported by all the engineering bodies in Glasgow and on the Clyde. They have now qualified for Union recognition of their action and for strike pay by voting overwhelmingly in favour of continuing the strike in the recent ballot; 1,015 votes were cast in favour and only 64 against. This strike is again serious because it is symptomatic of the disputes which will inevitably arise from the furious pace of re-armament and the rising cost of living unless tactful negotiation is continuously the order of the day. Union recognition of the Parkhead strike has surely opened the way for the ending of the deadlock. Negotiations may now be resumed with a fair chance of a speedy settlement.

Transport Strikes.—On Wednesday, April 14th, a lightning strike of 1,000 busmen was declared in East Kent in support of a claim for an increase of 2d. in hourly wage-rates and for revised time schedules. The strike has not been recognised by the Transport and General Workers' Union, whose view is, like that of the Engineering Union in the Parkhead dispute, that conciliation machinery should have been employed before the resort to force was adopted. The cautious and constitutional attitude of the Union has not, however, prevented the strike from spreading into nine counties. On Monday Essex busmen at Chelmsford and Grays decided to support the Kent strike, and a similar decision was taken on Tuesday at Luton, Aylesbury, Hitchin, and in parts of Sussex. Pressure is thus being put on the Union to recognise the Kent strike and to open negotiations with the Kent employers accordingly. The Home Counties are threatened with a complete paralysis of passenger transport; and the situation bodes little good for the issue of the London bus crisis, where negotiations for shorter hours and easier time schedules have again broken down. This wave of unauthorised strikes is alarming, but it cannot be denied that the pace and pressure of modern life, which have been unfavourably commented upon recently by the Prime Minister and by the Institute of Industrial Psychology, probably affect transport workers more adversely than any others. Their conditions of work are—at least in passenger service—relatively good, but the strain on their nerves on the roads of to-day is great. The habit of striking before negotiation has been fully tried and without Union authorisation is to be deprecated—the more because there is no formal provision for conciliation after an unauthorised strike has begun. But the grievances of busmen are real, and some compromise reasonably favourable to both sides ought to be possible.

Members' Salaries.—The revelations which were made in the course of last week's debate on the salaries of Ministers about the poverty of many ordinary members of the House have been followed up by Mr Baldwin, as he promised. He has had unofficial conversations with the leaders of the Opposition parties; and has shown particular concern for the plight of workingmen members with large families and distant homes. Whether or not definite proposals will be brought forward in the near future to raise members' salaries to £500 or £600 still, however, remains uncertain. At a meeting on Monday of the rank and file members of the Prime Minister's own party strong opposition was voiced to the proposals that salaries should be raised at all. While there are clearly some valid objections to the raising of the rewards of participation in democratic politics, it is perhaps unfortunate that criticism should be so specifically expressed by that body of members which is on the whole least in need of increased

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remuneration. All things considered, the present salary of £400 is probably inadequate to enable a large number of our poorer representatives to do their jobs without hardship, and £600 is probably a fair figure.

* * *

Income Tax since 1914.—The income tax has long been one of the major sources of the National Revenue in this country. Its contribution to the total revenue during the year ended March, 1937, was about 28½ per cent., against 22 per cent. in 1913-14. Actually, the income tax has undergone frequent changes since the War, both in scope and in the amount levied per pound of income. In the diagram below we have traced the effect of these changes during the past twenty-two years. The effective rate of tax per pound represents the average amount levied on the income of all individuals above the exemption limit. This rate, therefore, varies directly with changes in allowances to income tax payers. The net yield of the income tax, which is the actual revenue derived by the Exchequer, varies not only with changes in the rate and scope of taxation, but also with changes in the national income. Finally the yield per penny is calculated by dividing the total revenue derived from income tax by the standard rate of taxation and varies with changes in the extent to which the full standard rate is applied, as well as in the proportion of the income of individuals subject to the standard and lower rates. Thus, if both the rate and method of taxation remain unchanged, the proportion of individual incomes subject to the full standard rate, and hence the yield per penny, may be expected to increase during periods of growing pros-

perity and to fall during depression. The standard rate of income tax itself has been changed many times during the past twenty-two years.

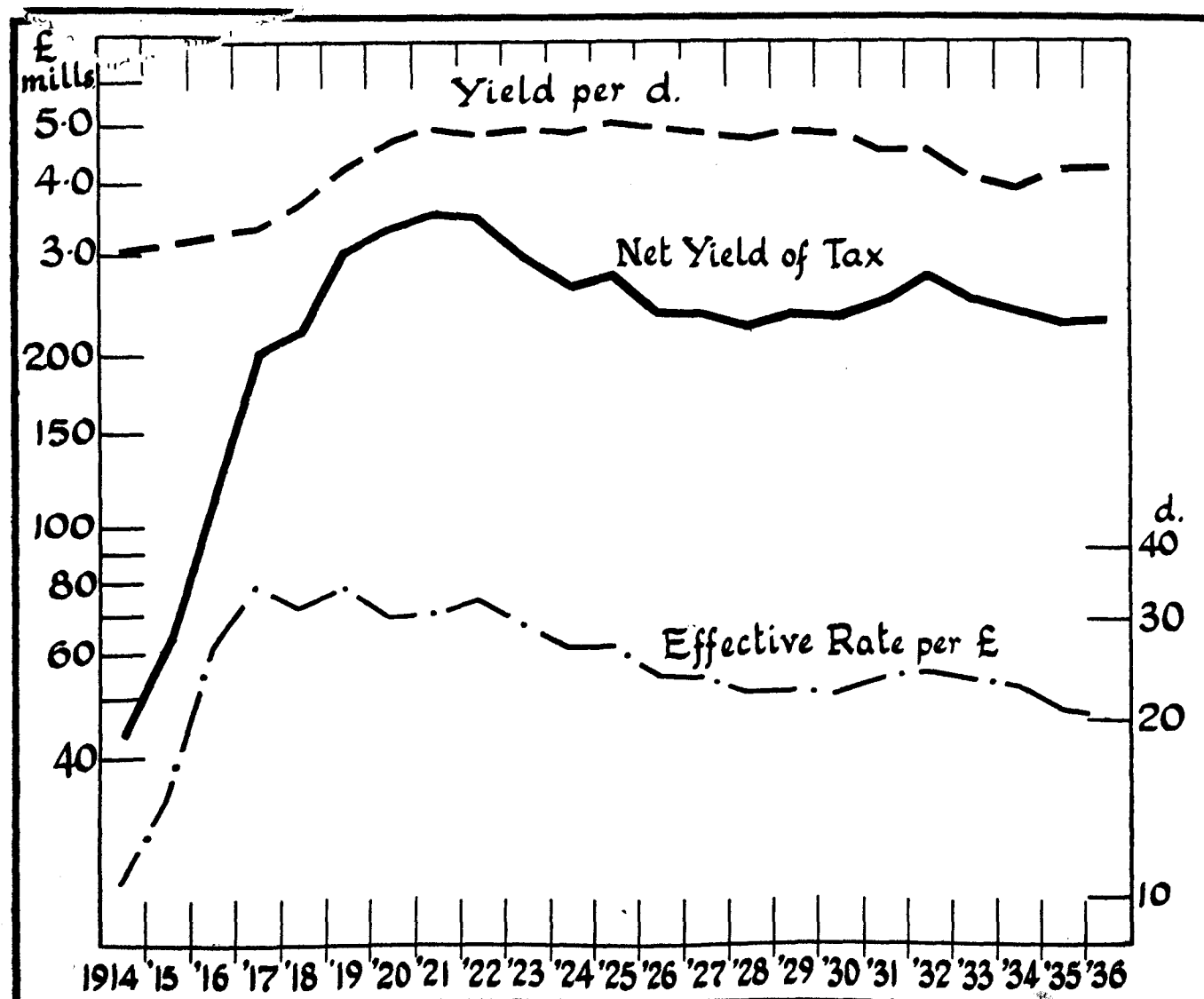
STANDARD RATE OF INCOME TAX PER POUND

Year ended	s. d.	Year ended	s. d.
March		March	
1914	1 2	1924-25	4 6
1915	1 8	1926-30	4 0
1916	3 0	1931	4 6
1917-18	5 0	1932-34	5 0
1919-22	6 0	1935-36	4 6
1923	5 0	1937	4 9

To the year ended March, 1937, the standard rate has been raised from 4s. 9d. to 5s. per pound without any alterations in allowances or in the manner of its application.

* * *

M. Blum in Heavy Weather.—On the international horizon, the skies are clearing for M. Blum and his colleagues of the Front Populaire Government; but domestic politics are buffeting him about. We believe that he will keep afloat and ride triumphantly into harbour; but meanwhile we shall be watching his fortunes with anxious eyes. This French ship carries on board the destinies of Europe. At the moment, M. Blum is in danger of being crushed between two icebergs: the pressure from his Radical-Socialist allies and from the French investor; and the counter-pressure from the Left Wing of his own party and from the General



Council of the Trade Unions. The two issues over which the battle is raging are public works and the forty-hour week. The C.G.T. are urging the Prime Minister to resume a policy of public works on a scale that would be incompatible with the Government's undertakings on March 4th, when the franc was unpegged. And the unions are also interpreting the forty-hours' week law in a way which may not be illegitimate, but which is producing fresh trouble between employees and employers. There is unrest in the building and victualing trades, and the workers are on strike in the Paris breweries and in the naval dockyard at St. Nazaire. Yet still, when it comes to the point, there seems to be nobody who wants to destroy the Blum Government. This became apparent once again at a meeting of the National Committee of the Socialist Party, which was held at Buteaux, in the metropolitan area, over the week-end. There was a considerable *fracas* between the Government's upholders in the Party and the revolutionary followers of M. Pivert; but the latter has a Trotskyite tinge, and this brought the sub-Stalinist followers of M. Zyrtinsky into the lists against him. On Sunday, the meeting ended in a compromise, after M. Blum had intervened in person and had put to his fellow-Socialists very forcibly the conditions under which he was holding office. Each time M. Blum avoids collapse, his prospects improve.

* * *

The Montreux Conference.—Last week saw the opening at Montreux of a Conference between the Egyptian Government and the Governments that still enjoy capitulatory privileges in Egypt, for the purpose of considering Egyptian proposals for their abolition. The Egyptian Government is making suggestions for a transitional regime and the British delegation is giving its support under the recent Anglo-Egyptian settlement. The other capitulatory Powers in Egypt are France, Italy, Greece, Belgium, Denmark, the Netherlands, Norway, Portugal, Spain, Sweden and the United States. The real strength of the Egyptian case lies not in tactical considerations, but in that the capitulations in Egypt have long since become an inequitable anachronism. The treaties on which they are based are treaties not with Egypt herself but with Turkey, since they date from times when Egypt was a Turkish province. The regime established by these Turkish treaties was abolished in Turkey itself with the consent of the interested Powers in 1923. In Egypt, too, the ranks of the capitulatory Powers were thinned by the War and its aftermath. For the "ex-enemy Powers" were forced to sign away their rights; their successor-States did not acquire corresponding rights; and the Soviet Government renounced the rights that had been possessed by the Imperial Russian Government. Thus today the capitulatory Powers in Egypt represent only an arbitrarily selected remnant of those that enjoyed capitulatory privileges in the past.

* * *

The privileges fall into two main groups: immunity from Egyptian jurisdiction, and immunity from Egyptian taxation. The latter group of privileges is perhaps less defensible than the former. On the other hand, in this field of taxation, much has been done already towards putting foreigners and Egyptians on an equal footing. In the matter of jurisdiction, there are at present three sets of Courts in Egypt; first, the Egyptian National Courts, which at present have no jurisdiction where capitulatory foreigners or foreign interests are concerned. Second come the Mixed Tribunals, which deal with civil cases in which at least one party is a capitulatory foreigner, but in which both parties are not capitulatory foreigners of the same nationality. Thirdly, there are the Consular Courts, which deal with civil cases in which both parties are their own nationals, as well as with all criminal cases in which their nationals

are concerned. Briefly, the Egyptian Government's proposal is that the present consular jurisdiction shall be transferred to the Mixed Tribunals for a transitional period, after which the Mixed Tribunals shall be merged in the Egyptian National Courts. It seems likely that an agreement will be reached on these lines.

* * *

Capitulations and the Powers.—These first two weeks of negotiation, however, have shown that the process of working out this agreement in detail is not going to be quick. Though all the capitulatory Powers have acquiesced in advance in the abolition of the capitulations in Egypt "in principle," there are a number of difficult practical problems in the negotiators' path. First there is the question of time. Is the transitional period to last for twelve years, as the Egyptians have proposed in the draft convention on which the Conference is working? Or for eighteen, as the French delegation demands? And, second, there is the question of defining a foreigner. Granted that, during a transitional period of debatable length, the nationals of certain foreign Powers are to continue to benefit from the capitulatory regime, it must be decided what classes of people are to enjoy this still valuable privilege. Is it to be confined, as the Egyptians propose, to foreigners who are full citizens of the foreign countries in question? Or is it to be extended to inferior categories of *resortissants*—a French term which is as capacious as it is generic? Perhaps a compromise may be found between these two extremes. For it would seem unreasonable to refuse a French protected person from Tunisia or a British protected person from the Malay States the enjoyment of rights which would be extended automatically to an Algerian French citizen or to an Indian British subject. On the other hand, there is one class of foreign *resortissant* whom the Egyptians have an overwhelmingly strong case for ruling out; and that is the *protégé* of a foreign Power who is not merely not a full citizen of the protecting country, but is actually not a real foreigner—being nothing more nor less than an Egyptian who has managed to obtain exemption from the laws of his own country by drawing over his shoulders the fringe of the mantle of some foreign Government. There are cases in which this privileged Egyptian has not even earned the privilege himself, but has inherited it from a grandfather who once upon a time had the job of messenger boy in a foreign consulate. This is an abuse which cannot bear examination.

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The American Budget.—On the same day that Mr Neville Chamberlain was presenting his Budget to the House of Commons, President Roosevelt sent a message to Congress containing what amounted to revised estimates of revenue and expenditure for the



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current and prospective years (the American financial year ends on June 30th). In his original Budget Message in January the President estimated a deficit of \$2,248 millions for 1936-37; for 1937-38 he estimated an approximate balance after including expenditure on relief but not on the redemption of debt. Expenditure has meanwhile been kept within the estimate, but revenue, especially from income tax, has failed to come up to the optimistic estimates of last January. Accordingly, the estimated deficit for the current year is now put at \$2,557 millions, while next year's figures show an estimated deficit of \$418 millions. Such importance is attached, however, to a balanced Budget in 1937-38 that the President has ordered the Departments to economise and the revenue is to be fortified by the liquidation of the assets of certain emergency agencies. This solicitude for a balance is timely; for the American Government is rightly anxious not to do anything calculated to accelerate the already impressively rapid pace of industrial expansion, and any efforts to put the brakes on will be very difficult, if not impossible, so long as Treasury deficits are inflating the banking structure and compelling the maintenance of extreme monetary ease.

The Irish Free State Budget.—The I.F.S. Budget for the year 1937-38 bears all the marks of an election Budget. The speech of the Minister for Finance contained an elaborate *apologia* for the Government's policy since it took office six years ago; and the remissions of taxation are calculated to make a good impression on the mass of the electorate. The year 1936-37 ended with a comfortable surplus, which is being utilised to reduce indirect taxation. The duties on tea, sugar and wheat are to be reduced and the price of butter is to be lowered. Reductions will also be made in postal charges; and the tax on consolidated bank notes will be changed from 3 to 2½ per cent. The total expenditure is estimated at £31,044,000, of which £1,970,000 will be defrayed from borrowing; and total revenue is estimated at £31,051,000, so that a small surplus should be realised. While the reductions in indirect taxation are welcome, they will do little to neutralise the increase in the cost of living, which is the result of the general rise in prices and the policy of industrial protection. The fall in real wages is causing much discontent among the working classes, and Dublin is threatened with an epidemic of strikes. In the face of rising prices in all directions, the slight remissions of taxation promised by the Budget will afford but a small measure of relief to the harassed taxpayers.

The Factories Bill.—When the details of the Government's Factories Bill were published early in February it was welcomed with reservations. Particular disappointment was expressed that the overtime provisions should permit in fact the working of a 54-hour week by women; and that young persons under 16 should be allowed to work for the excessive period of 48 hours each week. Agitation has grown about these matters since February; and it has been reiterated in many quarters that "the conditions of work for young persons hardly square with official pronouncements on the subject of physical fitness" (*The Economist*, February 6th, page 293). The Physical Training and Recreation Bill has emphasised by its objects the anomaly in this respect which the Factories Bill has proposed to preserve. It is not surprising therefore, and it is certainly welcome, that the Government, whose attitude was defined on Tuesday by Sir John Simon in the Standing Committee which is examining the Bill, should now be dissatisfied with the present provisions of the Bill about the permitted hours of young persons. The Home Secretary thought that the Bill should go farther than had been proposed; he mentioned 42 and 44 hours as possible substitutes for 48; and he hoped that on the Report stage he would be able to move a reduction of

hours accordingly. This change of mind is commendable, but the Government will not satisfy even the more reasonable of their critics unless they extend their new enlightenment to cover at least the excessive working hours of women.

Industrial Progress.—Mr Chamberlain's new taxation proposals, whose implications are discussed on page 189, have been received with dismay by many industrialists. Meanwhile, industrial activity continues to expand, despite numerous and insistent complaints about shortages of materials and skilled labour, and the rise in costs. The output of coal during the week ended April 10th was 5,234,000 tons, compared with 4,079,600 tons during the corresponding week a year ago. As our Cardiff correspondent points out on page 245, exports of coal from South Wales last week reached the highest level since July, 1932, with the probability of further improvement. The suspension of the trade-sharing regulations, discussed on page 201, has freed the industry from an irksome restriction. The iron and steel industry continues to operate at capacity, but new business is now small in volume, as most producers have already sold their output for some months ahead. A feature is the rapid increase in exports of tinplates. The volume of new business booked by the cotton trade was again fairly substantial this week. The wool textile industry remains active, and the jute trade is benefiting from the rise in prices due to the curtailment of output in India through strikes. Wholesale business in textiles generally remains at an encouraging level. All the indications point to a further increase in industrial activity over the next few weeks.

Industrial Profits—An Addendum.—Mr Chamberlain's announcement of a new National Defence Contribution, falling on profits in excess of those of a datum period, lends interest to the following figures, which show actual rates of interest and dividend paid, on the average, by companies whose reports have been published in the nine months ended March 31, 1937:—

Group	Debiture Capital	Rate of Int.	Preference Capital	Rate of Int.	Ordinary Capital	Rate of Div. (c)	Rate of Div. Year Ago (d)
Breweries	£45,513,853	4.5	£36,881,649	5.7	£67,291,524	14.7	13.9
Canals and docks	3,257,123	3.9	5,886,230	3.7	7,866,894	1.4	1.2
Electric lighting and power	43,326,188	4.5	29,268,542	5.7	46,193,251	8.1	7.1
Financial land and investment	40,208,408	4.4	39,979,176	5.4	104,805,341	6.2	5.8
Gas	30,567,819	3.9	13,517,419	4.5	45,789,691	5.7	5.6
Hotels and restaurants	3,225,768	4.4	3,477,635	5.1	4,840,636	4.9	4.6
Iron, coal & steel	33,481,101	5.0	46,896,519	4.6	98,233,444	6.1	4.3
Motor cycle and aviation	3,526,579	5.6	9,321,161	5.4	20,008,702	15.4	12.4
Oil	500,000	5.5	600,007	8.0	11,380,842	6.1	4.6
Rubber	3,375,798	6.5	848,639	4.9	43,577,267	4.1	3.3
Shipping	9,255,760	4.3	10,138,995	4.7	20,917,706	2.5	1.1
Shops and stores	17,062,229	4.4	51,004,679	6.2	44,027,716	16.5	14.7
Tea	353,095	8.2	1,842,330	6.1	6,800,144	6.5	3.1
Telegraphs and telephones	275,000	5.5	399,970	7.0	2,570,010	10.4	8.8
Textiles	12,628,075	5.0	39,789,982	3.8	59,508,067	4.9	4.5
Tramway & omnibus	12,692,839	4.6	9,058,110	1.9	14,372,228	6.9	6.2
Trusts	85,884,781	4.5	67,888,478	3.9	58,584,920	4.5	4.1
Waterworks	5,132,508	4.4	5,050,545	4.8	7,508,790	6.6	6.7
Building materials	6,843,820	4.6	13,787,889	5.4	22,778,384	15.5	13.2
Food, confectionery and drink	4,019,373	4.7	23,864,541	5.9	31,633,410	11.2	11.7
Electrical equipment	3,272,290	4.6	7,256,743	8.1	13,286,214	9.5	9.1
Newspapers, printing, etc.	6,687,803	4.6	20,881,642	5.6	18,069,748	7.4	6.3
Tobacco	83,229	5.0	32,817,663	6.1	89,117,826	20.6	19.6
Warehouse and trading	1,358,990	4.2	7,571,629	4.8	10,901,821	4.5	3.9
Miscellaneous	37,384,935	4.7	115,834,339	6.5	114,866,008	10.4	7.7
Total	409,917,364	4.5	593,864,512	5.4	964,931,584	9.4	8.3

(c) 1,503 reports.

(d) 1,399 reports.

The "high dividend" groups are, on this showing, the tobacco, retail trade, building materials, motor cycle and

aviation, brewery, food and electrical equipment trades. On page 242 we show the latest net profits of the companies in each group and their allocation between ordinary and preference dividends and reserves, etc. The highest proportions of "retained" profits to total profits are shown by the shipping, electric lighting, oil, electrical equipment, motor cycle and aviation and building materials groups. Taken together, the two tables give an indirect inkling of which groups may be most vulnerable to the new tax, though our method of computing profits may differ considerably from that of the Inland Revenue. And none of the profits shown in our tables will actually be chargeable to the tax, which applies only to accounting years closing after April 5, 1937.

Trade Sharing in Coal-Mining.—The coal-mining industry continues to have difficulties in expanding its output proportionately to the increase in demand. During the fourteen weeks ended April 3rd, for example, the output of coal was just under 67 million tons, against 67½ millions a year ago. During the past few weeks the Mines Department has been in consultation with the Central Council of Coal Owners in an attempt to ascertain the causes which are impeding expansion and to devise methods for their elimination. These discussions have not definitely ascertained the real extent of the shortage of supply. The mine owners admit the temporary scarcity of certain classes of coals, but they point out that none of the districts has produced the quantity actually authorised by the original and supplementary allocations of the Central Council, and that the scarcity of certain classes of coals (principally smalls and sized) is due mainly to a comparatively still restricted demand for large coals. Agreement, however, has been reached to improve the elasticity of the existing system of regulation by amendments of the provisions of the district schemes relating to trade sharing and basic tonnages.

When the much-discussed and much-criticised centralised control of sales was introduced in August, 1936, the supply of coal was still in excess of demand, and one of the conditions of the new regime was that the available trade should be distributed equitably between the various collieries, having regard particularly to their respective basic tonnages and recent performance. Undertakings receiving less than their proportionate share of business in accounting periods were compensated in respect of the deficiencies, while undertakings producing more than their proportionate share were subject to levies ranging generally from 1s. to 2s. 6d. per ton in the inland trade, and from 6d. to 2s. 6d. per ton in the export trade. In spite of the advance in prices, these penalties, it is argued, have had a deterring effect on the sales of some colliery companies, and it has been decided that all levies on excesses of allocated tonnages shall be suspended for a period of six months from April 1st. It is good news that the Mines Department has readily consented to the statutory amendments of the district schemes which will be necessary for this purpose; but it has at the same time laid down the condition that the Executive Boards shall give their immediate attention to the revision of basic tonnages where they have become temporarily stabilised and where, therefore, they may be exercising a restraining effect on the development work of the largest and most enterprising undertakings. It is anticipated that these changes will lead to a slight increase in output, particularly for the inland trade.

Co-operative Production.—The value of the Co-operative Wholesale Society's products totalled £36,346,783 last year, approximately one-third of the turnover. The flour mills continued to supply flour to the bakeries of the retail societies, the value of the output

of the nine mills being £9,111,643, an increase of 13½ per cent., with a resultant profit of £402,204. Supplies from the five bacon factories (two in England, one in Ireland and two in Denmark) were valued at £1,174,090; and from the three butter factories at £2,478,835. This represented an increase of 9 per cent., whereas the weight of butter sent out decreased by nearly 1 per cent. Boot and shoe production realised £1,620,843; the six clothing factories had an output valued at £1,168,142; and the products of the six cabinet and bedding factories brought in £968,118. The profits on these products were £8,603, £7,020 and £17,717 respectively. For the first time for a considerable period there was a profit on farming operations. Some 17,816 acres were cultivated as pasture, arable and orchard, giving supplies valued at £282,150 and returning a profit of £6,577.

Glasshouse Crops.—That horticultural production under glass has risen considerably since the imposition of import duties at the end of 1931 is revealed in returns published in one of the recent issues of *The Agricultural Market Report*. From a sample inquiry by the Ministry of Agriculture, with the co-operation of the growers' organisations, it is estimated that the area under glass in England and Wales rose from 2,725 acres in 1925 to 3,150 acres in 1931 and to 3,360 acres in 1935. But as the figure for 1931 is declared to be probably too high, subsequent progress has been more rapid than the figures suggest. Meanwhile, the value of the crop shows striking development, as the following figures illustrate:—

	VALUE IN £'000		
	1925	1931	1935
Fruit and vegetables:—			
Tomatoes	2,350	2,190	2,520
Cucumbers	750	770	800
Grapes	130	90	145
Other fruit			45
Salads	250	230	125
Other vegetables			55
Mushrooms			70
Flowers and plants	1,350	2,290	3,205
	4,830	5,570	6,965

Output in 1935 was worth 25 per cent. more than in 1931 and over 40 per cent. more than in 1925, despite the downward trend of prices during the decade. Production of the three principal crops is estimated to have developed as follows:—

	1925	1931	1935
Tomatoes (tons)	47,000	54,000	59,000
Cucumbers (millions)	50	54	75
Grapes (thousand lb.)	1,500	1,150	2,030

The industry now employs some 40,000 persons, of whom approximately 27,000 are regularly engaged; the remainder are casual labourers or unpaid workers.

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National Defence Contribution

A Compendium of Fact

It is proposed to charge upon trades and businesses making profits of more than £2,000 in accounting years ending after April 5, 1937, a tax, to be called the National Defence Contribution, on the growth of profits measured by the relation of the actual profits of the accounting year to either the average actual profits of past years or the profits corresponding to a percentage on the capital employed. The tax will be graduated, at rates not exceeding one-third of the growth, by reference to the return on capital which the profits represent.

The chargeable growth of profit will be determined by deducting from the current profit (less any abatement or deduction for losses) either the capital standard (for companies 6 per cent., and for individuals and firms 8 per cent. on the capital employed in the business) or the profits standard (the average profits of the three years 1933, 1934 and 1935).

Where the current profits are less than £12,000 there is to be allowed an abatement therefrom of one-fifth of the amount by which the profits fall short of £12,000. Where the four years before the first accounting period showed a net loss the amount of the loss will be allowed as a deduction from the profits of the accounting period.

The graduation of the rate of charge is determined by reference to the percentage return on the capital employed in the business which the current profits (less any abatement or deduction for losses) represent, and the following table shows the rate of charge in the case of companies:—

Companies

	Rate of charge on chargeable growth
1. Where the current profit does not exceed 6 per cent. on capital	Nil
2. Where the current profit exceeds 6 per cent. on capital, but does not exceed 10 per cent. on capital— Upon the growth	One-fifth
3. Where the current profit exceeds 10 per cent. on capital, but does not exceed 15 per cent. on capital— (a) if the standard represents a percentage return of less than 10 per cent.— Upon the amount by which 10 per cent. exceeds the standard (b) if the standard represents a percentage return on capital of over 10 per cent.— Upon the growth	One-fifth One-quarter
4. Where the current profit exceeds 15 per cent. on capital— (a) if the standard represents a return on capital of less than 10 per cent.— Upon the amount by which 10 per cent. exceeds the standard Upon that amount of the growth equivalent to 5 per cent. on capital... Upon the remainder of the growth (b) if the standard represents a return on capital greater than 10 per cent., but less than 15 per cent.— Upon the amount by which 15 per cent. exceeds the standard Upon the remainder of the growth (c) if the standard represents a return on capital of over 15 per cent.— Upon the whole growth	One-fifth One-quarter One-third One-quarter One-third One-third

Individuals and Firms

In the case of Individuals and Firms all the percentages in the above table are to be increased by two, to reflect the fact that individuals and firms are based upon 8 per cent. return on capital as against the 6 per cent. for companies. The points of graduation are therefore 8, 12 and 17 per cent.

Examples

The following examples are selected from among those given in the Financial Statement, 1937-38, and illustrate how the charge is computed.

Cases where capital is large, and taxpayer elects to be charged on Capital Standard.

Assume capital of £1,000,000, and profits of current accounting period are £160,000. Chargeable growth of profit is therefore £100,000. Rule 4 (a) applies. The sum of £40,000, representing the difference between 10 per cent. on capital (£100,000) and the Standard (£60,000), is chargeable at one-fifth. The further amount of £50,000 of the growth is equivalent to 5 per cent. on capital, and is chargeable at one-quarter. The remainder of the growth, £10,000, is chargeable at one-third.

Total contribution payable, £23,833.

Cases where capital is large, and taxpayer elects to be charged on Profits Standard.

Assume capital of £1,000,000 in each case.

(i) Profits Standard for three years 1933-35, £80,000. Current profits, £180,000. Chargeable growth, £100,000.

Current profit exceeds 15 per cent. on capital; Standard is below 10 per cent. on capital. Rule 4 (a) applies. The first £20,000 of the growth will therefore be chargeable at one-fifth, representing the difference between the Standard (£80,000) and 10 per cent. on capital (£100,000). The further amount of £50,000 of the growth, equivalent to 5 per cent. on capital, is chargeable at one-quarter. The remainder of the growth, £30,000, is chargeable at one-third.

Total contribution payable, £26,500.

(ii) Profits Standard, £120,000. Current profits, £160,000. Chargeable growth, £40,000.

The profits standard exceeds 10 per cent. on the capital and is less than 15 per cent. No part of the growth, therefore, is chargeable at one-fifth. Current profit exceeds 15 per cent. on capital. Rule 4 (b) applies. Fifteen per cent. of the capital (£150,000) exceeds the standard (£120,000) by £30,000, which sum is chargeable at one-quarter. The remainder of the growth (£10,000) is chargeable at one-third.

Total contribution payable, £10,833.

(iii) Profits Standard, £240,000. Current profits, £360,000. Chargeable growth, £120,000.

The profits standard exceeds 15 per cent. on the capital, and no part of the growth is chargeable at one-fifth or one-quarter. Rule 4 (c) applies. The whole growth is chargeable at one-third.

Total contribution payable, £40,000.

Case where net aggregate loss for four years preceding first accounting period is deducted.

Assume capital of £1,000,000, and taxpayer elects to be charged on Capital Standard. Assume current profits £400,000 and set-off of loss for four preceding years £200,000.

Adjusted profit, £200,000. Capital Standard (6 per cent. of £1,000,000) is £60,000, and chargeable growth therefore £140,000. Rule 4 (a) applies. First £40,000 of growth (10 per cent. of capital less standard) chargeable at one-fifth; next £50,000 (5 per cent. on capital) chargeable at one-quarter; remaining £50,000 of growth chargeable at one-third.

Total contribution payable, £37,166.

THE CHANCELLOR'S EXPLANATION

The following points concerning the National Defence Contribution are summarised from Mr Chamberlain's Budget Speech:—

The contribution is to be "special and temporary." It will not apply to professions and employment. Two alternative standards will be employed, at the taxpayer's choice. For the Capital Standard, the capital will be calculated at the cost of the assets in the business. Where profits in any year fall below the Standard, the deficiency will be offset in other periods. Concerns which have made losses in the last four years may set off the amounts, in so far as they have not yet been written off, against the profit chargeable. The first assessment will be made for the accounting period of each concern which ends after April 5, 1937. For firms making up accounts to June 30th, the first accounting period will be to June 30, 1937. For firms accounting to March 31st, the first accounting period will end on March 31, 1938. Provision will be made at end of the National Defence Contribution to adjust the differences in dates.

COL. COLVILLE'S EXPLANATION

The following points from the speech of the Financial Secretary to the Treasury (Col. Colville) in the Debate on April 21st, throw further light on the manner in which the tax will be assessed.

The general basis of computing capital will be the cost of assets employed in the business, subject to special modifications in certain cases. Deduction of liabilities from costs will be allowed, such as debentures and loans. Reserves invested in assets employed in the business will be included, but reserves invested outside the business will not be included as capital.

Profits will be computed generally on same lines as for Income Tax purposes, subject to certain modifications, such as deduction of interest on debentures and loans. Preference dividends will not be deducted, nor will preference shares be deducted in computing capital. Losses will be computed on similar lines. In computing N.D.C., income tax will not rank as deduction from profits, but N.D.C. will rank as an expense for Income Tax purposes.

INCIDENCE OF NATIONAL DEFENCE CONTRIBUTION

We have compiled the following table to show the effect of the new tax (a) on capital, (b) on profit, and (c) on growth of profit, at various levels of profits in the datum period and in any accounting period.

(1)	(2)	(3)	(4)	(5)
Where Average Profits for Three Years to Nearest Date after April 5, 1935, are	And Profits in Accounting Period are	N.D.C. will absorb following percentages		
		Of Total Capital	Of Total Profit	Of Total Increase in Profit since Datum Period
(%)	(%)			
6 or under	6 or under	Nil	Nil	Nil
	10	0-80	8-0	20-0*
	15	2-05	13-7	22-8*
	20	3-72	18-6	26-6*
	30	7-25	24-2	30-2*
	40	10-38	25-9	30-6*
10	15	1-25	8-3	25-0
	20	2-92	14-6	29-2
	30	6-25	20-8	31-2
	40	9-58	23-9	31-9
15	20	1-67	8-3	33-3
	30	5-00	16-7	33-3
	40	8-33	20-8	33-3
	50	11-67	23-3	33-3
20	30	3-33	11-1	33-3
	40	6-67	16-7	33-3
	50	10-00	20-0	33-3
	60	13-33	22-2	33-3
30	40	3-33	8-3	33-3
	50	6-67	13-3	33-3
	60	10-00	16-7	33-3
	100	23-33	23-3	33-3
50	100	16-67	16-7	33-3
	150	33-33	22-2	33-3
	200	50-00	25-0	33-3

* If datum period profits were below 6 per cent., the percentages of total increase absorbed by tax will be lower than these figures.

Notes on the above table:—

(1) The figures make no allowance for any deduction for losses, or for abatement where current profits are less than £12,000.

(2) The table relates to companies. For individuals and firms, 2 per cent. should be added to figures in columns (1) and (2).

(3) As N.D.C. payments will be allowed as a charge to be deducted in computing income tax, the net cost, as shown in columns (3), (4) and (5) will be reduced by one-fourth presuming a standard income tax rate of 5s. in the £.

EFFECT ON VARIOUS GROUPS OF INDUSTRIES

To give an approximate idea of the way the tax will fall on different groups of industries, in the light of their past and present profits experience, we have prepared the following table from our records of industrial profits. The last column shows how the companies would have fared relatively, had the tax been in force in recent months.

Notes on the table.—The figures are designed only as an approximate guide. The percentages are on issued capital, at par, excluding debentures, but making no allowance for reserves, etc. The basis of our computation is the balance sheets of companies which were published during the first three months of the calendar years following those given in the table, and the composition of our sample is not identical throughout. Particulars of the number of companies were given in last week's *Economist*, page 135. The last column

of the table is, of course, an average, and does not purport to show the incidence of the tax on individual companies.

PAST AND PRESENT PROFITS (Profits shown after Debenture Interest)

Group	Profits Earned on Total Capital* in			Average of three percentages in datum years	Profit in 1936	Per £100 Capital, Duty Payable on
	1933	1934	1935			
Breweries	10-7	10-5	11-1	10-8	12-0	1-2
Electric Power	11-4	11-9	11-8	11-7	14-3	2-6
Finance	4-1	6-4	9-2	6-6	9-5	2-9
Iron, Coal and Steel	2-7	5-2	8-2	5-4	9-3	3-3
Motors, Cycle & Aviation	11-1	16-5	26-8	18-1	25-5	7-4
Shipping	5-6	5-3	6-2	5-7	12-6	6-6
Shops and Stores	14-3	15-1	15-3	14-9	16-0	1-1
Textiles	5-4	4-5	5-7	5-2	6-9	0-9

* Excluding debentures. Figures refer to actual years in which profits were earned.

THE EXCESS PROFITS DUTY

The new duty has so many points of resemblance with the Excess Profits Duty originally levied under the Finance Act of 1915 (No. 2) and finally removed by the Finance Act of 1922, that a brief summary of the latter's terms may be apposite.

E.P.D. was assessed on the excess of the actual profits of every accounting period (less certain abatements) over the "pre-war standard." The profits of the accounting year and pre-war years were adjusted as for income tax purposes, with certain modifications which included the addition of profits from land and any increase in remuneration of directors and managers, and deduction of payments (such as interest and rent) made less tax, and income from investments (except for insurance and investment businesses). Other adjustments were that "artificial transactions" to reduce profits were disallowed; wear and tear allowances were based on Income Tax rules; and an allowance was made for increased or diminished or slowly remunerative capital.

Where the business had started before August 5, 1913, the taxpayer could select either the Profits Standard or the Percentage Standard. The Profits Standard was based on the profits of certain pre-war years, to the end of the last accounting period before August 5, 1914. Where three years were available, Profits Standard was the average of any two selected by the taxpayer. Where two years were available, the taxpayer could choose average or last year. For one year only, the standard was that year. The Percentage Standard was calculated on the capital existing at the end of the last pre-war trade year. The rates applicable were: for firms and individuals, 7 per cent. (8 per cent. after 1916); and for companies 6 per cent.

In other cases the "Statutory percentage" was compulsory. It was calculated on the average capital employed during the accounting period. The rates were: for firms and individuals, 7 per cent. (increased to 11 per cent. for accounting periods after 1916 and to 13 per cent. after 1919); and for companies: 6 per cent. (increased to 9 per cent. for accounting periods after 1916 and to 11 per cent. after 1919).

For the purpose of E.P.D. "Capital" was defined as the actual cost price or value of the assets. These included: cash; purchased assets, at cost, less wear and tear; book debts (as allowed for income tax); assets not purchased, at value when acquired; and assets paid for otherwise than in cash. Deductions were allowed for borrowed cash and debts and capital (such as investments) on which income was not liable to E.P.D. Patents and secret processes were adjudged material assets, but goodwill, satisfied by shares chiefly held by former owner of goodwill, was subject to decision of Commissioners. Accumulated profits in respect of past periods ranked as capital. Fluctuating capital was adjusted by deducting from or adding to the profits of the accounting period the statutory percentages on the increase or decrease.

Various abatements were allowed, the effect of which was that E.P.D. was not payable unless profit exceeded £200 in 1915, £500 after 1916 and £832 after 1919.

The rate of duty, chargeable on the excess of profits, was originally 50 per cent. It was changed to 60 per cent. to December 31, 1916; 80 per cent. for 1917 and 1918; 40 per cent. for 1919, and 60 per cent. for 1920 and 1921.

A final adjustment was made, by virtue of which if the aggregate net duty paid throughout exceeded the net excess, the profits difference could be reclaimed. A set-off or repayment was made if the profits of the period were less than the standard, plus the abatement. E.P.D. was allowed as a deduction for income tax purposes, but Income Tax, Corporations Profits Tax and E.P.D. were not allowable deductions for E.P.D.

Overseas Correspondence

From Our Special Correspondents

United States

Alarms and Excursions

NEW YORK, April 13.—Two weeks ago there was a severe flurry in the Government bond market; last week there was a comparable flurry in the stock market, while Governments rallied moderately. Whether the rally in Governments was a spontaneous market movement or the consequence of open-market purchases by the Reserve Banks cannot be ascertained until the Bank statement appears. The flurry in the stock market was attributed to rumours that the dollar price of gold was to be lowered; and the official response to the rumour only partially dispelled the uncertainty. In fact, no sooner is one rumour disposed of than several more appear; and it cannot be said that one is more unpalatable than another. For example, the rumour that the price of gold was to be reduced was almost immediately followed by a story that a free gold market would be created in New York in the hope that hoarding would be encouraged. Rumours of this type are significant, largely because they remind the market of the ever-present but frequently forgotten problem of our gold imports. The inactive gold fund, established late in December, has risen to nearly \$400 millions; and the financing of this fund is becoming a recognisable element in our deficit.

This fund was set up to prevent incoming gold from increasing excess reserves. Its purpose was supplementary to the parallel policy of reducing existing excess reserves by increasing reserve requirements—a policy which has been modified by the decision of the Reserve System to add to reserves by open-market purchases to assist the Government market. At the same time, there were rumours that the Federal Trade Commission was to inquire into price advances which were suspected of being caused by monopolistic agreements. The Message containing the Relief Budget is expected soon. It is anticipated that it will show little reduction in the numbers adjudged still to require relief; but that it may show a considerable reorientation of relief projects.

To these uncertainties about governmental policies aimed, it would seem, primarily at boom control, labour unrest has added further disquiet by reaching a stage where violence is part of the routine of news. In a chocolate factory occupied by sit-down strikers a crowd of farmers, who had been deprived of a market for their milk, invaded the plant and ejected the strikers, without bloodshed. In another instance, some eight persons were shot in a clash between two rival unions. Several States have initiated special legislation against sit-down strikes—a matter chiefly significant because it shows the state of public opinion.

Uncertain Business Prospects

In spite of increasing perplexity about the character and devices of the Administration's new economic policies; in spite of the prevalence of labour troubles;

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and in spite of the rapid increase of prices of all kinds, business activity is at its best levels. There are, however, two considerations which are influencing expectations. First, April is commonly the peak of the spring seasonal; and is not uncommonly followed by some recession to midsummer. Secondly, there is some evidence that in the recent excited movements of the commodity markets, inventories were built up to rather optimistic dimensions. As a result, opinion about the future is unusually divided. At the beginning of the year opinion was almost unanimous that the trend of production would be upward throughout the year; this is still the majority opinion. But since early March a minority opinion has been forming that is apprehensive of a recession in business activity and in corporate earnings. Washington takes the view that the recent price movement was non-monetary in character; opinion in New York generally describes it in terms of inflation, Washington takes the view that the immediate concern must be to prevent a boom; a substantial minority opinion in New York believes that a recession is more imminent than a boom.

The Shifting Balance of Trade

The February foreign trade figures showed a remarkable increase in both exports and imports; imports as usual rose more rapidly.

MERCHANDISE TRADE OF THE UNITED STATES (\$000,000)

	Imports	Exports	* Balance
February, 1934.....	133	163	+ 30
" 1935.....	152	163	+ 11
" 1936.....	193	182	- 11
" 1937.....	278	233	- 45

* — import surplus and + = export surplus.

As February, 1934, was the first month of the stabilisation of the dollar at its present level, the series is continuous for purposes of comparison. It will be noted that imports have risen by over 100 per cent. and exports by about 50 per cent. The trend from an active balance to a passive balance also appears to have been continuous.

Net gold imports in February amounted to \$120 millions, almost identical with those of January (\$121 millions). Net silver imports amounted to \$13 millions in February, but in January they were only nominal. Our visible balance for the two months is as follows:—

VISIBLE BALANCE OF THE UNITED STATES Two months of 1936 (\$000,000)

Merchandise Imports...	380	Merchandise Exports...	380
Gold Imports	53	Gold Exports	24
Silver Imports	18	Silver Exports	—
	451		404
	404		

Merchandise Imports...	518	Merchandise Exports	454
Gold Imports	242	Gold Exports	—
Silver Imports	17	Silver Exports	1
	777		455
	455		
Passive Balance	322		

The increase in merchandise trade and the shift in the trade balance are both remarkable; but hardly less so is the figure of the visible passive balance. Its increase over last year is partly misleading, as the net gold imports of February, 1936, were abnormally small. Presumably this net passive balance is a crude measure of the growth of the hot money account.

France

The Revolt of the Middle Class

PARIS, April 22.—The unexpected defeat of the candidate of the former Croix de Feu in their first electoral challenge in Mortain by a coalition of all parties, Right and Left, supporting the moderate candidate, was the best possible answer to the Communist campaign against the so-called French Fascism. Moreover, it is daily more perceptible that the Popular Front is endangered by the violent speeches of its extreme supporters. Last week, the Radicals in Carcassonne manifested their impatience; and the Socialist Council of Puteaux condemned a new group of extremists which has been created inside the Party by a former pillar of M. Blum's Cabinet, M. Pivert. It is not possible to deliver any final judgment; but the zeal of the Popular Front is being visibly exhausted by the rapid and full realisation of its programme; and many people of the middle classes, who voted for the Popular Front at the end of the deflation, are now discontented by the rigid application of the 40 hour week. Thus it has been decided that in the retail business the law will not be applied during the Paris Exhibition.

The situation will not be made any easier by the forthcoming Treasury difficulties. And the repeated appeals for order and calm by M. Jouhaux, the leader of the Trade Unions, and by other officials, including the Prime Minister himself, show that the absence of discipline in industry is not pure imagination on the part of the employers. A further sign of the evolution of public opinion as a whole is that the possibility of a successor to the present Cabinet is now anticipated with much less anxiety, although no immediate change is likely.

Slump in Rentes and Industrials

The Stock Exchange, disturbed by the heaviness of international markets and by internal political anxieties, registered a serious decline, notably in the Rentes, which are now, in Auril francs, nearly at their 1936 lowest in Poincaré francs:

	April 24, 1936	Lowest Poincaré frs.	April 20, 1937
3 p.c.	67.65	65.05	65.40
4 p.c. 1917	70.30	62.95	65.75
4 p.c. 1918	69.35	63.00	65.00
5 p.c. 1920	96.30	83.25	90.85
4½ p.c. 1932 A	74.30	67.35	69.70
4½ p.c. 1932 B	73.15	66.35	68.75

Industrials also suffered an important setback. It appears now that, after the revival of orders which was caused by the rise in prices and the fear of further rises, stocks were replenished, and now the power of consumers to buy is diminished by the rise in prices. The diminution of activity in certain industries, in textiles, in rubber and in the automobile trade, can already be seen; and only the Paris Exhibition can cause an increase in building activity. The latest figures for the textile industry, in particular, suggest that the benefits of devaluation have been wiped out.

Foreign trade in March showed some improvement with a marked diminution in imports, while exports were the highest since the devaluation of October, 1936. This improvement is, however, due to the rise in prices.

	Foreign Trade		Quantity in Tons (000 omitted)	
	Value in Francs (000,000 omitted)	Value in Francs (000,000 omitted)		
Imports:	Feb., 1937	Mar., 1937	Feb., 1937	Mar., 1937
Foodstuffs	1,001	789	628	480
Raw materials	2,186	1,898	4,553	3,909
Manufactured goods ...	494	539	177	208
Totals	3,681	3,226	5,358	4,597
Exports:	Feb., 1937	Mar., 1937	Feb., 1937	Mar., 1937
Foodstuffs	237	266	83	84
Raw materials	610	608	2,092	1,972
Manufactured goods ...	848	963	210	209
Totals	1,695	1,837	2,385	2,265
Monthly import surplus	1,986	1,389		

Inflow of Capital Needed

The import surplus is less than it was but it remains important. Even if the flight of capital and speculation against the franc have momentarily ceased, the covering of this commercial deficit will necessitate more than that; capital will have to flow in.

The tone of the franc on the exchange market is actually firmer at 110.50 to the pound, against 107 at the beginning of March, 1937, and 105.15 after the last devaluation. The margin up to 112, the maximum limit of depreciation, is now very small, and speculation has thus been stopped, just as it was stopped on the Stock Exchange by the general setback. Money is now more abundant and rates are lower, but not low enough to make it feasible for the Minister of Finance to issue any important short term loans. The new National Security Loan (with guarantee of exchange) was quoted on the Bourse on Tuesday last for the first time at 95 frs. 75.

Wholesale prices registered a small decline last week, which is principally due, however, to the decline in the price of imported products:—

	June, 1936	Sept., 1936	Apr. 10, 1937	Apr. 17, 1937
General index.....	372	407	541	539
Domestic products	415	457	561	562
Imported products	296	319	506	497
Foodstuffs	396	447	533	532
Industrial products ...	352	373	549	546

Unemployment on April 10 was 381,855, against 386,254 in the preceding week.

Germany

Dr Schacht's Apologia

BERLIN, April 21.—In Munich last week Dr Schacht declared that "the restrictions on raw materials have probably passed their highest point," and foreshadowed alleviations. He remarked that restrictions on consumption, owing to their psychological reaction, must not be pushed too far. It is not possible, he added, to attain complete independence of food imports within a calculable time. For that reason he was constrained to "attack the Colonial question" again; the possession of colonies with a mark currency would bring about an "extraordinary" improvement. So far there are no signs of relaxation in the control of either raw materials or food. In a later speech on Herr Hitler's birthday Dr Schacht stated that "in its preparatory stage the new Four Year Plan must cause the community much inconvenience, and impose on it many sacrifices; for the construction of the new factories naturally involves a temporary increase in the consumption of foreign exchange." It is not easy to reconcile these two utterances. In his second speech Dr Schacht dealt also with the responsibility of foreign countries for German and world economic troubles; and affirmed that foreign countries, "absurd as it may sound," have done their best by various measures, including incitements to boycott, to prevent Germany from paying her debts. Nevertheless Germany is "the only great country which has succeeded in maintaining the parity of its currency unchanged."

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Dr Schacht replied as follows to the foreign criticism that State "advance-financing" of public undertakings has been accomplished by means of mysterious conjuring tricks: "The whole mysterious conjuring trick consists simply in this, that for the advance financing of extraordinary Reich needs we take all the money-market resources that at the moment lie idle; that the Reichsbank in its legal cover replaces with special bills the currency reserves which it sacrifices to foreign creditors; and, further, that in view of the great fluidity of the money market, it allows such special bills to take the place of private discounting." Except for the omission of the fact that the currency reserves which the Reichsbank sacrificed to foreign creditors were originally sacrificed by foreign creditors to the Reichsbank, this is a good summary of the process. Nevertheless (and this has been made clear in other official statements), the extreme abundance of money, which is now even greater than in 1936, arose out of advance financing, and is preserved thereby. In the main the foreign criticisms to which Dr Schacht referred concern less the process itself than the secrecy observed about the amount of Reich bill liabilities.

Dubious Debt Statement

The monthly debt return for February (which, as usual, omits these liabilities) shows a slight decrease, due to temporary causes. In the past twelve months the debt has moved (in millions of marks) as follows:—

	Feb. 1936	Feb. 1937
Total	14,457.4	15,299.7
Including foreign currency	1,668.8	1,447.5
New internal debt	9,013.7	10,220.9
Including short term	2,971.7	2,402.0

The remainder of the total (old internal debt) consists mainly of valorised pre-stabilisation loans, and other debts incurred before April, 1924. The foreign debt is reckoned at current exchange, and therefore takes into account the gold-bloc devaluations of 1936. Further, there have been subtracted from the foreign-debt total sums which, because they could not be transferred, were paid into a special account at the Reichsbank. This calculation does not seem to be correct; for the official definition of foreign debt is debt in foreign currency, and the payments into the Reichsbank have not reduced that. The chief changes in the new internal debt during the year have been an increase of nearly Rm. 1,800 millions in the total of long and medium term liabilities, due mainly to consolidation borrowing; against this there has been a decline of nearly Rm. 600 millions in the total of short term debts.

The final crop returns for 1936 show for all the chief cereals considerable decreases compared with the estimates of September. Except for barley, the yields were below the average of the preceding years:—

	Average of 1930-35.	1936.
Millions of Metric Tons.		
Rye	7.76	7.36
Wheat and spelt	4.78	4.51
Barley	3.19	3.40
Oats	6.05	5.60

The gross import of foodstuffs and condiments in 1936 was Rm. 1,499 millions, slightly more than in 1935. In 1928 these imports totalled Rm. 5,742 millions; but the imports of 1936 at the prices of 1928 would have been worth Rm. 3,194 millions. Exports declined from Rm. 772 millions in 1928 to Rm. 88 millions (Rm. 159 millions at the prices of 1928) in 1936. The decrease in the supply of foreign foodstuffs, it will be seen, has been very much smaller than the decrease in payments for imports.

Restraint of Enterprise and Movement

Government restrictions on the mobility of labour and on enterprise have been the subjects of some interesting judicial decisions and authoritative statements. The Reichsgewerbeordnung lays down the principle of complete freedom to engage in industry and trade. This freedom has since 1932 been restricted by innumerable laws and ordinances. In dealing with individual test cases some of the Courts of Admini-

stration have therefore decided that industrial freedom in the sense of the Gewerbeordnung no longer exists in law at all. The police, for instance, could on principle and without any limitation veto any particular undertaking. The Prussian High Court of Administration has now decided, however, that the freedom of the Gewerbeordnung still exists in so far as it has not been restricted by special laws.

In regard to restrictions upon the choice of employment (recently made more stringent because of the steel shortage), it has been officially decided that the personal circumstances of workers applying for freedom to change their employers must be taken into account; but that the mere desire of a workman to improve his material condition (to get a higher wage) is not a good ground for claiming exemption from the restrictions. The Iron and Steel Supervision Board has forbidden under penalty the growing practice of giving multiple orders for iron and steel in order to ensure delivery. Pig-iron production in March was 1,300,640 tons against 1,190,800 tons in February; but output per day worked fell considerably. The quarterly figures (3,783,540 tons in 1937 against 3,703,100 tons in 1936) show plainly that the expansion has ended. The Ruhr Coal Syndicate states that the demand for fine coal cannot be met. The export surplus in foreign trade in March was Rm. 53 millions, against Rm. 24 millions in March, 1936.

Norway

Business Activity

Oslo, April 17.—Monetary conditions have not altered materially during recent weeks, except that the contraction of deposits with private and savings banks seems to have stopped, and the trend is now definitely upwards. Thus, the increase of deposits during February amounted to about 18 million kroner, while there was a decrease of about 8 million kroner during the same month last year. The weekly returns of the Norges Bank show an increase in the circulation of notes of about 13 million kroner in the course of last month, chiefly on account of increased demand for cash to meet Easter traffic requirements. Deposits decreased by a similar amount, but otherwise the fluctuations were only negligible.

In the course of last month arrangements were made for the conversion of no less than five different series of loans, two of which were 5 per cent. loans of the Norges Hypothekbank, and three were similar loans of the Smabruk and Boligbank. The conversion loans are of the 4½ per cent. type, and the Smabruk and Boligbank are offering their new issue for public subscription at par, with preferential right of allotment to holders of the old bonds.

The statistics of foreign trade during February reveal a record increase in imports, the value of which amounted to 100.2 million kroner, against 91.6 million in January and 71 million in February last year. The increase is chiefly due to heavy imports of machinery and ships. Exports also showed a slight increase from 63 million kroner to 65.6 million kroner (58 million in February, 1936).

There was a slight decline in industrial production in January, due to a set-back in certain export industries. It is a significant fact that the unemployment figures fell by about 4.5 per cent. from January to March; and the remarkable increase in imports, not only of articles of consumption, but also of various raw materials and semi-manufactured articles, is indicative of well-maintained activity in our home industries.

The Revision of Wages

These encouraging features cannot, however, conceal the seriousness of recent developments in the labour market. Wage scales were due to be revised on April 1st. Negotiations, which concern some 50,000 men in various branches of industry, have been carried on since shortly before Easter. The fact that the Labour Union has suc-

ceeded in carrying through a demand for separate negotiations for each of the groups concerned, instead of jointly as has been the custom, has added to the difficulties already existing in the rather widely differing ideas of workers and employers about wages and holidays. Fortunately, however, the prospect of an agreed settlement is now bright. Notice was given by the Labour Union to stop work on April 7th, but the Government gave orders to postpone the stoppage for another week or so.

Operations on the Bourse have been unusually brisk for several weeks, especially in whaling and shipping. Unemployed tonnage in our merchant fleet has dwindled to practically none; fresh tonnage is still being acquired; and the rates obtained, even for time charters of substantial duration, seem still to be soaring to pre-war levels.

According to the *Okonomisk Revue* the wholesale price index rose from 155.1 on March 1st to 160.1 on April 1st, the highest figures since 1927. The total rise during the first quarter of the year was 13.6 points.

Hungary

Social Reform

BUDAPEST, April 10.—When Dr Darányi became Prime Minister in October, 1936, upon the death of General Gömbös, political observers agreed that the test of his ability to govern would come in the spring of 1937. It now appears that the new Premier has stood the test better perhaps than many of his well wishers would have believed. The recent domestic troubles caused by certain irresponsible elements have been suppressed without delay. It must be added, however, that practically all the opposition parties support the Government of Dr Darányi in its effort to keep law and order in the country.

Since the death of General Gömbös, domestic affairs have undergone considerable changes. Such outstanding personalities of the Opposition as Count Bethlen and Dr Eckhardt, the leader of the Independent Farmers' Party, are wholeheartedly co-operating with Dr Darányi to bring about the constitutional reform which provides for the long delayed secret ballot in rural districts and the extension of the prerogatives of the Regent and the Upper House. Parliament is expected to discuss the Reform Bill after the Budget debate, but before the summer recess.

The improvement in the financial and economic situation enables the Government to devote its attention to social problems. A new generation has grown up since the end of the war and the Government realises that a new deal is necessary to satisfy their demands. Dr Fabinyi, the Finance Minister, by his able handling of the debts of the smallholders, won support for the Government from needy peasants. Nearly 400,000 families benefit by the provisions of the new decree just promulgated, which relieves the smallholders of their onerous burden. The original valuation of the land allotted to them is reduced by one-third and the interest rate from 4 to 3 per cent.; thus the annuity paid by the beneficiaries of the Land Reform is now only 50 per cent. of the original amount. With the improvement in agricultural prices it is reasonable to hope that the new regulations will enable the new proprietors to pay off their debts gradually in an orderly fashion.

The Terms of Trade

Trade returns were very satisfactory in the first two months of the year. Comparative figures are as follows:—

	1936	1937
First two months		
(in million pengő)		
Exports	76.1	96.5
Imports	70.8	60.4
Balance	+5.3	+36.1

The substantial increase of the export surplus is due principally to the fact that in the same period of last year

Hungary was compelled to import maize because of the failure of the 1935 harvest; whereas now maize is being exported in considerable quantities from the bumper harvest of 1936. The rising agricultural prices have greatly improved the lot of the farmers. Fortunately internal wheat prices have not followed the recent steep rise in the world market, because, since the Rome Agreement began to operate in 1934, domestic wheat has been constantly quoted above world prices. While Hungary is anxious to preserve the facilities granted to the signatories of the Rome Agreement, agricultural interests are urging the Government to alter the present method of selling wheat in fixed quantities at fixed prices, and to substitute preferential quotas at world prices. It is hoped in addition that the renewal of the Rome Agreement will remedy some of Hungary's legitimate grievances against Austria about export quotas.

Negotiations for a new commercial treaty with Germany are scheduled to take place before long. As more than half of Hungary's foreign trade is done with Austria, Germany and Italy, the new trade treaties are of paramount importance, and Hungary's price structure will now depend upon them. In less than a year the cost of living has increased by 10 per cent. Food and clothing are chiefly responsible for the rise. Wages have been increased by approximately 10-12 per cent. in the same period, so that real wages remain practically the same in spite of the industrial boom. The number of gainfully employed persons is still rising.

Jugoslavia

Pax Romana?

BELGRADE, April 13.—The Government is highly satisfied with the Italian pact. It is hoped that the conclusion of this pact, which follows so soon after that with Bulgaria, marks the achievement by Yugoslavia of a kind of *Pax Romana* on all its frontiers. Particular stress is laid by the Government on the fact that the new agreement in no way weakens, but rather complements, the existing friendship with France, Great Britain, the Little Entente and the Balkan countries. Whether this enthusiasm is shared by popular opinion, which is notably Francophile and pro-Little Entente, it is difficult to say, since discussion of foreign affairs in the Press is not encouraged. There was no doubt, however, of the popular enthusiasm about the visit of President Benes. It is certain that the concessions obtained from Italy are even more important than they appear at first sight, and that there could hardly have been a psychologically more suitable moment for obtaining them than immediately after the reversal of Italian hopes in Spain. Indirectly, too, a guaranteed peace on the western border should enable the Government to devote itself, much less hampered, to the Croatian problem.

Exports have been doubled in quantity and increased by 60 per cent. in value compared with last year in the first two months of the year. The increase of imports in February also shows that the usual lag of imports behind exports is being caught up.

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WORLD-WIDE LETTERS OF CREDIT
AND DRAFTS ISSUED

An indication that the Government is trying to settle the rapidly growing German trade debt to Yugoslavia (which now exceeds 36 million gold marks) is the new agreement which fixes a definite proportion between exports and imports. Under this arrangement Germany is to import less from Yugoslavia than she exports thereto until a balance of trade is achieved. This should be advantageous to the exports to Yugoslavia of other countries which trade with her.

Foreign Capital in Yugoslavia

Recently published statistics of foreign capital in Yugoslavia collected by Professor Rosenberg and published in the *Privredni Pregled* show that investments amount to 2,616 million dinars and foreign credits to 3,600 million dinars, making in all 6,216 million dinars, or £25.9 millions. This represents about one-third of the total sum invested in Yugoslav business life, which is 18,370 million dinars, or £76,250,000. Foreign capital in Yugoslavia, as in all the States of South-Eastern Europe, takes the form of credits rather than of actual investment in shares. Most of this capital (77.6 per cent.) is invested in industry: 2,192 million dinars in share capital and 2,634 million dinars in credits, making in all 4,826 million dinars. Banking comes next with a total of 903 million dinars (281 millions in shares and 622 millions in credits); and then transport (66 million dinars in shares and 175 millions in credits), commercial enterprises (with 210 millions in all), and insurance (with 35 millions in all).

Since the collapse of the Credit Anstalt foreign investments in Yugoslav banking through Vienna have been declining and precedence has passed into the hands of Czech and French firms. French investments are the largest (807 million dinars in share capital and 249 millions in credit), and represent 17 per cent. of all the foreign investments in the country. British capital comes second with 873 million dinars, or 14 per cent. of the total, and Czech third with 741 millions.

Statistics suggest an incipient boom. The number of insured workers increased between November, 1935, and November, 1936, from 599,655 to 656,962. The index of mining output stood at 134 at the end of last year (1926-30 = 100). The index of foundries output, on the same basis, was 148. State receipts for the ten months April to January were 8,480 million dinars, compared with 8,173 millions for the corresponding months of 1935-36. Truck loadings reached a total of 1,514,000 for 1936, compared with 1,459,000 in 1935, and were the highest for the last six years. Even savings deposits, which have been more or less stationary for a number of years, increased in the twelve months February, 1936, to February, 1937, from 10,303 to 10,932 million dinars.

Japan

Government Regulation

TOKYO, March 30.—The Government has introduced several important measures into the Diet. The Foreign Trade Regulation Bill will empower the Government to restrict or prohibit imports or exports if it is deemed necessary to prevent unwarranted competition between traders or the concentration of sales or purchases in one market. The Foreign Trade Guilds Bill is designed to codify the Import and Export Guilds Acts and to strengthen Government control over trade. The Department Store Bill proposes to put such undertakings under a licensing system, to restrain the growth and activity of big stores in the interests of small retailers. The Agricultural Land Bill aims to secure agrarian peace by extending the small-holding scheme. Under the tariff revision the duties on mineral oil, motor vehicles and parts, ball-bearings, card clothing, iodine and cassava roots will be raised; the duty on molasses for glycerine making will be reduced; aeroplanes and parts, wood pulp and hardened soya bean oil will be put on the free

list; and the duty on pig iron and steel materials will be suspended for about two years.

The improvement in general trade conditions has at last reached the joint-stock banks. The aggregate profits of the six leading banks for the December half-year amounted to 28,191,000 yen, compared with 27,529,000 yen in the preceding half-year. There was a moderate increase in the earnings of the four Tokyo banks, but the profits of the two Osaka banks were slightly smaller. The most notable feature in the balance sheets of the Big Six is a marked rise in advances. While aggregate deposits rose by 200,333,000 yen and investment holdings fell by 139,675,000 yen, loans and advances increased by 345,785,000 yen. Cash in hand and at the Bank of Japan increased by 39,144,000 yen, but the cash ratio was still at the low level of 8.3 per cent., showing that the banks, under the cheap money regime, were forced to employ a large proportion of their resources in profit-earning directions.

Growing Trade and Production

The course of foreign trade continues to be satisfactory. The February returns show that, compared with the corresponding month of last year, imports (302,434,000 yen) increased by 50,595,000 yen, i.e. 20.1 per cent., and exports (225,654,000 yen) rose by 31,264,000 yen, i.e. 16.1 per cent. The increase in imports is mainly accounted for by raw materials, the chief increases being in raw cotton, wool, crude rubber, iron and steel, and copper. Raw wool arrived in large quantities from Australia after the cessation of the trade war. The expansion in exports was spread over the whole list, with the exception of vegetable oils, rayon yarn, etc. There were increases in the two staples, cotton piece-goods and raw silk.

Other home trade statistics show the acceleration of the recent trend. The output of cotton yarn during February totalled 131,901,000 lbs., an increase of 1,431,000 lbs. since January; and rayon production during last month established another record with 25,585,000 lbs., or 324,000 lbs. more than in the preceding month. The aggregate value of all shares listed on the Tokyo Stock Exchange on March 1st was increased by 299.1 million yen to 8,355.7 million yen. The Bank of Japan's wholesale index number for February registered a fall of 1.2 per cent. on the month; the decline is mostly accounted for by those articles which had made steep advances during the preceding month.

The official index of industrial production in 1936 shows a rise of 17.8 per cent. and 6.5 per cent., respectively, compared with 1934 and 1935. The following table gives a comparison of the index numbers (average of 1931, 1932 and 1933 = 100) for output of the principal products for the past three years:—

	1934	1935	1936
Cotton yarn	122.9	126.0	127.7
Raw silk	99.1	100.9	91.1
Rayon yarn	205.0	299.0	389.5
Cotton piece-goods	127.4	131.7	125.0
Silk piece-goods	118.3	112.2	88.1
Rayon piece-goods	143.3	203.9	294.3
Pig iron	151.5	165.2	173.6
Steel products	156.0	181.9	210.0
Machinery and tools	159.5	187.7	214.2
Cement	118.5	132.1	129.5
Sulphate of ammonia	120.3	144.1	190.4
Caustic soda	222.0	287.3	354.6
Paper	116.9	126.3	134.1
Refined sugar	100.2	112.9	97.5
Total manufacturing industries	129.1	143.3	151.9
Gold	114.7	140.7	166.6
Silver	124.3	147.5	173.8
Sulphur	160.4	192.9	225.5
Coal	121.0	127.9	139.5
Total of mineral industries	115.4	124.1	138.0
Grand total	127.4	141.0	150.2

The expansion of production continued to be conspicuous in the case of rayon, iron and steel, machinery and tools and heavy chemicals, while there were notable declines in the case of most textiles, with the possible exception of rayon yarn and fabrics.

Letters to the Editor

National Finance

TO THE EDITOR OF THE ECONOMIST

SIR,—Your admirable and exhaustive survey of the National Accounts for the year just ended, published with this week's *Economist*, emphasises certain important facts.

1. The savings in the Consolidated Fund Services by conversion operations amounted to £142 millions between 1930 and 1937, while the increase in Defence and Other Services, during the same period, was as much as £196 millions. We all know what is in store for us in the financial year just commenced. Further comment is superfluous.

2. It would appear that the estimated expenditure for the current year, including the £80 millions Defence Loan, will represent 18.1 per cent. of the estimated National Income, against 18.5 in 1924; 17.6 in 1929; and 20.8 in 1932. Those who still have some regard for the country's financial record and reputation would appear to be justified in contending that the additional burden could be shouldered without hampering legitimate enterprise unduly. In fact, it would be comparatively easy, if a halt were called to the increase in "All Other" expenditure—£434 millions estimated, against £420 millions!

May I now be permitted a word of criticism. You suggest the appointment of a Commission charged with the task of finding new sources of revenue. Would it not be more to the point and of greater benefit to the country ultimately if a Commission were appointed to explore all possible methods of effecting savings in our national expenditure?

A careful study of your figures fills one with the gravest concern as to the future. Probably we have passed the peak of the boom, and the fact is hidden only by activity in re-armament, and will emerge as the expenditure on unproductive assets gradually grows.

I am, Sir,

Your obedient Servant,

JOHN BRUNTON.

Bournemouth.

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr Paul Einzig has written you an amusing letter. He thinks I ought to have addressed my letters to Herr Hitler. Why Herr Hitler? And why this anxiety to select Germany as an enemy of this country? I can see no evidence on the part of Germany of any intention to attack this country. Quite the contrary. Anyone who has recently visited Germany will confirm my statement that her whole policy is based upon a disposition to cultivate the most friendly relations with Great Britain.

Sir Robert Horne attacked the German Ambassador recently for making a speech at Leipzig in which he was reported to have stated that if Great Britain did not agree to restore the former German Colonies, Germany would take steps to obtain them by force. This was contradicted in *The Times* newspaper by a correspondent, and I have had it from Herr Von Ribbentrop himself that he never said anything of the sort. A verbatim translation of the speech confirms the Ambassador's statement.

Mr Einzig has also failed to appreciate my argument which is not to leave London defenceless, but so to arrange our defence programme as to provide for adequate armament and adequate finance.

I am, Sir,

Your obedient Servant,

D. M. MASON.

London, S.W.1.

Who Owns an Insurance Company's Assets?

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr Goulding is inclined, I think, to misconceive the purpose of segregating the life assets of a composite insurance office. The object is not to ensure a higher quality of investment for the life department, but to protect it from the inroads of other departments whose liabilities mature more quickly.

A fire department will two years from now have discharged all the outstanding and potential liabilities on existing contracts. A life department forty years hence will still have to make provision for the same liabilities that are standing on its books to-day. It is to-day acquiring assets that will be wanted in forty years' time.

If one of the short-contract departments gets into difficulties and wants ready cash and knows that across the corridor in the same building the life department has assets which for payment of life claims will not be wanted these forty years—knows, too, that they can be realised and used for the immediate claims of an unsuccessful department without any breach of the law—then how easily may the temptation to use them become irresistible. If it is not resisted, the long-term life policy holders may find that the assets provided from their annual premiums have been dissipated in an attempt to keep a short-term department on its feet.

Yours, etc.,

INSURER.

London, E.C.2.

Growth of a Monopoly

TO THE EDITOR OF THE ECONOMIST

SIR,—I am far from wishing to discourage Mr H. G. Williams from protesting in Parliament against what he rightly calls "all this modern nonsense of the excessive control over the individual in industry," and I only wish I could induce him to extend his protests to the interferences with trade and the consumer's liberty of buying, which the tariffs which he advocates involve.

The "shifts and devices" to which the Government has resorted are perhaps no better than the "logical Protectionist policy" which Mr Williams wants; but it is doubtful if they are any worse, at a time when the leaders of so many countries have come to realise that logical Protectionist policies have created havoc in the world and must be reversed.

Mr Williams suggests that my business friend who has been compelled to pay 125 per cent. more for his steel under the monopoly that has grown up in Scotland must be incompetent. He has built up a fine business in the West of Scotland and is regarded as an unusually shrewd man. Since my last letter appeared, he tells me that he slightly underestimated the rise in price. For Mr Williams to say that there has been no general rise in price of this order is beside the point. The fact remains that in Scotland the iron and steel industry has become a monopoly under Protection.

Yours faithfully,

RANALD M. FINDLAY.

Edinburgh.

[This correspondence must now cease.—Ed., *Econ.*]

NATIONAL BANK OF GREECE

Established in 1841

Head Office: Athens

Branches and Agencies throughout Greece

Branches and Agencies in Egypt:

CAIRO, ALEXANDRIA, ZAGAZIG

Affiliated Bank:

HELLENIC BANK TRUST COMPANY

31 Maiden Lane, NEW YORK

Capital paid up and Reserves Drs. 1,205,000,000

An Economist at the Breakfast Table

TO THE EDITOR OF THE ECONOMIST

SIR,—Your economist at the breakfast table, in reviewing the effect of the marketing scheme upon bacon, says he has no retail prices with which to make comparisons. He may be interested in the following quotations for English back (the most expensive cut) at a West End of London store (the most expensive market) as given in the grocery trade press. From January, 1925, to May, 1931, the price was, with the exception of one month, always 2s. or more, and was frequently 2s. 6d. The averages for the years were: 1925, 2s. 3½d.; 1926, 2s. 5d.; 1927, 2s. 1½d.; 1928, 2s. 2d.; 1929, 2s. 3½d.; 1930, 2s. 3¾d.; 1931, 2s. 1d.

The slump in the bacon market was first felt in June, 1931, and since then the price has never touched 2s., the averages being: 1932, 1s. 9d.; 1933, 1s. 9½d.; 1934, 1s. 11d.; 1935, 1s. 10½d.; 1936, 1s. 10½d. The present price is 1s. 10d.

The Ministry of Labour notes the rise and fall in the price of streaky bacon as bought by the middle and working classes. This shows that a shillingworth of streaky bacon from 1925-30 would have fluctuated between 9½ and 12½ ozs. During the slump of 1931-33, a shilling would have bought 16½-19½ ozs., but since the marketing scheme

began it would have bought 14 ozs. in 1934 and 1935, and 13½ ozs. in 1936 and to-day—a fluctuation of only half an ounce.

Your correspondent says that the cut in supplies of Danish bacon has produced a 25½ per cent. price advance. But this is making a comparison between 1936 and the slump year of 1933, when, as the Food Council has pointed out, all countries were producing at an uneconomic figure. If your contributor will look further back to more normal years, he will find that Danish bacon was not only subject to more violent fluctuations than to-day, but was considerably higher in price.

Thus the price of Danish No. 1 sizeable on the London Provision Exchange was 123s. in 1925; 122s. in 1926; 94s. in 1927; 98s. in 1928; 113s. in 1929, and 95s. in 1930, when, of course, there was no limitation of supplies. The highest price since the quota began, 94s., is the same as the lowest in the five normal years before the slump.

Yours, etc.,
W. GILBERT FRASER.
London, W.C.2.

[It is true that the price of Danish bacon was no higher last year than in 1927, but our correspondent overlooks the fact that the Ministry of Labour index of food prices (1914 = 100) averaged only 130 in 1936, against 160 in 1927—a drop of 19 per cent. And whereas food prices in general rose by a mere 8 per cent., from 120 in 1933 to 130 last year, the price of Danish bacon advanced by no less than 25½ per cent.—ED. *Econ.*]

Books and Publications

Price Movements and Business Cycles

THESE two volumes* represent American research at its most painstaking. Professor Mills's study of price-movements since 1929 must be one of the most minute ever made of any period, and is likely to prove a mine which will be gratefully worked by several generations of students to come. Professor Bratt's book, which "is written for use as a text for college courses in business cycles," is only less detailed because its scope is wider. He does not discuss Trade Cycle theory critically; his purpose is to show that the various attempts to trace the business cycle to single causes have been unsuccessful, and that therefore forecasts of future cyclical movements must be based on an interpretation of a changing complex of factors. He accepts, in short, Professor Wesley Mitchell's view that each cycle is a "unique historical episode." An inductive method, involving a good deal of empiricism, is the only sound basis for business cycle studies, according to this interpretation. Such an approach is best carried out statistically, and it is to the statistician that his book will most appeal.

The principal reference of both these books is to American conditions, but Professor Mills devotes some attention to the world price situation. He treats the question of decline and recovery comparatively for thirty-two countries. The inference is that the action taken, particularly in the monetary field, by their Governments accounts for the dissimilar course of events in these countries, since if that factor were not important one would expect to find countries of the same economic type experiencing the same price-movement (not necessarily simultaneously) in a given world situation. But, although Professor Mills observes that "the international pattern is not a simple one," he has little to say about purely monetary influences on the price structure. Rather he directs our attention to changes in the price-margins between different stages of production; to the changing position of primary producers; to the position of capital goods industries; and to changes in

the prices of consumers' goods due, e.g. to the increased importance of salesmanship and advertising. British readers will perhaps be struck as much by his silence about the "inflexibility" of wages as by his disregard of currency and credit policy. Indeed, part of the value of Professor Mills' study lies in its insistence on factors which have bulked large in the American situation, since it stimulates us to re-examine our ideas about the depression in this country. In particular, he brings out a point to which comparatively little attention has been paid by English economists—the fact that after the war the tendency was for the gap between the prices of finished products and those of raw materials of manufacture to widen, reversing the trend noticeable for a quarter of a century before. We are familiar with the compensatory cheapening of imports which helped us to last out the years of shrinking trade and growing unemployment with no great social distress; but we have not yet taken adequately into account the implications of the current trend. If it persists, the areas of primary production can no longer expect even to retain their former share of the world's real income; and the capital sunk in them when their prospects were better will have largely to be written off.

To follow out such possibilities would, however, take us a long way beyond the scope of Professor Mills's book. He has confined himself to an elucidation of the facts of recent price-history. The result is a model of statistical research of which the publishing bodies may justly be proud.

Shorter Notices

"Land Utilisation and Rural Economy in Korea." By Hoon K. Lee. Oxford University Press. 289 pages. 17s.

Examines the foundations of life and livelihood in Japan's largest colony. Natural resources, crops, farming, land-ownership and tenancy, capital investment, rural credit, labour problems and the standard of living are ably and fully described. Lucidly and objectively written without prejudice or bias. Allows the facts to speak.

"The Riddle of Napoleon." By Raoul Brice. Putnam. 345 pages. 15s.

This book shows Napoleon following his "star" to the "destined" end; driven to his long feud against England by a Corsican sense of vendetta; influenced at every turn by his family and various women; and dying still dignified and undaunted. M. Brice tries to interpret this historic

career in psychological terms, with a leaven of medical phrases; but his explanation amounts to no more than that "the child is father to the man." Napoleon was ambitious, audacious, prudent, ingenious and revengeful because "he felt, thought and acted as a Corsican." The book is ragged and rhetorical, but quite interesting to read.

"The Problems and Practice of Economic Planning." By R. Burrows. King. 280 pages. 10s. 6d.

Mr Burrows has attempted to sort out and to criticise the theories and the practical measures which have arisen from the contemporary vogue of economic planning. He surveys adequately what has been done in Great Britain, Australasia, the United States, Italy and Russia; and concludes that economic planning must be futile until a wider planning of human life is undertaken, and until a universal change of heart has taken place.

"Greece's Anatolian Adventure and After." By A. A. Pallis. Methuen. 238 pages. 10s. 6d.

A praiseworthy attempt to summarise simply that very complicated series of political, military and diplomatic events which led to the burning of Smyrna and the expulsion of the Greeks from Asia Minor in 1922. Sets the episode in the context of Greek history, examines the responsibility of the Great Powers, and passes judgment reluctantly against M. Venizelos.

"The Co-operative Movement and Better Nutrition." International Labour Office Studies and Reports, Series B, No. 24. P. S. King and Son. 66 pages. 1s. 6d.

This Report summarises the results of an inquiry undertaken by the International Committee for Inter-Co-operative Relations at the request of the International Labour Office. Its two chapters cover the action taken respectively by the agricultural co-operative organisations and the distributive co-operative organisations to improve, define and guarantee the quality of the products they place on the market, and to educate producers and consumers.

"Proceedings of the International Conference of Agricultural Economists, 1936." Oxford University Press. Humphrey Milford. 528 pages. 17s. 6d.

This substantial volume contains a full record of the papers and speeches delivered at St. Andrews during the week ending September 6, 1936. The majority of the papers are concerned with different aspects of certain fundamental problems of agricultural policy, viz.: the relation of agriculture to the rest of the community; land tenure, agricultural credit, commercial policy and the outlook for international trade in agricultural produce; the industrial organisation of farming; and the consumption of agricultural produce. The few remaining papers deal with more specialised subjects.

"B.B.C. Annual, 1937." The British Broadcasting Corporation. 2s. 6d.

The usual feast of information about broadcasting with sidelights on policy. Improvements in studio design, the development of television, the growth of revenue and expenditure in the last ten years, and the future of regional transmission, are all pointedly discussed. The use of programme time is analysed hour by hour; the international implications of wireless are reviewed; and every aspect of the British service is examined. Profusely illustrated and full of facts, this annual is cheap, attractive and invaluable for reference.

"Valuation of Real Property." By C. A. and N. Webb. The Technical Press. 331 pages. 21s.

The sixth edition of a well-known work first published in 1910. Covers the valuation of all types of real property; examines such matters as timber measuring, arbitration, compulsory purchase, licensing and fire insurance; states the valuation procedure for rating and taxation; and includes a survey of the Tithe Act of 1936 and the Landlord and Tenant Act of 1927. Full, authoritative and up to date.

"British Waterworks Directory (1936)." Fifth Edition. Edited by G. P. Warner Terry. British Waterworks Association. 1½ guineas (1 guinea to members).

This well-known compendium provides the essential statistical basis for the study and management of water undertakings. It is prepared with the co-operation of the Ministry of Health. Names and ages of undertakings, details of officials, statutes and sources of supply, particulars of all types of charges, and fuel consumption figures are set out in full. The statistical tables are excellent; and a novel feature of this edition is the analyses of the chemical and bacteriological character of the water of the various undertakings.

Books Received

Rural Finance and Co-operation. By C. F. Strickland. Publications of the Co-operative Commission National Economic Council. Series D. No. 1a. (Shanghai) Chung Hwa Book Company, Ltd. 459 pages. No price stated.

A History of Peaceful Change in the Modern World. By C. R. M. F. Crutwell. (London) H. Milford. 221 pages. 7s. 6d. net.

Europe in Arms. By Liddell Hart. (London) Faber and Faber, Ltd. 348 pages. 12s. 6d. net.

The Theory of Forward Exchange. By Paul Einzig. (London) Macmillan and Company, Ltd. 520 pages. 21s. net.

The Empire in the World. A Study in Leadership and Reconstruction. By Sir Arthur Willert, B. K. Long and H. V. Hodson. (London) H. Milford. 323 pages. 10s. 6d. net.

Canadian Mines Handbook, 1937. Compiled and published by Northern Miner Press, Ltd., 122 Richmond Street West, Toronto. 383 pages. No price stated.

Organised Compensatory Trading. By E. Milhaud. (London) Williams and Norgate. 305 pages. 5s. net.

Indian Sugar Mills Association. Report of the Committee for the year 1935-36. (Calcutta) Indian Sugar Mills Association, 135 Canning Street. No price stated.

The Indian Sugar Industry. By M. P. Gandhi. (Calcutta) M. P. Gandhi, 14B Heysham Road, P.O. Elgin Road. 16 pages. 8 annas.

Central Electricity Board's Ninth Annual Report, 1936. (London) Whitehead Morris, Ltd., Tower House, Holland Street, S.E.1. 47 pages. 1s. net.

Schedule of Specifications and Prices of Private Cars, Spring Issue, 1937. (London) The Society of Motor Manufacturers and Traders, Ltd., 83 Pall Mall, S.W.1. 2s. 6d. net.

Three Years of the Agricultural Adjustment Administration. By Edwin G. Nourse, Joseph S. Davis, John D. Black. (Washington, D.C.) The Brookings Institution. 600 pages. \$3.50.

The Law of Trade and Merchandise Marks in India. By S. Venkateswaran. (Calcutta) The Law Book Company, 9 Hastings Street. 767 pages. No price stated.

Official Year Book of the Commonwealth of Australia, 1936. (Canberra) Commonwealth Bureau of Census and Statistics. 1015 pages. 5s. net.

The Issuing House Year Book and Financial A.B.C., 1937. 7th Edition. Compiled and Edited by Mark E. Day. (London) The D.M.A. Co., Ltd., Ropemaker Street, Moor-gate. 547 pages. 21s. net.

Statistical Abstract of the United States, 1936. (Washington, D.C.) Superintendent of Documents. 840 pages. \$1.50.

Official Publications

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

Supplementary Estimates for the year ending March 31, 1937: (a) Air Services. 2d. net; (b) Navy. 2d. net.

Report of the Departmental Committee on the Hours of Employment of Young Persons in Certain Unregulated Occupations Cmd. 5394. 9d. net.

General Annual Report on the British Army for the Year ending September 30, 1936. Cmd. 5398. 2s. net.

Trustee Savings Banks: Forty-fifth Annual Report, year ended November 20, 1936. 3d. net.

Seventy-ninth Report of the Commissioners of H.M. Inland Revenue for the Year ended March 31, 1936. Cmd. 5297. 1s. 3d. net.

Imperial Economic Committee: Annual Report covering the period April 1, 1935, to March 31, 1936. 6d. net.

Report of the Medical Research Council for the Year 1935-1936. Cmd. 5378. 3s. net.

Report of the Royal Commission on Local Government in the Tyneside Area. Cmd. 5402. 1s. 6d. net.

British Broadcasting Corporation: Tenth Annual Report, 1936. Cmd. 5406. 6d. net.

Widows', Orphans' and Old Age Contributory Pensions (Voluntary Contributors) Bill, 1937: Report by the Government Actuary on the Financial Provisions of the Bill. Cmd. 5415. 3d. net.

Eighth Annual Report of the Department of Health for Scotland, 1936. Cmd. 5407. 3s. net.

Department of Overseas Trade: Report on Economic and Commercial Conditions in the United States of America, December, 1936. 3s. net.; *Report on Economic and Commercial Conditions in Ecuador, 1936.* 9d. net.; *Report on Economic Conditions in the Persian Gulf, December, 1936.* 4d. net.; *Report on Economic and Commercial Conditions in French West Africa, 1933-36.* 1s. 3d. net.

Annual Statement of the Trade of the United Kingdom with British Countries and Foreign Countries, 1935, compared with the years 1931-1934. Vol. IV. £1 5s. net.

Newfoundland: Annual Report of the Commission of Government for the year 1936. Cmd. 5425. 1s. net.

Twenty-fifth Report of the Department of Agriculture for Scotland. Cmd. 5410. 2s. net.

* "Prices in Recession and Recovery." F. C. Mills. National Bureau of Economic Research and Committee on Recent Economic Changes. (Macmillan). Pp. xv+581. 16s. net.

"Business Cycles and Forecasting." E. C. Bratt. Business Publications, Inc. Pp. xiii+501. 9s.

MONEY AND BANKING

Banking and Government Finance

THE reactions of Government finance upon the banking system are close and immediate. It is not the Treasury's practice to hold large cash balances at the Bank of England, and any movement of funds into or out of the Exchequer is quickly reflected in a reduction or expansion of the floating debt. Nor do the Government departments hold large cash balances, for any surplus funds are at once invested in Treasury bills or Government securities, or re-lent on Ways and Means to the Government. Thus, the Government never becomes a hoarder of liquid cash abstracted from the banking system, but it is equally true that all Government operations have their reactions not so much upon the supply of bank cash, but upon bank deposits and earning assets.

We propose, in the following article, to examine the reactions of two main trends of Government finance. The first is seasonal, and arises from the traditional British practice of collecting the bulk of the year's revenue during the last quarter (December 31st to March 31st) of the financial year. This is illustrated in the following table, covering the past financial year:—

REVENUE AND EXPENDITURE

1936-37	Revenue	Expenditure*	Surplus or Deficit
April 1-December 31 ...	443	582	- 139
January 1-March 31 ...	354	208	+ 146
Complete Year ...	797	790	+ 7

* Excluding Sinking Fund.

There is a gradual growth in the deficit from April to December in each financial year, followed by its rapid disappearance during the ensuing three months.

The second trend of Government finance is mainly of a long-term character, and results from successive steps to consolidate the National Debt position by issues of new long-term securities. Every such issue involves the payment of large amounts of money into the Exchequer, as the various calls fall due; and unless this money is required to meet maturing long-term debt, it is automatically applied to the reduction of the floating debt. The latter's amount at any given moment, therefore, depends on two distinct variables, namely the seasonal fluctuations in the excess of expenditure over revenue and the Government's debt funding operations. A complication, concerned rather with the composition of the floating debt, arises from the Exchange Equalisation Account's operations. As we have pointed out before, the more gold the Exchange Account buys and holds, the larger is that part of the floating debt held by the banking system as distinguished from the Public Departments.

The first of the charts on the opposite page illustrates these two main trends. The thick continuous curve shows the absolute size of the floating debt at any moment, as indicated by the figures (representing millions of pounds) printed in the margin. The thin dotted line shows the excess of expenditure over revenue. This is measured from the horizontal zero line. Each financial year has its independent zero line, whose position in the chart is determined by the size of the floating debt at the beginning of that year. The "dot-dash" line measures other payments into or out of the Exchequer, and is also related to the zero line for each year. If payments into the Exchequer for each financial year to date exceed payments out of the Exchequer, then this last line is shown as falling below the zero line, and vice versa.

The floating debt curve tends to follow the "net expenditure" curve, rising and falling with the cumulative deficit for each year. For reasons of convenience, the deficit (or margin of expenditure over revenue) is calculated without taking account of sinking fund payments. The recent Funding Loan issues, however, have

tended to widen the margin between the two curves during each of the years, making the floating debt smaller than it otherwise would have been. They also explain the gradual decline in the floating debt during the whole period.

The next two charts, which the reader should note are drawn on a vertical scale half that of the first chart, link up Government finance with the banking position. Chart (2) shows the floating debt divided into tender issues of Treasury bills and the floating assets of Public Departments, the latter comprising tap issues of Treasury bills plus the Departments' Ways and Means Advances. The chart has additional curves for clearing bank deposits and investments. All these curves show the absolute size of each item, and are related to the scale in the margin. Superimposed on them are the two Government finance curves, "net expenditure" and "other payments into or out of the Exchequer." These are related to the horizontal zero line for each year, which is given the same position as in the first or basic chart. Chart (3) is constructed in the same way, but gives clearing bank deposits, discounts and cash (in absolute figures), and also the two Government finance curves.

The two charts, taken together, show how the seasonal rise and fall of net expenditure reacts through the banking system. First it affects the floating debt and the total of tender issues of Treasury bills. The latter fluctuation in turn causes a parallel rise and fall in clearing discounts, while the spring revenue collection brings about a contraction in deposits. The machinery, however, is elastic, and much of the original shock is absorbed in the process of transmission. The general trend of bank deposits, again, has been upwards in recent years, as a result of causes which are not directly connected with Government revenue and expenditure. Finally, bank cash usually remains unchanged each time. The cash transferred from the banks to the Exchequer in payment of the taxes due by the banks' customers returns at once in the redemption of Treasury bills held by the banks. All these points are illustrated in the following table:—

REVENUE AND THE BANKING POSITION

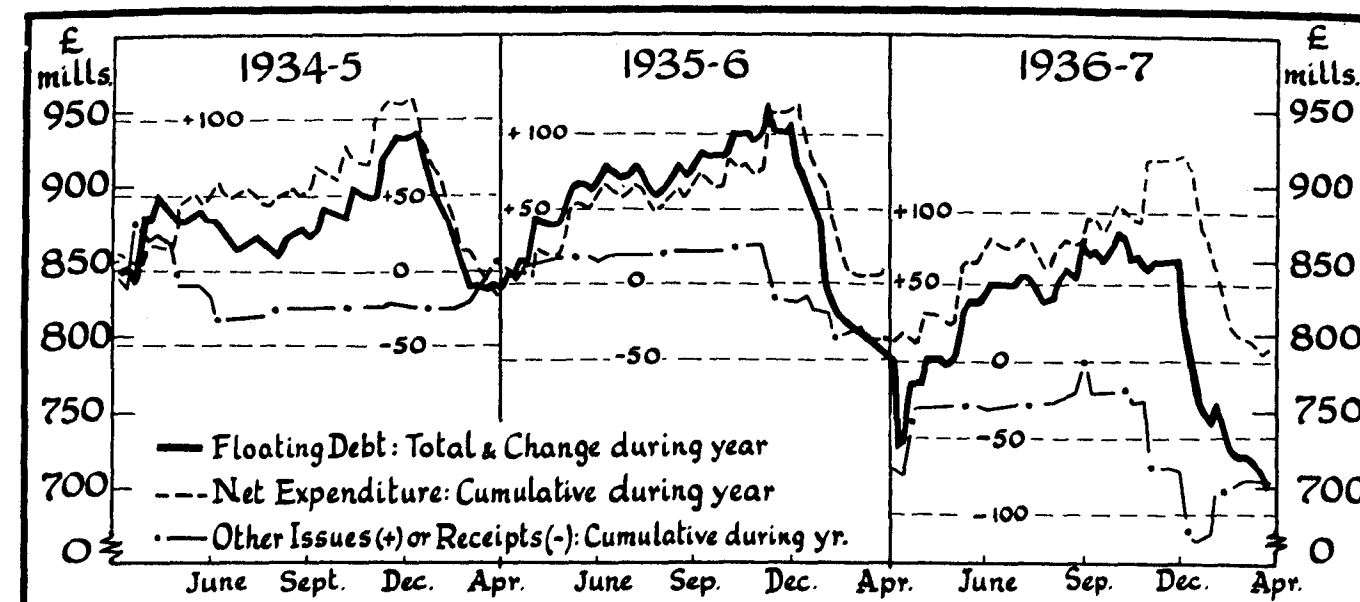
1936-37 (Dec. 31st-March 31st)—	(£ millions)
Net revenue surplus	146
Reduction in—	
Floating debt	152
Tender Treasury bills	109
Clearing Bank Discounts*	71
" Cash*	19
" Deposits*	68

* December and March averages are compared.

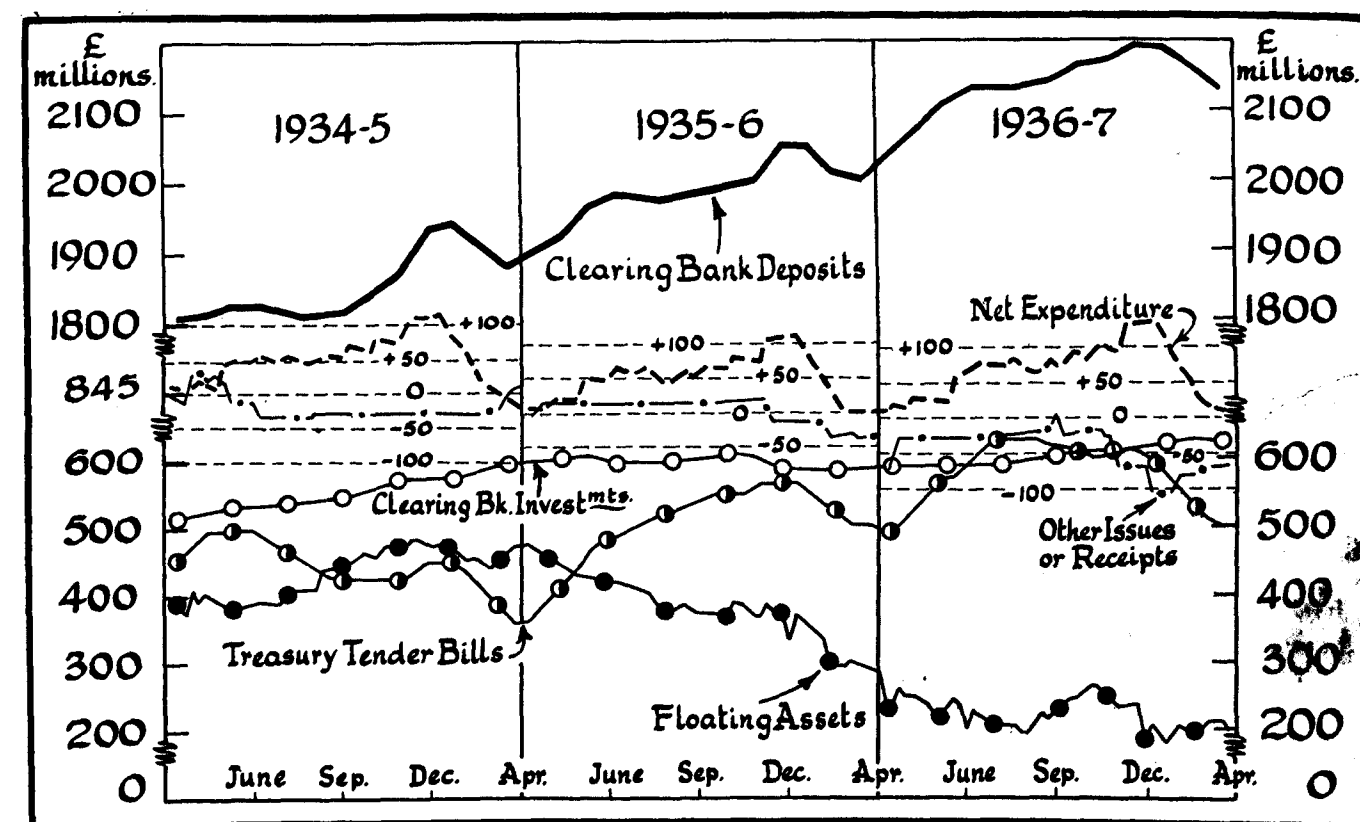
The limited reduction in bank cash is due to causes unconnected with the ebb and flow of revenue. The table shows that a net revenue surplus of £146 millions ends in a reduction in clearing bank deposits of less than half that amount. In a sense that last reduction is deflationary, for it indicates a contraction in the amount of money in the hands of the public. This, however, is the natural consequence of the duty of citizens to pay their taxes. Also, in the absence of any reduction in bank cash, a contraction in deposits and discounts raises the banks' cash ratios and so adds to their liquidity. The contraction in the supply of Treasury bills also weakens the discount rate at this season of the year. The slightly firmer tendency of money noticeable in the spring is due not so much to a diminution in bank cash as to the fact that much of the money is continually moving backwards and forwards between the banks and the Exchequer and so is not readily available for lending to the market.

There is little evidence of the influence of the successive Funding Loan issues upon the banking system.

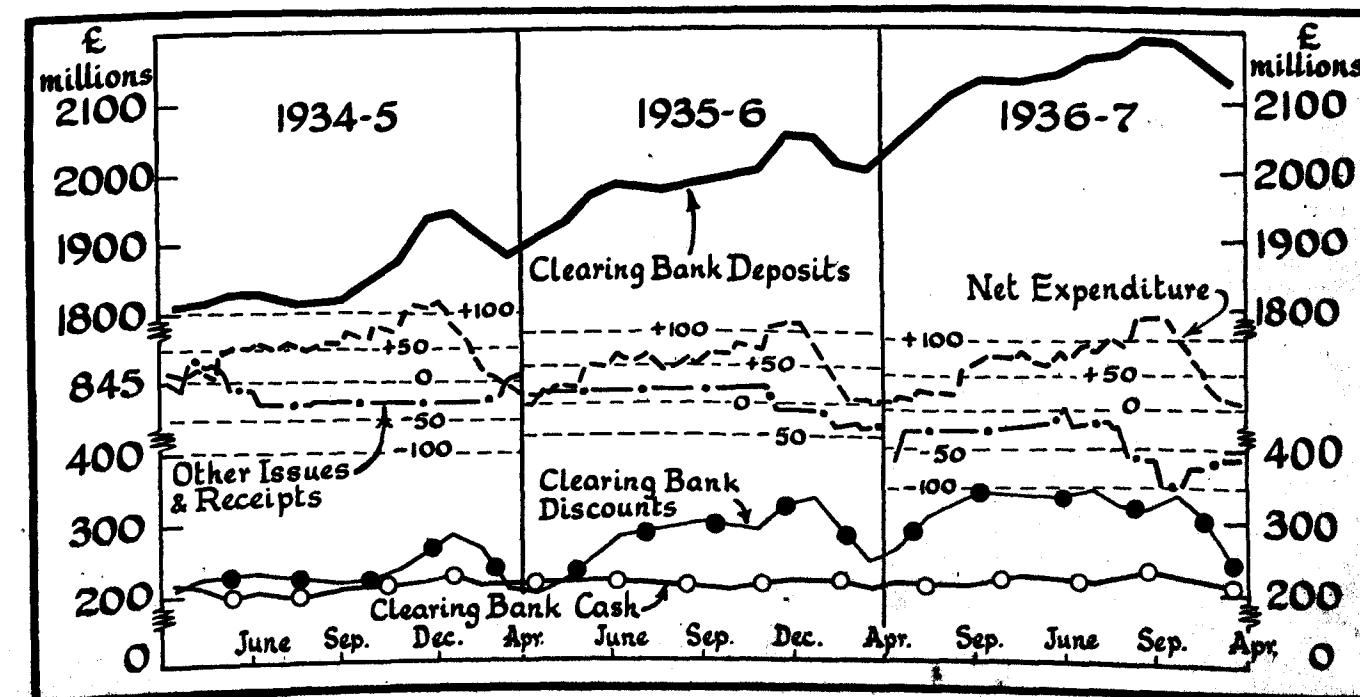
EXCHEQUER RECEIPTS AND PAYMENTS



THE BANKS AND THE FLOATING DEBT



THE BANKS AND THE EXCHEQUER



The curve of clearing bank investments was not disturbed by any of these recent issues. While the downward trend of departmental floating assets probably reflects internal support to the Funding Loans, the main cause of this decline must be attributed to the Exchange Equalisation Account's heavy and continuous gold purchases. Without these, there would have been a noticeable drop in tender Treasury bills and clearing bank discounts, which would have brought to light the Government's efforts to fund the floating debt. Actually, as fast as the Government funded its short-term debt to the banking system through the issue of these various loans, it had to borrow afresh at short-term from the banks in order to buy and hold its new gold. The real effect of debt refunding upon the banking system will only emerge, if and when the repatriation of French money now in London takes place.

In spite of the seasonal discrepancy between revenue and expenditure, the present system of Government finance works reasonably well. There is no Government immobilisation of cash or credit, and no serious disturbance to the banking system. Of greater moment are the operations of the Exchange Equalisation Account, which are outside the normal budget machinery. We may conclude that the banking system, for its own part, appears to have satisfactorily accommodated itself to our traditional practice of paying the bulk of our taxes during the last quarter of each financial year.

Financial Notes

Monetary Changes in Burma.—A correspondent writes that in consequence of the separation of Burma from India the weekly returns of the Reserve Bank of India now differentiate between notes which are legal tender in Burma only and those that are legal tender in both India and Burma. The Reserve Bank has the sole right to issue notes in Burma and to undertake the Government's banking business and the management of the public debt. Until the Governor of Burma determines otherwise, the standard monetary unit of Burma is the Indian rupee, and the right to demand rupee coin in exchange for legal tender notes will remain. The Reserve Bank is also bound to sell in Rangoon sterling at not less than rs. 5½d. per rupee and to buy sterling at a rate not higher than rs. 6⅞d. per rupee. These are the rates already fixed for India. Provision has been made for the apportionment of Burma's share of the Reserve Bank's future profits, this being a matter for the Application Committee charged with the duty of determining Burma's net indebtedness to India. It is also provided that during the currency of the London Silver Agreement the Governor of Burma shall not dispose of any of his silver stocks except by agreement with the Governor-General of India. It is contemplated that for a minimum period of three years from April 1, 1937, the Reserve Bank will continue to operate in Burma, subject to the right of the Governor of Burma to introduce new currency notes or coinage before that date by agreement with the Bank. The Governor-General shall also give due notice to the Governor of Burma of any proposal to introduce or move an amendment to any Bill in the Indian or Federal Legislature which affects the coinage or currency of British India or the constitution or functions of the Reserve Bank. Among other provisions, the four Burma banks formerly included in the list of Scheduled Banks in India now become Scheduled Banks in Burma, and the Reserve Bank's powers to require the maintenance with it of statutory cash balances apply to them as heretofore. At the expiration of this transitional period of three years or longer, and, should it be then decided to terminate the Reserve Bank's responsibility for the currency in Burma, the Reserve Bank will transfer to the Government of Burma from its Issue Department assets equivalent in value to the total liability in respect of Burma notes outstanding, and its responsibility therefore will then cease.

The Money Market.—Notwithstanding the week's contraction in bankers' deposits, noted below, money has remained very comfortable. A moderate amount has been lent by the clearing banks each day, while outside money has been obtainable, mainly against bonds, at rates of ½-¾ per cent. The market naturally borrows against bills mainly from the clearing banks, so as to obtain the latter's minimum loan rate of ½ per cent.

	Apr. 1, 1937	Apr. 8, 1937	Apr. 15, 1937	Apr. 22, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	½	½	½	½
Short loan rate:—				
Clearing banks	½-1*	½-1*	½-1*	½-1*
Others	½-1	½-1	½-1	½-1
Discount rates:—				
Treasury bills	½	½	½	½
Three months' bank bills	½	½	½	½

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

Last week the market again partly missed the Treasury bill tender, the syndicate only obtaining 37 per cent. of the total allotment. Thus the scarcity of bills continues. The clearing banks are now buyers of both June and July Treasury bills, but the lack of bills is making holders reluctant to sell.

The Bank Return.—This week there has been a further small contraction in the note circulation, and it may be assumed that the currency withdrawn over Easter has now returned to the banks.

BANK OF ENGLAND					
	Apr. 22, 1936	Mar. 31, 1937	Apr. 7, 1937	Apr. 14, 1937	Apr. 21, 1937
£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	202.1	313.7	313.7	313.7	313.7
Note circulation	415.4	473.8	469.9	465.7	464.0
Banking Department:—					
Reserve	47.4	40.8	44.6	48.9	50.7
Public deposits	13.2	52.2	24.5	22.4	25.6
Bankers' deposits	93.1	62.3	94.8	96.9	91.2
Other deposits	38.1	38.5	38.3	37.9	38.9
Government securities	93.2	100.5	101.1	96.9	94.1
Discounts and advances	7.5	7.1	7.4	6.9	4.6
Other securities	13.9	22.9	22.3	22.1	24.0
Proportion	32.8%	26.6%	28.2%	31.0%	32.5%

In the banking department the usual mid-monthly excise duty payments explain the increases in public deposits and other securities. The fall in Government securities probably marks the running-off of some more of the April bills specially purchased late in March in order to help the market over the end of the quarter. There is a small reduction in discount and advances, which probably means that some of these April bills were regarded as "discounts" rather than as "open-market purchases" by the Bank. As the classification depends upon whether the initiative came from the Bank or the discount market, the distinction is at times a fine one. As a result of these movements, bankers' deposits are reduced by five millions, in spite of the contraction in the note circulation.

The Foreign Exchanges.—This has been another week of fairly wide movements. The outflow of gold, both Russian and hoarded, to the United States continues; and as a result there has been a definite weakening of the spot New York rate from \$4.90½ to over \$4.94. Three months' dollars have appreciated slightly to 1½ cents premium, as some sellers of spot dollars are taking a long view and buying them back forward on the chance of an improvement in the rate. Francs have been pronouncedly weak. The market is once more taking a pessimistic view of the French financial outlook, especially as rentes have now fallen again to a new record, while the efflux of capital is thought to have begun again. The spot Paris rate therefore depreciated to Frs. 111½. The French Control then intervened in Paris and drove the rate sharply back to Frs. 110½. This move, however,

did not carry conviction and the rate has since returned to Frs. 111. Three months' francs have widened to Frs. 2½ discount, and this is rather ominous, as it means a forward rate of Frs. 113½, which is very near, if not outside, the sterling rate corresponding to the lower statutory limit for the franc of 43 milligrammes of gold. Dutch guilders, Swiss francs and belgas have depreciated against sterling in sympathy with the dollar to rates of Fl. 9.02½, Frs. 21.59 and Bel. 29.24, respectively.

A Swedish Comedy.—This week there has been a sudden depreciation of the Swedish krona. Three months ago there were heavy purchases of forward krona, based on rumours that the Swedish authorities were going to bring about an appreciation of the krona, to offset the rise in sterling commodity prices. These rumours proved baseless, and the forward positions are now falling due. Unfortunately for the speculators, the Riksbank has cornered all the supplies of foreign exchange, and is only letting the speculators out at its own price. From the normal spot rate of Kr. 19.39½ per pound sterling, the Riksbank has so far raised the rate by successive steps to Kr. 19.41½, and as the liquidation of these positions is not yet complete, the rate may go higher. It is generally believed that the Swedish authorities intend to take care that the speculators on no account earn a profit.

Insurance Notes

Eagle Star and British Dominions.—The accounts of this company include the figures relating to the closed funds of the "Eagle," "English and Scottish," "Sceptre" and "Star," whose periodical valuations take place at various dates. The figures given below refer to the quinquennial valuation of the current series only, and for comparative purposes the corresponding results of the 1931 valuation are added.

	1927-1931	1932-1936
Trading Surplus	438,923	373,522
Profits from Investments	155,922	34,961
Brought forward	82,673	59,648
	365,674	468,131
Allocations:—		
To with-profits policyholders	200,724	287,060
" Shareholders	105,302	142,895
" Carried forward	59,648	38,176
	365,674	468,131

Considerable strengthening in the basis of valuation has been made and the cost is hidden in the trading surplus shown. For non-participating policies no alteration in the basis was made, but in the participating section the A. 1924/29 table has replaced the OM table. The valuation rate in the case of annuities has been reduced from 3½ per cent. to 3 per cent., except that for deferred annuities and group pensions 3½ per cent. is used during the period of deferment, with an allowance for future expenses. For the quinquennium ended December 31, 1931, bonus rates were 28s. per cent. per annum of the sum assured in the ordinary section, 29s. per cent. per annum in the abstainers section and 15s. per cent. per annum in the low premium section. On the present occasion the corresponding rates are 40s. per cent., 41s. per cent. (42s. per cent. for whole life policies) and 27s. per cent. (28s. per cent. for whole life policies). During 1936 net new sums assured increased by nearly £3,000,000 to £5,734,000, but as the number of new policies increased only by 236 to 2,690 it may be assumed that much of this extraordinary increase in sums assured arose from group life assurance contracts in which the company specialises. The net rate of interest on life assurance and annuity funds fell by 5d. per cent. to 44 3s. per cent., while death claims amounted to £662,000 against £806,000.

In the other branches of insurance, a slight reduction took place in fire premium income from £808,000 to £796,000, but increases of £8,000, £29,000, £37,000 and £19,000 occurred in the accident, employers' liability, general and marine accounts, respectively. The rapidly expanding motor insurance premium income is now greatly in excess even of fire premiums, and last year increased from £1,465,000 to £1,633,000; underwriting results, however, are less favourable than usual.

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	70,139	8.7	74,073	9.3
Accident	8,809	10.2	9,749	10.3
Employers Liability	3,671	2.2	4,027	2.0
General	110,677	26.1	98,544	21.3
Motor	17,662	1.2	5,683	.3
Marine	25,000		20,000	
Life	72,275		110,447	
	308,233		311,157	
Less items debited to Profit and Loss Account	265,453		260,483	
	42,780		50,674	

In 1936 there was a further issue of ordinary shares of £3 each at £20 and the premium received after deducting expenses amounted to £1,116,000. This sum, together with a further £34,000 from profit and loss account, was transferred to the general reserve, which now amounts to £2,500,000. Total assets include those of the closed funds, and subsidiaries increased from £23,691,000 to £25,502,000. There was some increase in mortgages, but a reduction of £229,000 in British Government securities, and contrary to general experience a fall of £389,000 in debenture stocks. On the other hand, preference stocks increased from £2,826,000 to £3,229,000, while ordinary stock holdings increased sharply from £2,134,000 to £3,590,000. The dividend has been increased by a further 2½ per cent. to 27½ per cent., and costs £186,000 compared with aggregate interest earnings of £190,000.

Scottish Union and National Insurance.—In the life branch, new sums assured rose further from £3,604,000 to £3,761,000, and the net rate of interest was 4d. per cent. higher at £3 19s. 4d. per cent. Death claims increased from £358,000 to £522,000. Fire premium income fell slightly from £1,012,000 to £998,000, and the underwriting profit was again very satisfactory.

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	133,348	13.2	134,008	13.4
Accident	1,715	6.1	3,623	14.9
Employers Liability	4,472	8.0	762	1.4
Miscellaneous	6,270	2.8	71,876	31.2
Marine	30,000		25,000	
	166,861		89,993	
Less Items Debited to Profit and Loss	84,031		89,492	
	82,830		501	

Most of the loss shown in the miscellaneous branch probably arose in the motor insurance section. Marine premium income increased by £17,000 to £326,000, but the transfer to profit and loss account was reduced from £30,000 to £25,000. Total assets amounted to £16,909,000 against £16,805,000. Loans of all kinds fell by £326,000 to £1,740,000, the reduction in policy loans alone being £145,000. British Government securities increased by nearly £350,000, and some small increase took place also in Indian, Colonial and foreign government securities. Debenture stocks fell from £3,831,000 to £3,601,000 and preference stocks increased from £2,385,000 to £2,756,000, while ordinary stocks showed little change. There is a general reserve fund of £500,000, a contingency fund of £100,000, and a profit and loss balance of £512,000. As is the custom of the company, 50 per cent.—instead of the more general 40 per cent.—of the premium income is reserved in the departmental

accounts for unexpired risks. In addition special reserves are held in the fire and miscellaneous departments of £900,000 and £50,000 respectively. The dividend is again at the rate of 65 per cent. and costs £150,000, contrasted with interest earnings of £143,000. The trading surplus on this occasion is negligible, but the experience in the miscellaneous branch may be assumed to have been quite exceptional in 1936.

* * *

Wesleyan and General Assurance.—In the Ordinary Branch new sums assured were £1,714,000, compared with the record figure of £1,799,000 in the previous year, and the net rate of interest fell from £4 5s. 4d. per cent. to £4 2s. 4d. per cent. In the Industrial Branch new sums assured fell by £30,000 to £3,815,000, but the total premium income increased from £1,311,000 to £1,365,000; the expense ratio in this branch was further reduced from 38.2 per cent. to 36.6 per cent. The same basis of valuation of liabilities was adopted as in the previous year, namely, OM 3 per cent. for Ordinary Branch policies, a(m) and a(f) 3½ per cent. for annuities, and E.L. No. 6 (Males) 3½ per cent. for Industrial Branch policies, but in the last mentioned case additional valuation strength has been attained, at the expense of the carry forward, by increasing a special reserve by £50,000. The results of the annual valuation of liabilities are shown below:—

ORDINARY BRANCH.

	1935	1936
Surplus earned during the year	140,931	124,692
Investment Profits realised	6,586	7,423
Transferred from Industrial Branch	14,077	14,997
Brought forward from previous year	89,406	55,064
	250,100	202,176
To Bonuses to Policyholders	135,936	142,475
Staff Pension Fund	15,100	14,050
Strengthening of Reserves	44,000	—
Carried forward to next year	55,064	45,651
	250,100	202,176

INDUSTRIAL BRANCH.

Surplus earned during the year	175,811	181,768
Investment Profits realised	8,075	3,450
Brought forward from previous year	99,311	102,477
	283,197	287,695
To Bonuses to Policyholders	54,492	56,056
Staff Pension Fund	59,900	55,950
Bonuses to Outdoor Staff	18,164	17,702
Ordinary Branch (gross of tax)	18,164	19,669
Strengthening of Reserves	30,000	50,000
Investment Reserve Fund	—	50,000
Carried forward to next year	102,477	38,318
	283,197	287,695

The rate of bonus in the Ordinary Branch for both whole life and endowment assurance policies is 38s. per cent. calculated on the sum assured, contrasted with 44s. per cent. for whole life and 38s. per cent. for endowment assurances in 1935, and with 46s. per cent. and 40s. per cent. in 1934. In the Industrial Branch the form of distribution follows the same lines as in the previous year. Policies becoming claims by death or maturity between April 6, 1937 and April 3, 1939, will be entitled to an addition of 2½ per cent. of the sum assured for policies of ten years' duration, increasing by ½ per cent. for each subsequent year's duration up to a maximum of 10 per cent. for policies of forty years' duration and over. Total assets increased from £13,869,000 to £14,734,000. Loans of all kinds amount to £5,025,000 against £4,170,000; mortgages on property alone account for an increase of £311,000, due, no doubt, in large part to the popularity of the Society's house purchase scheme, while loans on public rates are almost doubled at £1,099,000. British Government Securities fell by £623,000 to £3,245,000, but Debenture and Preference Stocks each showed increases. The Society has no Ordinary Stock holdings.

Atlas Assurance Company.—New life assurances in 1936 were £4,315,000 compared with £3,564,000, but annuity consideration moneys fell from £596,000 to £419,000. The net rate of interest was 1s. 10d. per cent. smaller at £4 8s. 6d. per cent., while death claims were considerably greater at £354,000 against £245,000. Surplus is distributed to policy-holders at triennial intervals, the last occasion being as at December 31, 1934, but an annual valuation of liabilities is made and the results published in the Report. In 1935 the trading surplus shown for the year was £411,000, from which £90,000 was applied to strengthen reserves; last year the corresponding surplus was £282,000, from which £100,000 has been applied to a further strengthening of reserves. In the Miscellaneous Branches Fire premiums were practically unchanged at £1,759,000, but Accident premiums increased from £546,000 to £588,000, and Marine premiums from £111,000 to £127,000. With a view to showing more clearly the Company's surplus funds, the Directors have transferred to General Reserve Fund the Additional Fire and Accident Reserves of £1,311,000 and £100,000 respectively, and also £200,000 from the Marine Fund and £139,000 from Profit and Loss. These transfers bring the General Reserve Fund up to £2,000,000.

* * *

The underwriting results of the past two years are shown below:—

	1935	1936
	Amount of Profit	Amount of Profit
	Percent- age of Premiums	Percent- age of Premiums
Fire	181,564	175,465
	10.3	10.0
Accident	39,375	36,175
	7.2	6.2
Life	27,154	28,720
	248,093	240,360
Less items debited to Profit and Loss	88,207	86,581
Net Trading Surplus	159,886	153,779

Total assets of the Atlas and subsidiaries increased from £18,315,000 to £19,319,000, the life assets alone being £13,250,000 against £12,392,000. The most striking movement took place in the life assets under the title "House and Landed Property," which increased from £489,000 to £998,000. Apart from the General Reserve of £2,000,000 above mentioned, there are other free reserves of nearly £500,000. The dividend for the tenth successive year costs £176,000, and is at the rate of 32 per cent. free of tax; aggregate net interest earnings are £124,000, against £118,000 in 1935.

* * *

British and Foreign Marine Insurance.—This marine company, which is a subsidiary of the Royal, has always earned satisfactory underwriting profits. The figures of the last five closed years are given below:—

	Premium Income	Transferred to Profit and Loss
1931	482,000	38,000
1932	431,000	33,000
1933	372,000	6,000
1934	389,000	28,000
1935	398,000	19,000

In 1936, premium income was almost exactly the same as in 1935; first-year claims were £106,000 against £101,000, but this increase is more than counterbalanced by a fall of £9,000 in expenses. There is a small fire account, in which premium income last year amounted to £23,000, resulting in a profit of £4,000, which, as usual, is retained in the departmental account. Some £50,000 has been transferred from the fire account to superannuation fund, leaving the fire fund at £19,000 compared with £65,000 at the beginning of the year. The superannuation fund appears as a new item in the balance sheet. Total assets amount to £3,463,000, compared with a reserve fund of £1,000,000 and a general contingency fund of £233,000. The dividend for the seventh successive year is 13½ per cent., and costs £142,000 contrasted with interest earnings of £132,000.

THE STOCK EXCHANGE

The New Tax and the Investor

THERE is a subtle irony for the investor in the reflection that Mr Neville Chamberlain was within approximately £2 millions of a balanced Budget for 1937-38, when he decided to impose a new tax which will completely alter the existing scale of values for ordinary shares, and will involve a thorough-going re-orientation of investment criteria in most markets. The new National Defence Contribution will, primarily, be made by the ordinary shareholder, for the income of the debenture and preference shareholder is a fixed amount, for which the recipient is personally liable to tax, whereas the new impost will be a liability of the company concerned.

During the period of recovery, so far, the aim of investors has been to estimate the probable effect of the growth in earnings and dividends on individual shares, having regard not only to the over-all increase in profits, but also to its incidence on ordinary share payments; for a given rise in total earnings means more to the holder of a high-g geared than of a low-g geared share. Now, it appears, a significant part of this increase will be taken by the Exchequer. But the Exchequer will base its computation not on equity profits, but on total profits after debenture interest. Thus the market, in making its downward readjustment of existing ordinary share values, will have three different factors to consider: first, the extent to which the new National Defence Contribution will affect total profits; secondly, the manner in which this will be translated into total and percentage earnings and dividends on individual ordinary shares, having regard to "gearing"; and, thirdly, the ability of individual companies to meet the additional impost out of profits hitherto ploughed back.

With the general effect of the tax from a fiscal viewpoint we deal in a leading article elsewhere in this issue. In Notes on pages 218 to 220 we discuss the initial reaction of the market to Mr Chamberlain's announcement and, by way of illustration, we examine certain companies to illustrate the differing incidence, and some of the anomalies, of the impost in particular cases. The present article is concerned with the detailed implications for investors of the tax itself. Investors may find it convenient first to consider the general effects of the tax before examining its somewhat complex details.

The National Defence Contribution inevitably recalls the Excess Profits Duty enforced from 1914 to 1921, with the difference that the present tax is a peace-time tax, whereas E.P.D. had its origin in special war-time conditions. Companies which make profits directly attributable to the re-armament programme will, of course, pay N.D.C. (National Defence Contribution) on them, but the tax is a levy not on re-armament profits, but on the growth of all profits, whatever their cause. And it is indubitable that the "re-armament element" will be responsible for a much smaller part of the total growth of profits in the next few years than was the "war element" in the E.P.D. period. In other words, the incidence of the tax will fall first on the growth of profits resulting from cyclical and other factors which have made for increased earnings in industry in general and, secondly, on any supernormal increase, which may represent the fruits of special enterprise, or good fortune, on the part of individual companies. And it will be borne by the special class of shareholders—i.e. the ordinary shareholders—who are the risk-takers of industry.

In last week's issue of *The Economist* we analysed the profits of some 628 companies whose reports had been published in the first quarter of this year. On the basis of similar figures for preceding years, we constructed a

chain index of earnings. Our basis of computation is not the same as Mr Chamberlain's, but it may serve as a rough guide to the relative position of the basic years 1933-34-35 in the profits cycle:—

INDUSTRIAL PROFITS INDEX

(Based on Company Reports published in first three months of Years following those named)

Profits earned during year	Chain Index, 1929 = 100
1929	100.0
1930	89.3
1931	76.5
1932	69.7
1933	73.4
1934	84.1
1935	95.3
1936	106.7

The average of the index of the three datum years is 84.3. This is approximately 14½ points above the index figure for the worst year of depression, 1932, and 15½ points below the figure for 1929 and 22½ points below the figure for 1936. Thus, the datum line chosen by the Chancellor appears to lie nearer to the low point of depression than to the level reached in the present stage of recovery.

To that extent, it is not unfair to regard it as being, in part, not wholly a tax on prosperity, but in part a tax on the trade cycle. In some respects, N.D.C. is comparable with C.P.T. (Corporation Profits Tax), imposed by Sir Austen Chamberlain in his Budget of April, 1920, and abolished by Mr Snowden in 1924. C.P.T. was charged at the rate of 1s. in the pound on profits accruing on and after January 1, 1920, above £500 (the rate was reduced to 6d. by Mr Baldwin in 1923) and it produced revenue much of the order of that forecast by Mr Chamberlain. In 1922-23, for example, it netted £22½ millions. It had, however, two important differences from N.D.C. In the first place, Sir Austen Chamberlain made some attempt to temper the wind to the ordinary shareholder, for it was provided that in no case was the duty to exceed 2s. in the £ on the profit remaining after payment of debenture interest and preference dividends. In the second place, C.P.T. was payable only by limited liability companies engaged in trade, whereas N.D.C. is payable by companies, firms and individuals, and its method of assessment is far more complicated.

Under N.D.C., the taxpayer will not pay on the basis of a flat rate, but on that of a ratio and a difference. The only way by which the investor can discover his approximate position under the new tax is to take pencil and paper, and, leaving the unknown factors on one side for the moment, work out the incidence of those which are already clear. It is obvious that companies which earned less than 6 per cent. in the datum period will opt for the capital standard, while those which earned more than 6 per cent. will opt for the profits standard. On this assumption, it becomes possible to construct a form of frequency table, showing, for given datum period earnings and present earnings, etc., the proportion of total capital, total profit and total increase which will be represented by N.D.C. payments. A table on these lines will be found on page 203 under the heading "Incidence of National Defence Contribution."

A study of this table reveals a number of obvious anomalies. Industrialists and investors will find it difficult to appreciate the reason for a system under which a dozen companies, all earning identical profits, may be

liable to widely varying amounts of tax. Two companies, for example, may have profits of £100,000, and both may have earned, say, 10 per cent. in their datum period. But if one has a capital of £500,000, while another has a capital of £250,000, one will pay £14,600 and the other £23,900. Again, suppose that two companies with the same capital of £1,000,000 are now earning £300,000, but one earned 20 per cent. in the datum period while the other earned little or nothing. Neither company may have had any connection with the re-armament programme. But the consistently prosperous firm will pay £33,300 and the formerly depressed company £72,500. Here, indeed, is the strongest ground for criticism. Those companies which suffered most during the depression pay most now; those which suffered least, pay least.

The principles for assessment explained by Col. Colville on Wednesday evening afford only an approximate indication of the way the measurement of capital and profits will work out, though the Treasury will have its E.P.D. experience to guide it. A rough idea of *relative* burdens can be obtained, however, from the table given, for a number of groups—breweries, electric power, steel, motors, shipping, etc.—on page 203—under the heading "Past and Present Profits." The figures are based on company reports published in the first three months of 1937 and earlier years, taking published profits (after debenture interest) and existing ordinary and preference capital. Obviously, the results are very approximate, but they show, for example, that on their latest results groups like the motor, cycle and aviation companies (some of whom are benefiting from re-armament) would have been liable to N.D.C. on profits bearing six times as large a relationship to their paid-up capital, and shipping companies (which have no direct interest in re-armament) a relationship 5½ times as large as in the case, say, of the breweries and the retail trading companies.

The investor has still two further points to consider. How far can the effect of the tax be "cushioned" by a reduction in the proportion of earned profits put to reserves? The following table gives some idea of the margin shown by the latest company reports in a number of important industrial groups. The companies in question all published their reports during the three months ended March 31st last:—

EARNINGS AND DIVIDENDS ON ORDINARY CAPITAL (YEAR 1936)

Group	No. of Companies	Average on Ordinary Shares	
		Profits	Dividends
		%	%
Breweries.....	15	15.6	10.3
Electric Power	24	19.6	8.5
Finance	47	9.8	6.9
Iron, Coal and Steel	34	12.4	5.9
Motors, Cycles and Aviation...	7	37.0	22.3
Shipping	6	13.0	3.2
Shops and Stores	42	26.2	19.9
Textiles	30	8.3	6.6

There is a margin in every case, which is least in the textile group and widest in the motors, cycles and aviation, electric power, shipping and iron, coal and steel groups. The figures, however, need qualification, to the extent, e.g. that the electric power companies' reserves include an element of depreciation, while the shipping and steel companies, whose dividends are still low, have in certain cases arrears of depreciation still to make up. On the whole, the table leaves an impression that the groups on which the new tax will fall heaviest have the best reason for a conservative dividend policy in present circumstances.

Finally, the investor must consider the effect of "gearing," i.e. the proportion of total profits already absorbed by fixed charges. The new tax, in fact, is equivalent to the placing of a varying income debenture in front of a company's existing capital, with a set-off of one-fourth of its amount by way of saving in income tax. We show below two imaginary cases to illustrate the incidence of the new tax on a stable, prosperous and low-gear company and a high-gear "recovery" company, respectively. The examples have purposely

been made extreme, and the income tax factor, for the sake of simplicity, has been disregarded.

EFFECT OF GEARING

Case I

A Company has been stable and relatively prosperous, with a moderate subsequent increase of profits, and a low gearing.

Capital: 6 per cent. Preference	250,000
Ordinary	750,000
Total	1,000,000
Standard Profits	150,000
Profits in Accounting Period	200,000

Absorbed as follows:—

(a) Presuming no N.D.C.—	
Preference Dividend	15,000
Earned for Ordinary	185,000 (24.7%)
(b) Presuming N.D.C. Payable—	
N.D.C.	16,700
Preference Dividend	15,000
Earned for Ordinary	168,300 (22.4%)

Case II

A Company has recovered after depression, and has a high gearing.

Capital: 6 per cent. Preference	750,000
Ordinary	250,000
Total	1,000,000
Standard Profits	60,000
Profits in Accounting Period	200,000

Absorbed as follows:—

(a) Presuming no N.D.C.—	
Preference Dividend	45,000
Earned for Ordinary	155,000 (62.0%)
(b) Presuming N.D.C. Payable—	
N.D.C.	37,200
Preference Dividend	45,000
Earned for Ordinary	117,800 (47.1%)

In the first case, it will be seen, the earnings for ordinary shareholders remain relatively stable at 22.4 per cent., against 24.7 per cent. In the second case, however, they fall steeply from 62.0 per cent. to 47.1 per cent. Investors must decide whether their holdings come nearer to Company I or Company II. The facts appear to suggest that the tax, so long as it remains in its present form, is likely to produce, from the investor's viewpoint, an amount of confusion and uncertainty which appears high in proportion to its prospective financial yield to the Exchequer. Some of the reasons for uneasiness may be set at rest by the fuller information which will be revealed in the Finance Bill itself. But these cases are sufficient to show grounds for important modifications on the lines suggested in our first leading article.

Investment Notes

N.D.C. and the Markets.—Mr Chamberlain's National Defence Contribution proposals have wrought consternation on the Stock Exchange, and the volume of criticism which they have evoked must be unparalleled in the history of Conservative Budgets. The Stock Exchange immediately seized the main inference from the tax proposals—that ordinary shares would bear the whole burden, and that those shares on which earnings were low during the base period and have since recovered considerably would be most severely hit. Dealers, however, were quite unable to assess the effects of the tax with any degree of precision upon individual companies, for, as we point out on page 219, until the concepts of capital and profits are fully clarified, an attempt at detailed calculation of the effects is hardly worth while. While the extent of the fall in such groups as iron and steel shares, shipping, and general recovery industrials may, therefore, call for subsequent adjustment (up or down), in principle these movements were fully justified. By contrast, the shares in prosperous but sheltered industries, such as tobacco and brewing, were affected least of

all, for they escape the worst incidence of the Contribution owing to their relatively smaller growth of profits in recent years.

For some time on Wednesday, however, dealings were completely nominal, and dealers marked down prices in self-defence. Apart from a certain amount of speculative selling (some of it associated with the recent technical weakness), the volume of public selling appears to have been small. The following table shows the extent of the fall on Wednesday and Thursday in some leading groups:—

	Friday, Apr. 16	Monday, Apr. 19	Tuesday, Apr. 20	Wed., Apr. 21	Thurs., Apr. 22	Change Budget news
Old Consols	76½	76½	76½	77	77½	+1½
War Loan	103	103½	103½	103½	103½	+½
John Brown (10/-)	35/6	36/6	36/9	33/6	33/6	-3/3
Dorman Long (£1)	54/-	55/3	56/3	51/3	50/-	-6
Vickers (10/-)	31/1½	31/9	32/6	30/9	30/4½	-2½
Imperial Tobacco (£1) ...	151/3	151/3	154/4½	154/4½	153/9	-½
B.A. Tobacco (£1)	127/-	127/6	128/9	128/1½	127/6	-1/3
Ind. Coope (£1)	122/-	123/-	125/-	125/-	124/6	-6d.
Distillers (£1)	115/-	115/-	117/-	114/-	112/6	-4/6
Associated Cement (£1) ...	95/6	94/9	95/-	90/-	90/7½	-4/4½
British Oxygen (£1)	115/-	116/10½	116/10½	111/3	110/7½	-6/3
Crompton Parkinson (5/-) ..	68/6	68/9	69/6	64/-	64/9	-4/9
General Electric (£1) ...	87/3	87/-	87/3	83/6	83/3	-4/-
Turner and Newall (£1) ...	103/-	103/-	104/6	98/9	95/-	-9/6
Standard Motors (£1) ...	150/-	153/9	154/4½	145/-	146/3	-8/1½

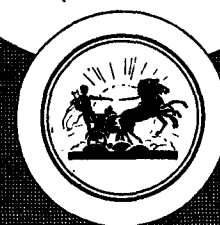
Commodity shares, where recovery has also been late, were likewise demoralised. Rubber shares were regarded as particularly vulnerable, and dealing was arranged with the utmost difficulty. Oil shares, spared from any increase in taxation, felt the blow of the new tax with equal severity. And by a paradox, Kaffir shares, which on Tuesday were again shaken by speculative weakness, were one of the few groups to recover on Wednesday, on the reasoning that South African domicile would enable them to escape the new tax.

Future Effects.—Brokers who recalled the operation of E.P.D. (which incidentally fell upon brokers and jobbers, though not on other occupations within the Square Mile) suggested that the new tax would have a profound effect on the future of individual markets which could not be finally assessed until fuller details of the Chancellor's proposals are made known. The fact that relief is promised for certain depressed groups has, perhaps, been overlooked in the market's consternation, but the relative attractions of fixed-interest securities and equities with an overseas domicile have certainly been enhanced. The new issue market will presumably stand still for some time, for the essence of new offers is a firm calculation of the prospective earnings available for the ordinary share subscriber. On the same argument, capital reconstruction schemes may be delayed, while the position of those companies which have effected sweeping reconstructions and have since achieved a striking increase in profits (such, for instance, as Dorman Long) looks hardly enviable. Again, the high-gear equity share is penalised relatively to the low-gear share, and changes in capitalisation, therefore, cannot be ruled out. There is, moreover, some likelihood that companies operating abroad and registered in this country may elect to change their domicile. If, again, a company includes an item for, say, patents on its books at cost price (irrespective of its real value) while another, comparable in all other respects, places no valuation on patents in its books, will their treatment differ in computing "capital employed in the business"? If the former receives better consideration, openings for abuse are clearly likely to arise. Finally, home rail stockholders will note with relief that the companies will not be liable, for they are well below the 6 per cent. datum level, though not immune from other claims for costs and wages, which will be considered next Thursday.

Some Companies Considered.—Part of the market's resentment regarding the new tax arises from its inability, at this stage, to compute the actual

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consequences which are likely to follow for individual companies. The broad effects have been discounted, as we show in a preceding note. The precise effects will be unknown for some time to come. We may, however, attempt to show the rough incidence of tax upon a handful of companies, choosing the examples to show stable and recovery profits trends. For new companies, such as Rhokana, which are now making large profits on their capital, the incidence of the tax based on a "capital" standard will obviously be severe, and the full 33½ per cent. rate would presumably apply. For more stable concerns, such as Imperial Tobacco, the growth in profits compared with the base years has not been unduly large. On the basis of the 1936 profits, indeed, the additional tax would probably not exceed 1.3 per cent. on the ordinary capital. But in this instance—as for other companies whose assets consist largely of interests in subsidiaries like "Shell" Transport—the problem of assessing "capital" and "profits" opens up innumerable difficulties. Even in the case of the industrial concern which is largely an operating company, it may be unwise to argue from published capital and profits figures at this stage. To give two examples, however, on a tentative basis, it would seem that Turner and Newall might have to pay an amount equivalent to 8.7 per cent. on the ordinary stock in respect of the current year, assuming that profits increase by 10 per cent., while for Courtaulds the percentage appears to be negligible on the same basis. And for the concerns which have reorganised their capital, such as Dorman Long, Cammell Laird *et hoc genus omne*, and are now within the zone of high profits, even guesswork is dangerous.

"Bondwashing"—The remaining sections of the Budget have been dwarfed by the consternation aroused by the National Defence Contribution. But two further points call for comment. The first is that the Chancellor proposes to abolish "bondwashing"—a term used to describe operations by which the owner of securities sells them at a price which covers accrued dividend, and repurchases them ex dividend. These transactions are technically of a capital nature, but in effect they enable the operator to "strip" the dividend from the security and to deprive the Exchequer of tax upon the coupons. Bondwashing, of course, is not limited to operations in gilt-edged securities alone, for the same technique is open to the operator in ordinary shares sold cum dividend and purchased ex dividend. Since the Chancellor hopes to obtain £1 million from the abolition of the practice in a full year it appears that the gross dividends involved would be of the order of £4 millions, and the value of the securities used for such operations as high as £100 millions. The figure, of course, is a fraction of the outstanding £1,900 millions of War Loan, quite apart from other securities. The procedure for checking the practice, however, has not been divulged, but it may be presumed that the declarations now required by the revenue authorities regarding tax exemptions on coupons will need to be accompanied by a declaration showing the period for which such securities have been held, if the market is to be spared detailed examination of each and every transaction. The Chancellor, it will be noted, thanked the representative bodies in the financial world for their "co-operation" in the proposed measure. In theory, of course, every transaction in dividend-paying securities involves a distinction between capital and revenue, and some element of tax evasion therefore arises. But the danger of interim market fluctuations between the sale of a security cum a large part of the dividend and its repurchase ex dividend some weeks later is obviously a deterrent, whereas the "straddle" by which "bondwashing" is usually effected carries no appreciable risk.

—And Tax Calculations.—Investors will nurse their Budget bruises for many days to come, and they will not find great solace in the one proposal which gives

them some slight incidental relief. A 5s. rate of income tax, while not pleasant in itself, is much simpler to operate for investment calculation than the previous rate of 4s. 9d. in the £. For converting gross dividends or profits to a net basis, and *vice versa*, the rules which now apply are arithmetically simple. Conversion from gross to net, either for dividend or profits, is simply achieved by taking three-quarters of the gross rates; conversely, net dividends and profits may be raised to a gross basis by adding one-third to the net figures.

The War Against Share-Pushing.—The appointment of the Committee on Share-pushing revealed the Government's intention to attempt to stop the flow of money from the pockets of the gullible to those of the glib. This week has brought a useful public warning, in advance of the Committee's conclusions. A leaflet is to be distributed in millions through the medium of savings banks and similar organisations. The readers are told of the formation of Sir Archibald Bodkin's Committee, on whose suggestion the public is now being warned. Some description is given of the usual share-pushing methods, in particular the invitation accompanied often by "Market Reports" to exchange safe for high-yielding securities, and Mr. Justice Finlay's commendation of the waste-paper basket for such documents is reproduced. It is difficult always to distinguish between the true and the false, but this public warning and recent Press publicity should now be protecting at least some of the credulous from folly.

Industrial Profits in March.—Reports published in March reached a record number owing to the spate of accounts issued in advance of Easter. They show that the percentage increase in the profit has recovered to 12½ per cent., compared with an improvement of 17.39 for the March companies last year, which were fewer in number. The record of recent months is shown below:—

Reports published in	No. of Companies	Rise in Profits*	Reports published in	No. of Companies	Rise in Profits*
1935—			1936—		
November ..	160	17.47	July.....	228	15.69
December ...	159	12.27	August	47	14.21
			September ...	107	12.32
1936—			October	146	18.09
January.....	128	13.66	November ...	177	13.49
February ..	205	9.00	December ...	175	15.49
March	236	17.39	1937—		
April	254	9.66	January	110	15.92
May.....	269	9.41	February	208	8.95
June	214	13.50	March.....	307	12.52

* After payment of debenture interest.

The total net profits covered by the March reports amounted to £53,554,168, compared with £47,594,666 for the preceding year. To this £6,000,000 increase iron, steel and coal companies contributed about £1,600,000, and land and investment companies (including the United Africa Company and the Niger Company) just over £1,000,000. Other large profit increases were made by electric lighting and equipment companies.

Company Notes

Imperial Chemical Industries Progress.—The full report of I.C.I. is an impressive document. It begins with a cheerful reference to the growth in sales of practically every product, which in some cases established new records. This forms the basis of an advance in profits to a new record of £9,049,422, which was analysed in detail on page 26 of *The Economist* of April 3rd. Re-armament has made its contribution to increased activity, and the improvement in the export markets receives due welcome. The broad base of the group's progress can only adequately be estimated from the detailed report itself, for there is hardly an industry which does not draw, to some extent, on the products

of the I.C.I. undertaking. Alkali, dyestuffs, explosives, fertilisers, general chemicals, building materials, metal products, paints and plastics—this is an impressive range of products which shares in the general recovery in industry at almost every point. On the financial side, the main change of the year was the confirmation, by the House of Lords, of the capital reorganisation scheme last November. The issued capital, therefore, now amounts to £71,927,679, of which £49,198,900 is in ordinary stock and the balance in 7 per cent. cumulative preference stock.

The potentialities of the group for further expansion are backed by an impressive balance sheet. Net current assets are of the order of £12,050,000. The reserve position reveals £4,160,000 for capital reserve, £7,000,000 general reserve and £3,365,000 outstanding on the Central Obsolescence reserve. There is, in addition, £665,142 carried forward. Even for a company whose balance sheet total exceeds £95 millions, these are impressive figures. And a further measure of financial conservatism is to be found in the writing-down of interests in subsidiary companies by no less than £6,934,141, in which the capital reserve of £5,434,141 arising from the reduction of the deferred capital is included. It is customary, and not unreasonable, to regard I.C.I. ordinary as a security with long-term possibilities rather than imminent dividend attractions. Its progress is apportioned between three beneficiaries—the customers, the workpeople and the shareholders. The ultimate potentialities of the group may therefore appear gradually, but so many of the component sections serve expanding industries that they may well be impressive, if political and economic conditions permit. The ordinary stock units stand at 38s. 10½d., to yield £4 2s. 3d. per cent.

Unilever Group Progress.—The favourable dividends declared by Unilever and Unilever N.V. as we went to press last week have been followed by impressive reports. The consolidated profits of Unilever, Ltd., have increased from £2,432,156 to £3,463,038—a matter of 42 per cent. The consolidated profits of Unilever N.V. have increased by the considerably smaller proportion of 14 per cent. from Fl. 13,568,879 to Fl. 15,459,791. These profits include, in each case, the proportion of profits less losses of all companies in the organisation, after providing for outside interests. The distribution of the profits between the internal reserves of subsidiaries and the shareholders and reserves of the parent companies are shown below:—

(Years to Dec. 31)	Unilever, Ltd.		Unilever, N.V.	
	1935	1936	1935	1936
Consolidated net profit	£ 2,432,156	£ 3,463,038	Fl. 13,568,879	Fl. 15,459,791
Retained by subsid. & assoc. cos.	960,192	1,313,540	918,326	1,225,909
Balance	1,471,964	2,149,498	12,650,553	14,233,882
Preferred dividends	232,067	377,988	2,205,735	2,035,000
Ordinary—				
Earned	1,239,897	1,771,510	10,445,118	12,198,882
Paid	754,584	890,042	6,810,540	9,364,493
Earned (%)	10.9	15.6	6.1	7.2
Paid (%)	6½*	7½*	4	5½
General and contingent reserves	417,547	600,000	3,309,437	2,500,000
Carry forward§	367,363	714,727	4,127,761	4,462,150

* At exchange of Fl. 7.20 in 1935, and Fl. 9 in 1936. § Before adjustment for exchange on ordinary dividends.

The group—and in particular the British section of it—has vindicated its inclusion in a commodity recovery category. Two points stand out, however, in the distribution. The amounts set aside to reserves are markedly conservative in the first place—some £2½ millions for Unilever and Fl. 4 millions for Unilever N.V. Secondly, the British company, under the dividend arrangement, is compelled to adopt the leaner distribution policy. The devaluation of the gold *bloc*, which has enabled the Unilever group to reduce the covering costs charged in earlier years, and to increase the reserves against restricted currencies, has worked to the disadvantage of

Unilever, Ltd. But the devaluations were a contributory factor to the rise in commodity prices, from which the West African and plantation interests (mainly the concern of Unilever, Ltd.) are deriving full benefit. The rising tendency of prices cannot be escaped by some of the manufacturing interests, but it is probable that its effect on the group as a whole will continue favourable. Additional interest is lent to the forthcoming speech of the chairman of Unilever, Ltd., since it will disclose the details of a scheme (if it has proved practicable) for simplifying the interests of the group. A certain amount of detailed information regarding the group is given in the report—it includes, for example, the usual statement of working capital, showing that the group's combined net current assets at £41,053,000 consist largely of stocks—but simplification, if it can be achieved, will be even more serviceable to the investor.

Cable and Wireless Reconstruction.—The full scheme of reconstruction which the directors of Cable and Wireless (Holding) have issued this week puts the market's recent guessing at rest in two important particulars. It confirms, of course, the outline of the scheme, on which we commented on page 94 of *The Economist* of April 10th. But it also adds an estimate of the group's earnings for 1936, and suggests, subject to suitable reservations, the possibility of a 4 per cent. dividend on the new ordinary stock, if the scheme is passed. On the basis of the estimated earnings given in the statement—the group's profits are put at £1,080,000 gross—our earlier estimates appear to be somewhat optimistic. The amount earned for the existing ordinary stock, assuming normal preference dividend, was approximately three-quarters of 1 per cent. last year, and on the reconstructed capital (after allowance for interest and sinking fund on the new income stock) this level of profits would be equivalent to about 1½ per cent.

On the directors' suggestion that a 4 per cent. dividend may be paid on the new ordinary stock for 1937, however, investors may spare themselves any further guesswork about earnings. Last year's results are hardly good enough to encourage the "B" ordinary stockholders to ask for more under the scheme. It may reasonably be inferred, however, that the board would not have suggested the possibility of 4 per cent. dividend unless they felt reasonably assured that earnings were likely to cover it with a satisfactory margin. The rise in the March traffic index to 90.6 (compared with 76.0 for March last year) brings the average for the first quarter up to 87.0, compared with 73.5 a year ago, and the earnings outlook, therefore, seems propitious. In assessing the three stocks, allowance must be made for the inclusion of £7 6s. 9d. of the new 4 per cent. income stock in the price of the preference stock (assuming that



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the scheme is approved). If the new income stock is taken at par, the net price of the preference at 109½ ex dividend would be 101½, and the yield as high as 5½ per cent., with prospects of improving cover. The market has now adjusted the "A" and "B" ordinary quotations to a broadly comparable basis, although the "A" ordinary is still fractionally cheaper. On the terms of the exchange, the present "A" stock quotation is equivalent to 91 for the new ordinary, which offer the prospects of a 4.4 per cent. yield and a recovery equity, provided that the directors' present suggestions are fulfilled.

* * *

Cunard Group Results.—The improvement in the North Atlantic passenger traffic and the inaugural services of the "Queen Mary" have provided more cheerful operating results for Cunard White Star for 1936. Total income, at £6,881,319, is 15 per cent. higher than for 1935, and a working profit of £588,422 has been earned against a small operating loss in 1935. We show the recent course of receipts and profits below:—

	1934†	1935	1936
Total income	£ 3,306,756	£ 5,956,929	£ 6,881,319
Net profit	Dr. 408,090	Dr. 61,769	£ 546,659

† Period June 20th–December 31st

Net earnings have thus been sufficient to wipe out the deficits of the previous 18 months, and to provide £76,800 to be carried forward. Again, however, no fleet depreciation is provided. The directors point out that the ultimate urgency of replacing certain express tonnage has led them to build the "No. 552." In addition, Cammell Laird are now building an intermediate passenger and cargo vessel of 32,000 tons for delivery in 1939. The accounts do not disclose the expenditure on the sister ship to the "Queen Mary," but steamship assets at £18,717,400 have increased by more than £600,000, and include payments on account of the new ship, which was ordered last October. The balance sheet discloses no debenture issues to secure advances for the vessel, since the agreement with the Treasury was signed only last February. The Government hold the existing £2,950,000 debenture stocks outstanding, and though there are advances of £550,000 still to come in respect of the "Queen Mary," the company spent £250,000 over and above the loans authorised.

* * *

Cunard White Star reported little change in the carriage of freight, but the recent improvement in the freight markets is of considerable importance to Cunard Steam Ship through its interests in Commonwealth and Dominion and in Thomas and Jno. Brocklebank. The upward tendency in rates began fairly late in 1936, but the absence of any effect in the latest accounts is somewhat disappointing. Total income amounted to £361,719, showing a decline of some £16,500, which, however, is largely offset by reduced expenses. The net profit of £22,740 is therefore slightly lower. The report offers no comment on the outlook for 1937, which, however, can hardly fail to be brighter. With preference dividends in arrear since 1931, and an asset of uncertain value consisting of 62 per cent. of the share capital of Cunard White Star, the Cunard Steam Ship position is still uncertain. The time for a reconstruction may be approaching, however, if shipping recovery continues, but the first preference stock at 77½ and the ordinary shares at 7s. 1½d., are speculative.

* * *

Henley's Telegraph Progress.—The expectation of life of a business has rarely been estimated, but no actuarial calculation is needed to prove that it is unusual for a firm to enter, as Henley's Telegraph now enters, its 101st year with a vigour which would be creditable at any age. The latest trading profits of the company have increased more than 25 per cent., allowing for the change in the accounting period. They are, moreover,

the highest for ten years by a considerable margin. The occasion of the company's centenary was marked last November by 100 per cent. share bonus, which was afforded very comfortably, without special centenary effort, from reserves. The following table shows the trend of profits in the last three financial periods, though comparison is affected by the change in the accounting year and by the bonus issue:—

	Year 1934-35	9 Months 1935	Year 1936
Trading profit	246,448	237,576	402,491
Depreciation	56,375	44,042	61,170
Fees, interest, etc.	14,095	14,362	33,098
Preference dividend	9,000	9,000†	9,000
Ordinary shares			
Earned	166,978	170,172	299,223
Paid	195,000	146,250	243,750
Earned %	25.7	29.2	28.4
Paid %	30	22½	22½

Reserve 18,564** 492,936 120,000**
Carry forward* 459,867 492,936 428,408

* After transfers to and from reserves. † For year. § Includes special staff bonus. || Ordinary capital doubled by bonus issue ranking for final dividend. ** Including trustee security depreciation.

Depreciation has been provided at about the same level as before, but expenses are somewhat changed, owing to the redemption of debentures in 1935 and the payment of the staff bonus in 1936. Although the rate of dividend at 22½ per cent. is the same as for the previous period, the final of 15 per cent. was paid on the doubled capital. Steps have been taken to build up the reserve again by allocating £100,000, while the past practice of adjusting the book values of trustee securities is followed by setting aside £20,000 for depreciation arising since the end of the year. While cost factors affect the outlook for cable companies to some extent, there is still scope for expansion of electrical services. The present balance-sheet, in fact, shows all the usual signs of increasing activity. At the current price of 18s. 9d., the ordinary shares yield 6½ per cent., assuming the maintenance of the 22½ per cent. dividend.

* * *

"Sofina" Survey.—The "Sofina" shareholder is well served by the annual reports which give, in addition to the parent company's accounts, a short report upon each of the principal subsidiaries. Under present international conditions, a widely-spread undertaking of this kind has its own problems, among which the report cites the difficulty of transferring funds, uncertainty regarding events in Spain, burdens placed on electricity companies in some countries, and the unencouraging attitude towards privately-managed utility companies in others. The directors, however, are largely reassured by the steady growth in output—Argentina, in particular, being mentioned—and the 1936 accounts show reasonably satisfactory earnings and a very satisfactory assets position. Net profits are lower by Fr. 7 millions, the total income of Fr. 115 millions comparing with Fr. 123 millions, but no change is made in the Fr. 440 per share dividend. The cash position is remarkable; the figure of Fr. 953 millions is Fr. 83 millions above 1935, and amounts to no less than 41 per cent. of the total assets. The report, however, will interest a far wider public than its own shareholders. It includes a wealth of statistical information, and a reasoned discussion upon the need for legal stability if economic progress is to be won. The investor with international interests will agree, regretfully, that "the economic value of property and other rights exists only in proportion to the protection granted them by the law." It is a heavy burden and harmful to initiative if, in addition to essential trade risks, there is a superimposed risk of confiscation by some new law, or the risk of breach of contract. Monetary instability, and a growing tendency to consider that unforeseen events excuse the non-fulfilment of contracts, have certainly not made things easier for those who have to look ahead.

Recovery in Shipping.—The sharp recovery shown by recent shipping results is the more significant since freights did not gather momentum till the last quarter of 1936, and did not exceed pre-war levels until December. The accompanying table shows that ordinary shareholders have at last been rewarded, after long years of waiting, by measurable earnings. It has been possible, moreover, to make increased provision for depreciation. *Court Line*, for instance, have provided £35,000, the first allocation since 1929, and have also paid off debenture interest arrears. Even after depreciation, some 16 per cent. has been earned for the equity, assuming one year's debenture interest. *King Line* have also made good depreciation arrears, by setting aside £73,000—twice the previous

Company (and denomination.)	Total Profit		Earned for Ord.		1936 Div.	Current Price	Yield on Earnings
	1935	1936	1935	1936			
Cairn Line (10s.)	£ 6,171	£ 22,587	Nil	2.0	Nil	9½	2.2
Court Line (6/8)	98,837	134,705	Nil	3.5	Nil	20/10½	1.1
Gen. Steam Nav. (£1)	28,331	33,954	3.7†	5.2†	5†	£	...
Houlder Bros. (£5)	48,904	51,848	4.7†	4.5†	4†	£	...
King Line (£1)	52,793*	103,794*	Nil	2.7	Nil	25/-	2.2
Lampart and Holt (6/8)	41,208	62,547	0.5	2.1	Nil	12/10½	1.1
Royal Mail Lines (£1)	936,414	1,031,246	6.2	10.0	4†	28/4†	7.0†

* Includes subsidy. † Tax free. ‡ Yield on dividend, 3.4 per cent. § No quotation

sum. A similar step has been taken by *Lampart and Holt*, who have allocated £30,000 in their last accounts, against £15,000. This company benefited by the sharp rise in South American freights towards the end of 1936. The recovery shown by *Cairn Line* is very satisfactory, especially since the improvement in North Atlantic freight has lagged behind other routes. Among other companies, *Royal Mail Lines* paid 4½ per cent. dividend for 1936, and the profits recovery is satisfactory in view of the adverse factors which Lord Essendon outlined in March. As we go to press, the *Union Castle* results are issued, showing a profit on voyages of £473,450, against £351,119. The directors have taken special measures regarding depreciation, and hope to deal with the arrears on the 6 per cent. preference shares out of this year's profits.

* * *

Rio Tinto.—The directors describe the past year (so far as Spain is concerned) as one of "political turmoil, strikes, increased expenses." Temporary suspension of operations was followed by the imposition of various decrees by General Franco, including the requisitioning of copper and pyrites against ultimate peseta payments. Although the position has since eased slightly, the strain on the company's sterling resources continues. Last year the average price of copper was above that of 1935, which in turn showed recovery from the 1934 level; but the quantity of ore shipped declined from 1,243,920 tons in 1935 to 1,061,180 tons. Sundry income, however, amounted to £108,260, against £91,070 for 1935, thanks to the receipt of larger dividends upon the company's Rhodesian interests; but by special appropriations for pensions, etc., were swollen by £56,700 extra payments to workmen. The preference dividend, by absorbing more than the year's actual net earnings, therefore entailed a draft upon the carry-forward. No ordinary dividend has been paid since 1930. The results of the past four years are summarised below:—

	1933	1934	1935	1936
Trading profit	501,600	453,550	527,980	445,560
Net profit	103,540	55,110	174,280	63,270
Dividends (pref.)	81,250	81,250	81,250	81,250
Carried forward	402,860	376,720	469,750	451,770
Property and plant	3,255,540	3,305,950	3,296,250	3,286,870
Investments	3,168,000	2,918,920	2,784,220	2,894,200

In connection with the Rhodesian interests (holdings in such companies representing 87 per cent. of the book value of quoted investments), the directors mention that not less than 425,000 shares are being taken up in

the recently formed N'Changa Consolidated Copper Mines. Tharsis, which also operates in Spain, last year made a profit of £36,000, against £76,420; but no dividend was declared.

* * *

Other Company Results.—Our usual analysis of profit and loss accounts on page 244 comprises about 70 companies, though there are few results of outstanding importance apart from those already discussed. The results are discussed on page 228, under the heading "Shorter Company Comments."

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Société Financière de Transports et D'Entreprises Industrielles (Sofina), Bank of Athens, Amalgamated Metal, Southern Areas Electric Corporation, Agricultural Mortgage Corporation, Alliance Trust, Legal and General Assurance, Royal Exchange Assurance, World Auxiliary Insurance, Camp Bird, Lanadron Rubber Estates, and Ledbury Rubber Estates. A discussion of the Sofina report appears in a Note on page 222. The directors' report of the Bank of Athens, presented at the meeting on April 3rd, referred to the increased purchasing power of the farming community. Viscount Elibank pointed out to Southern Areas Electric Corporation proprietors that the increase in the number of units sold was 18.3 per cent., against an average for the country of about 15 per cent. At the Agricultural Mortgage Corporation meeting, Sir Harry Goschen referred to the difficult farming conditions caused in 1936 by the weather, lower yields helping to offset the rising prices for agricultural produce. Mr David Pirie, addressing Alliance Trust stockholders, examined the justification for looking upon the present time as comparable with the year 1929. He believed on the whole that present business and stock market activity was healthier. The chief points of contrast were, at the present time, cheap money, lower interest rates in the U.S.A. than here, stronger financial resources, and a better quality of new issues. At the Royal Exchange Assurance meeting, the sub-governor drew attention to the very good results in the accident department. The chairman told shareholders at the World Auxiliary Insurance Corporation meeting that in the fire department premium income showed an increase despite the currency devaluation on certain foreign premiums. Mr Eric Macfadyen, at the Lanadron Rubber meeting, pointed out that after allowing for a windfall in 1935, the net profit on the working of the estates had in fact trebled in 1936. At the Ledbury Rubber Estates meeting, he declared that they could look for a continued rise in the average price of rubber. Mr F. W. Baker, addressing Camp Bird shareholders, discussed the flotation of the Lake George Mining Corporation. The profit on the Lake George mine had been estimated at £400,000, but, of course, at current prices the profit would exceed that figure. Mr C. V. Sale's address to the Amalgamated Metal meeting discussed the outlook for the consumption of base metals in 1937. Among the points mentioned by Mr Ernest E. Bird at the Legal and General meeting, the total life business in force at the end of 1936 was disclosed at £118,214,087.



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North John St. Lombard St.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: MAY 4

ACCOUNT: MAY 6

MR CHAMBERLAIN'S surprise has given many sections of the market a shock from which they have not yet recovered, and sentiment appears likely to continue unsettled until the implications of the new tax on growth of profits are much clearer. For the present, the general tendency is for gilt-edged to rise in company with foreign bonds, and for industrials to fall in an irregular fashion in accordance with the roughly estimated incidence of the new tax. Conditions were also determined by the heavy settlement for an account which saw large falls in Kafir prices.

Gilt-edged got off easily with only 3d. on the income tax, and prices gained substantially, continuing a trend which set in late last week. Indian stocks moved in sympathy, but Dominion issues, under the lead of New Zealand issues, were dull. Foreign bonds were supported on their immunity from the new taxation, and on Germany's willingness to attend a Peace Conference. German issues lead among Europeans, Japanese among Far Eastern and Brazilians among South American issues.

Home rails were supported before the Budget, and continued in favour because the profits-growth tax will leave them unaffected. The week's traffic results, again, were very encouraging. Transport "C" stock fell further in fear of increased petrol taxation, but subsequently recovered slightly. Argentine rails were firm at one time, but became dull later.

The industrial markets took the whole shock of the N.D.C. proposals. Dealers were dismayed in the "Street" on Tuesday evening, and when they assembled on Wednesday they made purely defensive quotations for some time. The chief falls (which are shown in our table of Active Security prices on pages 226 and 227) occurred in the high-gear recovery industries, and the smallest in the stable profit-earning groups. The shipping and armament and steel groups were thus the principal sufferers, and while the volume of public selling was not substantial, the artificial conditions were responsible for abnormally wide quotations.

In the steel group, John Brown and Dorman Long (with a fall of 5s.) and Whitehead Iron were particularly weak features. The re-armament group—Vickers, Hadfields and Cammell Laird—also registered considerable falls.

Electrical equipment issues were affected by the new tax proposal, with Crompton Parkinson the outstanding victim (owing to its expanding profits record) with a fall of 5s. 6d. to 64s. The cable companies showed losses of 2s. 6d. in most cases, but the supply companies were little affected, owing to their comparatively stable profits. Aircraft shares were marked down on the same scale as the re-armament issues, Bristol being among the weaker features with a 4s. fall, while Handley Page were 5s. lower. In the motor section, Standard, which has also made rapid progress during recent years, was regarded as particularly vulnerable, and the shares fell by nearly 10s. to 145s.

The sections which resisted the general decline were almost confined to brewery and tobacco issues. Imperial Tobacco, indeed, finished unchanged on Wednesday, while the brewery section, relieved at the absence of any new impost on beer, made several positive improvements. Distillers, however, were rather severely affected, with a fall of 3s.

Among textile shares, losses were general, Courtaulds in particular being a weak market at first, but recovering sufficiently in later dealings to close only 1s. lower. The fixed price stores group—Woolworth, Marks and Spencer, and British Home Stores—was severely affected. Shipping shares were among the worst victims, and Clan Lines, which lost 17s. 6d. at 9½, showed one of the largest falls in the market. Other falls were more moderate, but the two Realisation issues fell by more than 2s. 6d.

Weak features in the general industrial markets included Turner and Newall, British Oxygen and Murex—all between 3s. 9d. and 5s. lower. By contrast, Imperial Chemical Industries were only a few pence lower. The building issues, and particularly Associated Portland Cement, were heavily marked down, and among the engineering companies, J. Brockhouse registered a fall of 4s. 3d. to 63s. 9d.

In the oil share market Mexican Eagles opened firm, but dull conditions prevailed later. The absence of any increase in petrol taxation was completely offset by the new profits tax and even the Eagle issues were marked down. The Rubber share market turned very weak after the Budget, on the expectation that rubber company shares would be among the most heavily hit of all shares, but later in the week there was an improvement on the higher commodity price. Similar conditions developed in the tea share market, but on a much smaller scale since tea earnings have made no spectacular recovery from the base years.

The Kafir market opened the week well, but became duller later on a pre-budget gold scare, coincident with the weak technical position. Fairly large selling was again reported from the Cape. The budget proposals encouraged the Kafir market, however, since the companies are registered outside England. West Africans were depressed, and Rhodesian Copper issues even more so. There were signs of a slight improvement later. Tin shares fell severely on the new tax, but became a little firmer subsequently.

"FINANCIAL NEWS" MARKET INDICATORS

	Apr. 15	Apr. 16	Apr. 19	Apr. 20	Apr. 21	Apr. 22
Approximate total of bargains recorded in S.E. List	9,150	9,805	9,340	7,855	9,400	7,825
Corres. day 1936	9,222	9,394	10,475	7,972	9,089	9,678
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1925=100)	116.7	116.6	117.2	118.0	114.8	114.2
Index of 20 Fixed Interest Securities (1928=100)	128.5	128.6	128.7	128.8	129.2	129.8

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 136.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 114.8 (Apr. 21); Fixed Interest 128.5 (Feb. 28).

ACTUARIES' INVESTMENT INDEX

This index of 177 industrial ordinary shares stood on Tuesday last at 87.0, against 86.3 a week ago and 86.2 a month ago. The corresponding average percentage yields are 4.08, 4.11 and 4.10. A selection of the separate indices appears below:

Group (and No. of Securities)	Price (Dec. 31, 1928=100)			Yields (%)		
	Month ago (Mar. 23, 1937)	Week ago (Apr. 13, 1937)	This week (Apr. 20, 1937)	Month ago (Mar. 23, 1937)	Week ago (Apr. 13, 1937)	This week (Apr. 20, 1937)
Coal (7)	119.8	118.8	119.4	3.19	3.22	3.21
Cotton (6)	59.4	52.2	54.1	2.20	2.21	2.21
Oil (5)	101.0	100.3	98.6	4.66	4.91	5.03
Electric supplies (10)	150.9	150.3	149.5	4.03	4.12	3.93
Home Rails (4)	77.2	74.6	76.9	2.88	2.87	2.87
Breweries and distilleries (21)	143.0	145.0	148.1	4.46	4.37	4.28
Miscellaneous (58)	77.6	77.1	78.0	4.30	4.36	4.31

NEW YORK STOCK EXCHANGE

PRICES have risen steadily but quietly on Wall Street. Early this week railroad issues improved on the I.C.C. decision to increase miscellaneous freight rates. The President's message on Tuesday disclosed no unexpected relief expenditure and proposed no new taxes, both of which were to the liking of the market. On the message most prices went ahead, with the outstanding exception of the copper group which declined in sympathy with the commodity price. In mid-week steel shares were in the lead, with steel mill activity for the week estimated by *Iron Age* at a new high level of 92 per cent. of capacity against 91 per cent. for last week. The markets welcomed Carnegie-Illinois Steel's decision not to raise prices for the third quarter. In the bond market there was evidence of some firmness early in the week, but government bonds are not able to find their feet as yet. They showed signs of improvement on the President's message but turned irregular later. Business reports continue to be excellent.

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

	1936		1937		Beginning of Year 1937	Apr. 7, 1937	Apr. 14, 1937	Apr. 21, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Jan. 6	Highest Mar. 10				
347 Industrials ...	112.7	145.9	142.6(d)	155.7	143.2	142.6	146.0	147.1
32 Rails ...	42.8	60.2(b)	54.6	64.5(f)	54.6	58.2	59.8	60.8
40 Utilities ...	91.2	111.0(e)	99.9(d)	116.4(g)	111.7	100.0	100.3	99.9
Total, 419 Stocks	97.7	125.4	121.5(d)	132.4	123.5	121.5	124.1	124.9
Average yield*....	4.50%	2.65%	3.53%	3.20%	3.53%	3.60%	3.52%	3.49%
	High (c)	Low (a)	High	Low (s)				

* 50 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 23rd. (d) April 21st. (e) December 2nd. (f) March 17th. (g) February 10th. (h) January 13th.

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

	Highest*	Lowest†	Apr. 14	Apr. 15	Apr. 16	Apr. 17	Apr. 19	Apr. 20	Apr. 21
180-3	161.8	166.7	165.8	165.2	164.2	164.9	165.3	167.9	

* March 6th.

† January 4th.

TOTAL DEALINGS IN NEW YORK

	April 15	April 16	April 17*	April 19	April 20	April 21
Stock Exchange—						
Shares (No. Thous.)	940	1,060	440	820	1,130	1,250
Bonds (Thous. \$) ...	11,820	9,370	5,350	10,050	15,710	11,570
Curb—						
Shares (Thous.).....	244	290	159	209	277	299

* Two-hour session.

CAPITAL ISSUES

TOTALS OF CAPITAL ISSUES DURING WEEK

	Net Sales of National Savings Certificates, ten days ended April 17, 1937, Dr. £100,000		
	Nominal Capital	Conversion	New Money
To the Public	Nil	£	Nil
To Shareholders only	2,098,908	...	3,055,102
By Stock Exchange Introduction	Nil	...	Nil
By Permission to Deal	203,687	...	329,801

(Continued on page 228)

GOLDEN MOMENTS

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LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				
Jan. 1 to April 21, inclusive		Jan. 1 to April 21, inclusive		Jan. 1 to April 21, inclusive		Jan. 1 to April 21, inclusive		Jan. 1 to April 21, inclusive		Jan. 1 to April 21, inclusive		Jan. 1 to April 21, inclusive				
High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est			
Name of Security				Name of Security				Name of Security				Name of Security				
Price, April 14, 1937				Price, April 21, 1937				Price, April 21, 1937				Price, April 21, 1937				
Rise or Fall				Rise or Fall				Rise or Fall				Rise or Fall				
Yield, April 21, 1937				Yield, April 21, 1937				Yield, April 21, 1937				Yield, April 21, 1937				
Last Half-year Dividends				Last Half-year Dividends				Last Half-year Dividends				Last Half-year Dividends				
(a) (b) (c) %				(a) (b) (c) %				(a) (b) (c) %				(a) (b) (c) %				
Name of Security				Name of Security				Name of Security				Name of Security				
British Funds																
87 1/2	84 1/2	101 1/2	96 1/2	76 1/2	76 1/2	+	1/2	40 1/2	33 1/2	5 (a)	5 (b)	Bank of England £1	35 1/2	33 1/2	-1 1/2	3 1/2
116 1/2	112 1/2	113	107 1/2	109 1/2	110	+	1/2	37 1/2	33 1/2	6 (a)	6 (b)	Bank of England £1	33 1/2	33 1/2	0	3 1/2
102 1/2	100 1/2	101 1/2	96 1/2	97 1/2	97 1/2	+	1/2	80 1/2	71 1/2	7 (a)	7 (b)	Barclay B. (£1)	75 1/2	76 1/2	+ 1/2	3 1/2
105 1/2	103 1/2	103 1/2	99 1/2	100 1/2	102 1/2	+	1/2	48 1/2	42 1/2	2 1/2 (a)	3 (b)	Barclay (Dom. &c.) A £1	42 1/2	42 1/2	0	2 1/2
108 1/2	106 1/2	106 1/2	100	101 1/2	102 1/2	+	1/2	10 1/2	9 1/2	3 1/2 (a)	4 1/2 (b)	Bk. of Australasia (£5)	9 1/2	9 1/2	0	4 0
111 1/2	108 1/2	108 1/2	100	101 1/2	102 1/2	+	1/2	43 1/2	34 1/2	8 (c)	8 (c)	Bk. of Montreal (\$100)	43 1/2	43 1/2	0	3 9
114 1/2	110 1/2	110 1/2	103 1/2	104 1/2	105 1/2	+	1/2	29 1/2	25 1/2	5 1/2 (c)	5 1/2 (c)	Bk. of N.S. Wales (£20)	29 1/2	29 1/2	0	2 19
121 1/2	116 1/2	117 1/2	113	113 1/2	113 1/2	+	1/2	10 1/2	8 1/2	6 (c)	6 (c)	Bank of India (£5)	10 1/2	10 1/2	0	4 12
95 1/2	92 1/2	93 1/2	83 1/2	83 1/2	83 1/2	+	1/2	15 1/2	14 1/2	7 (a)	7 (a)	Chd. of India (£5)	15 1/2	15 1/2	0	4 10
104 1/2	101 1/2	101 1/2	93 1/2	93 1/2	93 1/2	+	1/2	15 1/2	14 1/2	3 1/2 (a)	3 1/2 (a)	Com. Bk. of Aus. 10/-	15 1/2	15 1/2	0	3 6
119 1/2	115 1/2	116 1/2	110 1/2	110 1/2	111 1/2	+	1/2	94 1/2	84 1/2	8 (a)	8 (b)	District A £5, £1 pd.	87 1/2	87 1/2	0	3 16
117 1/2	113 1/2	114 1/2	110 1/2	109 1/2	109 1/2	+	1/2	58 1/2	52 1/2	5 (a)	5 (b)	Do. B £1 fully paid	55 1/2	55 1/2	0	3 12
108 1/2	104 1/2	105 1/2	100 1/2	100 1/2	103 1/2	+	1/2	108 1/2	96 1/2	12 1/2 (b)	12 1/2 (b)	Eng. Scot. Aust. £5 3pd	100 1/2	97 1/2	-5d	3 14
98 1/2	94 1/2	95 1/2	88 1/2	88 1/2	88 1/2	+	1/2	11 1/2	10 1/2	18 (c)	18 (c)	Hambros 10/-, £2 1/2 pd.	11 1/2	11 1/2	0	3 19
101 1/2	97 1/2	98 1/2	90 1/2	90 1/2	91 1/2	+	1/2	24 1/2	20 1/2	4 (a)	4 (b)	Hong. & S. (\$125)	24 1/2	24 1/2	0	4 12
76 1/2	70 1/2	72 1/2	62 1/2	64 1/2	64 1/2	+	1/2	59 1/2	50 1/2	7 (a)	7 (b)	Lloyds £5, with £1 pd.	61 1/2	61 1/2	0	3 18
89 1/2	83 1/2	85 1/2	74 1/2	76 1/2	76 1/2	+	1/2	10 1/2	8 1/2	8 (a)	8 (b)	Martins £20, £2 1/2 pd.	9 1/2	9 1/2	0	3 15
100 1/2	96 1/2	98 1/2	87 1/2	88 1/2	89 1/2	+	1/2	94 1/2	81 1/2	11 (a)	11 (b)	Midland £1, fully paid	88 1/2	89 1/2	+1 1/2	3 12
120 1/2	116 1/2	119 1/2	112 1/2	114 1/2	114 1/2	+	1/2	44 1/2	39 1/2	9 (a)	9 (b)	Nat. of Egypt 10/-	40 1/2	40 1/2	0	3 15
107 1/2	104 1/2	105 1/2	100 1/2	101 1/2	104 1/2	+	1/2	16 1/2	15 1/2	7 (a)	7 (b)	Nat. of India £25, £2 1/2 pd.	16 1/2	16 1/2	0	3 17
113 1/2	109 1/2	109 1/2	106 1/2	109 1/2	109 1/2	+	1/2	49 1/2	47 1/2	8 (a)	8 (b)	Nat. Prov. £20, £4 pd.	49 1/2	47 1/2	+	3 17
106 1/2	102 1/2	105 1/2	101 1/2	104 1/2	104 1/2	+	1/2	16 1/2	14 1/2	9 (a)	9 (b)	Royal Bank of Scotland	16 1/2	16 1/2	0	3 11
118 1/2	114 1/2	116 1/2	113 1/2	115 1/2	115 1/2	+	1/2	91 1/2	81 1/2	9 (a)	9 (b)	St. of S. Afr. £20, £5 pd.	91 1/2	91 1/2	0	4 2
120 1/2	117 1/2	117 1/2	115 1/2	116 1/2	116 1/2	+	1/2	101 1/2	91 1/2	9 (a)	9 (b)	Westminster £4, £1 pd.	101 1/2	99 1/2	-2	3 16
114 1/2	108 1/2	109 1/2	104 1/2	105 1/2	105 1/2	+	1/2	75 1/2	65 1/2	10 (a)	10 (b)	Discount Cos.	75 1/2	75 1/2	0	4 11
109 1/2	106 1/2	107 1/2	101 1/2	102 1/2	102 1/2	+	1/2	5 (a)	5 (b)	11 (a)	11 (b)	Alexanders £2, £1 pd.	5 1/2	5 1/2	0	4 6
117 1/2	113 1/2	114 1/2	110 1/2	111 1/2	111 1/2	+	1/2	17 (a)	17 (b)	12 (a)	12 (b)	National A £2 1/2 div. pd.	17 1/2	17 1/2	0	4 6
102 1/2	98 1/2	100 1/2	97 1/2	98 1/2	98 1/2	+	1/2	45 1/2	45 1/2	13 (a)	13 (b)	Union £1, £1 1/2 pd.	45 1/2	45 1/2	+1 1/2	3 16
93 1/2	82 1/2	90 1/2	84 1/2	87 1/2	87 1/2	+	1/2	40 (a)	30 (b)	14 (a)	14 (b)	Alliance £1, fully paid	29 1/2	29 1/2	0	3 2
72 1/2	71 1/2	73 1/2	68 1/2	69 1/2	71 1/2	+	1/2	13 1/2	11 1/2	15 (a)	15 (b)	Atlas £5, £1 1/2 pd.	13 1/2	13 1/2	0	2 13
97 1/2	95 1/2	100 1/2	96 1/2	97 1/2	97 1/2	+	1/2	20 (a)	20 (b)	16 (a)	16 (b)	Com. Un. £1, fully paid	10 1/2	10 1/2	0	4 0
27 1/2	24 1/2	26 1/2	21 1/2	22 1/2	22 1/2	+	1/2	1 1/4	8 1/2	17 (a)	17 (b)	Gen. Accident £1, 5/- pd.	3 1/2	3 1/2	0	2 17
88 1/2	85 1/2	88 1/2	84 1/2	85 1/2	85 1/2	+	1/2	25 (a)	25 (b)	18 (a)	18 (b)	Lon. & Lanc. £5, £2 pd.	25 1/2	25 1/2	0	3 12
23 1/2	16 1/2	23 1/2	18 1/2	19 1/2	19 1/2	+	1/2	35 (a)	35 (b)	19 (a)	19 (b)	Nor. & Mer. £1 1/2, fully paid	12 1/2	12 1/2	0	3 14
84 1/2	80 1/2	84 1/2	81 1/2	81 1/2	81 1/2	+	1/2	22 1/2	19 1/2	20 (a)	20 (b)	North. & Mer. £1, fully paid	20 1/2	20 1/2	0	3 14
95 1/2	90 1/2	95 1/2	93 1/2	93 1/2	93 1/2	+	1/2	15 1/2	15 1/2	21 (a)	21 (b)	Pearl £1, fully paid	15 1/2	15 1/2	0	2 10
112 1/2	108 1/2	108 1/2	103 1/2	104 1/2	104 1/2	+	1/2	193 1/2	193 1/2	22 (a)	22 (b)	Phoenix £1, fully paid	193 1/2	193 1/2	0	3 16
110 1/2	108 1/2	108 1/2	103 1/2	104 1/2	104 1/2	+	1/2	103 1/2	103 1/2	23 (a)	23 (b)	Prudential £1 A	103 1/2	103 1/2	0	2 15
75 1/2	72 1/2	75 1/2	70 1/2	71 1/2	71 1/2	+	1/2	11 1/2	11 1/2	24 (a)	24 (b)	£1, with 4s. paid	11 1/2	11 1/2	0	1 14
106 1/2	102 1/2	105 1/2	101 1/2	103 1/2	103 1/2	+	1/2	3 1/2	3 1/2	25 (a)	25 (b)	Royal Exchange (£1)	3 1/2	3 1/2	0	2 19
25 1/2	17 1/2	18 1/2	16 1/2	16 1/2	16 1/2	+	1/2	19 1/2	17 1/2	26 (a)	26 (b)	Sc. Un. £20, £10 pd.	17 1/2	17 1/2	0	3 13
60 1/2	53 1/2	63 1/2	53 1/2	53 1/2	53 1/2	+	1/2	84 1/2	74 1/2	27 (a)	27 (b)	Sc. Un. Ins. £20, £10 pd.	84 1/2	84 1/2	0	3 16
46 1/2	34 1/2	46 1/2	35 1/2	35 1/2	35 1/2	+	1/2	15 (a)	15 (b)	28 (a)	28 (b)	Sun Life Assur. £1, fully paid	15 1/2	15 1/2	0	2 3
40 1/2	29 1/2	36 1/2	30 1/2	31 1/2	31 1/2	+	1/2	11 1/2	11 1/2	29 (a)	29 (b)	Yorkshire £1, fully paid	11 1/2	11 1/2	0	2 8
45 1/2	35 1/2	44 1/2	37 1/2	39 1/2	39 1/2	+	1/2	294	294	30 (a)	30 (b)	Investment Trusts	297	291 1/2	+2 1/2	4 2
80 1/2	74 1/2	80 1/2	77 1/2	77 1/2	77 1/2	+	1/2	2 (a)	2 (b)	31 (a)	31 (b)	Anglo-American, Deb.	79 1/2	79 1/2	0	3 5
97 1/2	83 1/2	89 1/2	83 1/2	87 1/2	87 1/2	+	1/2	16 1/2	16 1/2	32 (a)	32 (b)	At. Electric, etc. £1	8 1/2	7 1/2	-3d	Nil
144 1/2	105 1/2	120 1/2	110 1/2	115 1/2	115 1/2	+	1/2	258	241 1/2	33 (a)	33 (b)	Brit. Assets Trust 5/-	17 1/2	17 1/2	-6d	2 4
53 1/2	41 1/2	58 1/2	52 1/2	53 1/2	53 1/2	+	1/2	87 1/2	82 1/2	34 (a)	34 (b)	Debiture Corp. Stk.	242 1/2	242 1/2	0	4 6
93 1/2	60 1/2	83 1/2	56 1/2	61 1/2	61 1/2	+	1/2	154 1/2	148 1/2	35 (a)	35 (b)	For. Amer. etc., Def.	188 1/2	188 1/2	0	3 7
15 1/2	8 1/2	20 1/2	13 1/2	19 1/2	19 1/2	+	1/2	305	293 1/2	36 (a)	36 (b)	Guardian Investment	149 1/2	149 1/2	0	4 7
116 1/2	112 1/2	116 1/2	112 1/2	113 1/2	113 1/2	+	1/2	336 1/2	336 1/2	37 (a)	37 (b)	Ind. Invest. Fund, Ord.	336 1/2	336 1/2	0	3 2
92 1/2	79 1/2	95 1/2	91 1/2	94 1/2	94 1/2	+	1/2	21 1/2	21 1/2	38 (a)	38 (b)	Invest. Trust, £10/-	21 1/2	21 1/2	0	3 16
27 1/2	22 1/2	24 1/2	21 1/2	23 1/2	23 1/2	+	1/2	303	283 1/2	39 (a)	39 (b)	Mercantile Investment	288	288	0	4 0
119 1/2	116 1/2	118 1/2	111 1/2	112 1/2	112 1/2	+	1/2	176 1/2	176 1/2	40 (a)	40 (b)	Merchants Trust. Ord				

(Continued from page 225)

Total Capital Raised—		Total offered for Subscription—	
Including Conversions	Excluding Conversions	Including Conversions	Excluding Conversions
1937 (New Basis)...	167,189,463	135,702,921	Whole Year (New Basis)...
1937 (Old Basis)...	80,770,084	52,125,892	1936 ... 642,017,245
1936 (New Basis)...	169,234,108	117,049,896	1935 ... 698,313,125
1936 (Old Basis)...	122,846,941	70,562,729	Whole Year (Old Basis)...
January 1 to date (Old Basis)...	104,697,687	30,174,080	1936 ... 402,470,003
1935 ...	217,910,840	69,851,332	1935 ... 548,351,393
1934 ...	190,861,848	1928 ... 683,000,056	1934 ... 410,980,300
1928 ...			1933 ... 487,921,300
			1928 ... 369,058,073

Destination of Capital (Excluding Conversions)		Total	
United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	
January 1 to date...	97,131,565	37,418,216	135,702,921
1937 (New Basis)...	44,262,502	7,863,390	52,125,892
1937 (Old Basis)...			

Nature of Borrowing (Excluding Conversions)		Total	
Debentures	Preference	Ordinary	
January 1 to date...	30,342,406	14,043,044	44,385,450
1937 (New Basis)...	17,353,808	8,265,952	25,619,760
1937 (Old Basis)...	53,040,276	12,733,999	65,774,275
1936 (New Basis)...	46,199,830	5,359,201	51,559,031
1936 (Old Basis)...			
Whole Year (Old Basis)...	212,917,900	45,062,600	257,980,500
1928 ...	222,064,300	12,733,700	234,798,000
1933 ...	102,769,300	21,461,000	124,230,300
1934 ...	167,185,509	31,686,741	198,872,250
1935 ...	160,521,116	24,423,647	184,944,763
1936 ...	193,599,713	48,806,822	242,406,535
1937 ...	184,255,833	41,580,731	225,836,564

BY STOCK EXCHANGE INTRODUCTION

Arusha Plantations, Ltd.—Issue of 550,000 2s. ordinary shares at 2s. 3d.; and £55,000 6 per cent. convertible first mortgage debenture stock at 102½, redeemable at 105, 1951, or from 1941 on notice. Holder can convert into ordinary stock from 1938 at rate of £10 stock for 65 shares. Acquires the sisal and coffee Themli Estate and Farm No. 67/1 in Tanganyika. Total purchase consideration £106,500, payable by £96,500 cash £5,000 debenture stock and 50,000 shares. Estimated production 1937: sisal, 1,000 tons; coffee, 200 tons. Estimates of profits given.

BONUS ISSUES

Tilling and British Automobile Traction.—It is proposed to capitalise part of reserves by issuing bonus shares in the proportion of one new for five ordinary shares held.

ISSUES TO SHAREHOLDERS ONLY

Anglo Johore Rubber.—Issue of £45,000 6 per cent. convertible debenture stock at 105 and £45,000 in 1s. shares at par.

Anti-Attrition Metal.—Issue of 200,000 new 2s. shares at 3s. to shareholders on April 23rd.

Barrow Barnsley Main Collieries.—Issue of 250,000 5½ per cent. cumulative first £1 preference shares at par.

Blount and Company.—Issue of 750,000 1s. ordinary shares at par.

The British Northrop Loom Company, Ltd.—Issue of 100,000 10s. ordinary shares each at 12s., to shareholders on April 9th, in proportion of one new for five held.

Central London Property Trust.—Issue at par of 80,000 1s. ordinary shares, 120,000 6 per cent. 10s. preference shares, and £100,000 5 per cent. debentures.

Durban Roodepoort Deep.—Issue of 250,000 10s. shares at 55s. in proportion of one new for eight held on June 30th.

Gopeng (Perak) Rubber.—Issue of 396,000 2s. shares at 2s. 4½d., in proportion of one for every five held on April 14th. Required or acquisition of 486 acres and a further 350 acres.

Imperial Cold Storage and Supply.—Issue of 54,666 £1 ordinary shares at par to Anglo-American Corporation of South Africa, Ltd.

Kelvin Investment Trust, Ltd.—Issue of 117,200 £1 ordinary shares at 20s. 9d.

Lawas (Sarawak) Estates.—Issue of 127,492 £1 ordinary shares at 21s. in proportion of four for every five held. Required to purchase another property and for development.

R. A. Lister and Company, Ltd.—Issue of 150,000 £1 ordinary shares at 62s. (to finance factory extension and expanding turnover).

London Labourers' Dwellings.—Issue of 55,000 £1 shares at 23s. to shareholders on April 13th, on basis of five new shares for twenty held.

Nanwa Gold Mines.—Issue of 988,431 1s. ordinary shares at par to shareholders on April 13th on basis of one new for five held.

Rhodesia Broken Hill.—Issue of 1,476,118 new 5s. shares at par.

Scottish Eastern Investment Trust.—Issue of 40,000 deferred £1 shares and 60,000 4½ per cent. cumulative £1 preferred shares both at 21s., to holders on April 5th, on basis of one deferred share per £7 deferred stock and three preferred shares for every £14 deferred stock.

Triumph Company.—Issue of 2,000,000 2s. ordinary shares at par in proportion of two new shares for every share held.

United City Property Trust.—Issue of 100,000 5½ per cent. cumulative £1 preference shares at 21s. 6d. and 100,000 £1 ordinary shares at 23s. 6d.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	April 14, 1937	April 21, 1937
Bridgewater (G. and T.) 4/-	10/-	10/-	9/9-10/3	9/6-10/-
Do. do. 6% Pref. £1	20/-	20/-	19/3-19/9	19/0-19/6
Dixor Ord. 1/-	4/-	4/-	...	3/6-3/9
Francis (E.) Ord. 5/-	5/-	5/-	...	6/7½-6/10½
Do. 5½% Pref. £1	20/-	10/-	...	9/3-9/9
Hammerton (Chas.) Ord. 10/-	...	...	22/6-23/-	22/9-23/3
Do. 5% Pref. 20/-	...	...	21/0-21/6	21/3-21/9ad
Holmes Goodrich 2/-	3/3	3/3	2/10-2/16	2/10½-3/1½
Hoover 5½% Pref. £1	21/6	11/6	34½-4d pm	1½-4½ pm
Houndsditch Warehouse 5/-	15/-	15/-	12/6-13/-	12/-12/6
Do. do. 5% Pref. £1	20/-	20/-	19/4½-19/10½	19/4½-19/10½
Lake George Mining 10/-	...	...	15/3-15/9	13/6-14/0
London Electric Transport 2½% Deb.	92½	57½	1½-1 dis	1½-1 dis
Masson Scott 4/-	...	...	5/10½-6/1½	5/10½-6/1½
Midland Counties Electric 4½% Pref. £1	£1	10/8	1/3-1/9 pm	1/3-1/9 pm
Nehanga Consolidated £1	...	...	1½-1½ pm	1½-1½ pm
Pullin (R. B.) 2/-	4/-	4/-	3/7½-3/10½	3/7½-3/10½
Rhodesia Railways 4½% Deb.	98	65	4½-4½ dis	4½-4½ dis
Riverview Rubber 2/-	...	...	5/4½-5/7½	5/3-5/6
Steel and Company Ord. 5/-	7/9	7/9	4/9-5/3	5/0-5/6
Do. do. 6% Pref. £1	20/-	20/-	19/3-19/9	19/3-19/9
Thomas (Richard) 4% 1st Deb.	99½	25	5½-5 dis	6½-5½ dis

SHORTER COMPANY COMMENTS

COMPANY RESULTS OF THE WEEK.—An exception to a general improvement in land companies is shown by ARGENTINE ESTATES OF BOVRIL, whose profits of £18,063 are £9,000 lower, owing to poor crops. A further large number of rubber company reports indicate the trend of sharp increases that by now has become typical. GRAND CENTRAL (CEYLON), for instance, record trebled earnings, other important results being CHANGKAT SALAK, CEYLON (PARA), ROSEHAUGH (CEYLON) RUBBER, and REMFIELD. The past week has also produced the first large batch of tea company reports; they make a mixed showing, though the largest plantations, those of CEYLON TEA, and NUWARA ELIYA, with profits of £58,444 and £69,245 respectively, have made satisfactory progress. Four of the seven companies have undergone a setback, but ROSEHAUGH (CEYLON) TEA, with earnings of £10,898 have actually trebled their profits. Four of the five stores publishing their accounts recently show very good improvement. The ARMY AND NAVY STORES profits of £189,903 are £41,000 higher, CHARLES BAKER AND COMPANY have converted an £8,818 loss into a £5,744 profit, CIVIL SERVICE SUPPLY earnings are some 25 per cent. higher, while LILLEY AND SKINNER, though earning £17,000 more with £67,075, are placing the full increase to general reserve. Among motor and aircraft companies, the market was a little disappointed with the BOUTON PAUL AIRCRAFT report, though a loss of £8,935 has been converted into a profit. SCAMMELL LORRIES have earned £10,923 against a loss of £5,890, while ALBION MOTORS are raising their dividend from 10 per cent. to 15 per cent. Household goods are well represented among the week's results: the BRYANT AND MAY earnings of £636,700 are a trifle higher, CEREBOS have earned £406,567, against £353,723 for 13 months, while improvement is shown also by J. & J. COLMAN and by RECKITT AND SONS, the latter's profits of £1,020,010 comparing with £1,015,653. PHILCO RADIO have presented their first accounts, earning £82,416 for a period of about 29 weeks, and paying a dividend of 25 per cent. actual. WARNERS RADIO AND ELECTRIC report total profits of £44,510 for the half-year to March last, against £37,177 for the previous full year.

APPOINTMENTS AND PERSONAL

Mr Charles Adams and Mr George A. Woodruff have been appointed directors of Anti-Attrition Metal Company, Ltd.

Tate and Lyle announces that Mr Ian Archibald de Hoghton Lyle has been elected a director.

Mr Robert Lawrence Angus, of Ladykirk, Monkton, Ayrshire, has joined the board of the Clydesdale Bank.

Mr Edmund Godward, the London manager of the Bank of Australasia, retired on April 10th. To fill the vacancy the directors have appointed Mr George Cloughton Cowan, manager, and Mr James Nevin Desmond Paine, secretary.

Raphael Tuck & Sons, Ltd., announce that Sir Edgar Waterlow, Bt., Mr V. E. Goodman, and Mr A. E. Owen Jones, will become directors. Sir Edgar Waterlow has consented to be chairman of the Board. Mr Gustave Tuck and Mr Desmond Tuck will be appointed joint managing directors.

Sir Harold Bellman, M.B.E., J.P., managing director of the Abbey Road Building Society, has been unanimously elected chairman of the Board of management in succession to the late Mr J. Broughton Knight, C.B.E., and Mr Alexander C. Hutchins, F.C.A., has been appointed deputy-chairman.

Mr J. O. Murgatroyd has joined the board of Singer Motors, Ltd.

The registered office of the Trinidad Consolidated Oilfields, Ltd., is now at 4 Cleveland Square, St. James's, S.W. Telephone number: Whitehall 1773.

Mr T. Walton, F.C.A., has resigned from the board of Barrow, Hepburn & Gale, Ltd., and Mr G. W. Odey has been appointed chairman in his place. Mr W. R. Box has joined the Board.

Mr T. A. W. Allen, a director of London Industrial Finance Trust, Ltd., has joined the board of D. M. Gilbert and Company, Ltd.

Colonel S. E. Monkhouse, M.I.E.E., general manager, has been elected a director of North-Eastern Electric Supply Company, Ltd.

GOVERNMENT &c.

ARGENTINE GOVERNMENT.—United Kingdom holders of External S.F. (U.S.) Gold Bonds, 1960, and 1961 (issued 1926 and 1927) may convert into Argentine Republic S.F. External Conversion 4 per cent. (U.S.) Bonds of which \$35,000,000 is being issued in the U.S.A. Basis of \$1,000 4 per cent. Bonds plus \$132 cash for each \$1,000 6 per cent. Bonds surrendered with coupons. New bonds issued at 89½, redeemable at par by half-yearly drawings, on any interest date on notice, or due 1972.

(Continued on page 242)

SOCIÉTÉ FINANCIÈRE DE TRANSPORTS ET D'ENTREPRISES INDUSTRIELLES (SOFINA)

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR PRESENTATION TO THE ORDINARY GENERAL MEETING OF APRIL 22, 1937 (ABRIDGED)

Copies of the complete translation of the Report and Balance Sheet can be obtained from:—

The Electric & Railway Finance Corp., Ltd.,

10 Mayfair Place, London, W.1,

and

The Midland Bank Limited, Poultry, London, E.C.2.

The annual report which Sofina's board of directors present this year to the shareholders considers in its preamble the economic consequences of arbitrary or excessive legislations and disregard for contractual rights. The argument runs as follows:—

Business recovery is impeded by lack of confidence, which springs from two sources—the menace of war and the insecurity of individual rights. Every provision against risks burdens the cost of production, and when risks are such as to raise prices to a level at which there would be no buyers, the output of goods is arrested. Civilisation tends to reduce the risks that humanity cannot escape, but to some extent risks remain unavoidable. It is the economic function of the entrepreneur to assume these risks, and it is to the general interest that experiments in which the chances of profit are greater than the danger of loss shall be attempted; the community benefits from the balance of successful ventures. Coming on top of the risks inherent in every enterprise, insecurity of rights involves additional danger, and it can thus deter private initiative.

Legal stability and the respect of contracts are factors of security. No doubt the law cannot be immutable, and it may become necessary to restrict the liberty of contracting and to moderate agreed obligations. Yet there are principles of law that may not be overridden. If the law-maker disregards this principle the law becomes a factor of economic disturbance, and if he is not firmly resolved to confine his intervention to a clearly delimited field, the proliferation of enactments invades every phase in the life of the nation. Thus, again, private initiative is stifled.

These observations, which are set out in length in the first three chapters of the preamble, lead up to the following conclusions:—

"THE CHOICE BETWEEN RIGHTS OR COMPULSION"

"The economic value of property and other rights exists only in proportion to the protection granted them by the law. The legislator has the power—this is a question of fact—to modify the value of a given right, either by burdening it with obligations or by restricting its use. The restriction is often indirect: an undertaking may find itself unable to supply at a profit as a result of favours granted to competitors.

"Wealth is thus created and destroyed by the law; and, in accordance with the rule whereby the community suffers more harm from individual losses than it benefits from corresponding gains, the aggregate wealth is usually diminished when Peter is robbed to enrich Paul.

"No doubt some laws bring better order into the affairs of the nation and help to support or co-ordinate fruitful activities. But, apart from such adjustments and rearrangements, legislative instability throws the economic machine out of gear; it destroys wealth or prevents its formation.

"Alteration of the law has always created a risk that the capitalist and the entrepreneur have had to take into account. But in days gone by the changes were few and far between; even in countries where political practices were somewhat uncertain, this risk was considered almost negligible. But how many countries are there to-day in which investors and producers are not obliged to ask themselves what new law may shortly make an inroad into their incomes?

"Amplifying the effect of actual risk, uncertainty forces up interest rates, prices and rents, or even creates a preference for hoarding rather than investment, inaction rather than enterprise. The moment business is regarded as a gamble it becomes the preserve of inexperienced and unscrupulous men; the *chevalier d'industrie* takes the place of the captain of industry, and the workers are not the last to suffer from this change in command. The responsible entrepreneur will no longer risk his assets, still less those entrusted to his care, except against a Government guarantee—and even then the Government's signature must inspire sufficient confidence. But guarantees of this sort are not only a danger to the public finances; they undermine the ingenuity and tenacity shown by private initiative when it can expect to reap only according to what it has sown.

"Doubtless, by resorting to inflation, as also indeed by discouraging enterprise, any Government has the power to create an abundance of funds on the home market; it may even be able to borrow cheaply, since the small investor is like the bee, quick to forget that the hive has been raided and ever willing to go on gathering honey. But no wonder there is a shortage of houses and apartments when building to let becomes a highly speculative proposition; no wonder that industry should cease to extend its plant when its output is liable to be burdened with unexpected costs, and inadequate maximum prices may be fixed for its products.

"Uncertainty as to the future purchasing power of a currency is a well-known obstacle to long-term lending; it causes investors who would otherwise be content with a moderate return to refuse their aid to undertakings that require fixed capital at a low rate of interest. Uncertainty as to the future value of currencies in relation to one another is one of the main causes of the decline in international trade and the slowness of its revival. By an irony of fate, the very confidence inspired by a few currencies to-day is a source of commercial and financial disequilibrium, because the countries in which foreign capital seeks refuge will take measures to protect themselves against inopportune inflation, while the others, in vain attempts to stop the flight of capital, will place further restrictions on imports of goods and transfers of money. A Government that is unable to restore faith in its currency may go so far as to threaten its citizens with confiscation of their property if they decline to subscribe to its loans, or even with death if they seek to protect their savings by investing them in a safer currency.

"There is no field in which stability is a more pressing need than in the matter of currencies. Fixed rates of exchange can be the outcome only of national laws based on international agreement.

"But international agreements are precisely those that have suffered the most flagrant breaches in the course of the past few years. Speaking in Buenos Aires last December, Mr Cordell Hull appealed to the civilised world to re-establish international understandings and strengthen the regard for international law. If this appeal remains unheeded the world will be plunged into greater confusion.

"In order that mankind may be able to engage methodically in enterprise and persevere in its undertakings, call a halt in the race towards self-sufficiency, and establish a rational division of labour

and distribution of resources between nations, it must be freed from the nightmare of impending war. The sanctity of treaties must be assured. It does not follow that treaties should not be revisable; indeed, it is best that the covenant itself should provide for revision. In order that economic co-operation may be practicable between nations, not only must sound relations be established between governments, but also private international law should be clearly defined and scrupulously observed.

"Nations who imagine they can with impunity break the promises given explicitly or tacitly to other nations, or to foreign nationals who have built up undertakings at their invitation or with their permission, can expect no further help from abroad. At most, goods will be supplied to them only against cash on delivery or payment in advance, no credit being granted. Obligated to live almost exclusively on their own resources, they will perforce lead a miserable existence. They will learn that the following maxim of La Rochefoucauld holds true for nations as well as for individuals: 'He who thinks he can find in himself the wherewithal to do without others is greatly mistaken; but he who thinks others cannot do without him makes an even greater mistake.'

"When a people can no longer order its activities on the assumption of the stability of the law and the faithful accomplishment of the contracts that would provide it with goods and services, it must seek another course for the pursuit of its economic life. It has only one alternative: to commit itself to the care of an all-powerful State whose Government will dictate what each citizen's activities shall be, and who will minister to his needs. Instead of seeking security in contractual stipulations, each member of the community must be content with whatever place in the sun is assigned to him by the institutions in force at a given moment.

"It was in other troublous times that Rousseau conceived his ideal of the 'despotic state,' master of all its members' possessions, including their capacity to work. To-day this old ideal has again come into favour. Many capitalists, traders and manufacturers, from the multitude of small shop-keepers to the managers of the largest works, are becoming convinced that they can no longer build upon the foundation of law and contracts. Disconcerted and weary, they resign themselves to the hope that the Government will plan and undertake business in their stead. As the rule of law has ceased to exist, they are prepared to accept a dictatorship. The man who has possessions will leave the State to dispose of them; and he who bore the responsibilities of management will accept instructions upon how to conduct his business: trusting that in return for their obedience the State will leave them some enjoyment of their property, or a small share of authority. And, rather than submit to the changing moods and biased will of parliamentary majorities, they call for a leader, from whom they may at least expect some method in control.

"In truth, the choice of every nation is not so much between the parliamentary system and dictatorship as between two economic systems—a regime of freedom under which citizens settle their mutual relations through inviolable contracts within the setting of a code of laws that derives permanence from well-established principles; or a regime under which the State allocates tasks and fixes rewards, regulates production, distribution and consumption, in short, manages the national economy.

"This power of the State can be exercised by a body of officials as well as by one man or an oligarchy; and history tells of enlightened despots, guardians of a lawful order, as well as of parliaments that have disregarded the principles of law. Great public works can be successfully carried out by coercion. But a system of dictation can bring neither prosperity nor security to a nation. Granted that it may be able to co-ordinate activities better than a regime of liberty, nevertheless it forgoes the stimulus and ingenuity of private initiative.

"A nation under arbitrary rule no less surely renounces the benefits of private enterprise, and it condemns itself to isolation, which spells certain misery. If every agreement implies risk as well as assurances for each of the parties, it is a fool's bargain to assume an obligation when the other party can repudiate or be released from his commitments under a judicial practice inspired by the doctrine that the State knows no other law than that of its immediate convenience.

"An economic system based on voluntary exchanges of goods and services, a happy co-operation between independent nations—in other words, concerted action towards greater welfare in the bracing atmosphere of liberty—pre-supposes as an essential condition the sanctity of contracts."

Before giving the usual information regarding the undertakings in which Sofina is particularly interested, the report com-

ments briefly on some recent developments in the supply of electricity. The following passages are extracted from this section of the report:—

"The output of electricity attained further record figures in 1936. There has been a substantial increase in the industrial demand for electricity, together with a continued rise in domestic requirements, except in countries where an over-valued currency has retarded business recovery. In Switzerland a fresh fall in consumption for general industrial purposes was offset by increased sales to electro-chemical and electro-metallurgical undertakings. In the United States the demand increased by 18.4 per cent. (7,500 million kWh) for large power requirements, and by 12.3 per cent. (3,300 million kWh) for household, commercial, and handicraft appliances.

"In highly developed countries it is becoming difficult to open up new areas for the services of electricity. There remains little scope for extending the networks, except in rural districts where the progress of electrification can be furthered by electrifying the railways running through these districts. Consequently, electricity distributors are concentrating largely on 'intensive' rather than 'extensive' development of their outlets, and are endeavouring to bring customers to a better realisation of the advantages that can be derived from the many possible uses to which electric energy can be applied. 'Sales promotion' has thus taken a prominent rank amongst the preoccupations of every distributor.

"Electricity supply undertakings that have adopted modern methods have organised courses at which those of their agents who are in touch with customers can learn how to give explanations and advice. Handbooks provide them with a summary of these courses; other manuals, written for the benefit of the senior staff, indicate the lines along which research work and canvassing should be conducted, and examine what interest the undertaking may have in promoting the expansion of sales for a given use, or what facilities it can offer its customers for the purchase, upkeep, or renewal of each kind of appliance.

"It is hardly necessary to recall that the surest way to reduce the average cost of the kWh is to obtain a more continuous utilisation of plant. One of the larger French companies was able within six years to increase night consumption by 125 million kWh, and to raise from 2,100 to 2,600 per annum the number of hours during which peak power is utilised. In the United States, sales of electric household appliances reached nearly 1,200 million dollars in 1936. It is chiefly due to the more widespread use of appliances of this kind that the residential consumption of electric energy has increased in that country by more than 9,000 million kWh since 1925, and that in the course of a decade it has been possible to reduce tariffs by an average of 30 per cent., while the distributors' receipts have increased by about 13.5 per cent. per customer.

"The price charged for electric appliances can be reduced according to the degree in which increased demand permits mass production; and the prices charged for electric energy according to the improvement in the load factor. But a rational organisation is an equally sure means of lowering the price of electricity, because it avoids duplication in the generating or distributing plants.

"Co-ordination of power-stations and networks is steadily progressing in all countries. Inefficient units are being put out of commission; new plant is not being built unless its usefulness is assured. Rationalisation of this kind is usually brought about by voluntary agreement between undertakings. In Belgium, for instance, an understanding in this respect was negotiated last year between distributors and industrial concerns generating electric energy for their own requirements; in England, out-of-date power stations are being gradually eliminated without the authorities being obliged to use the power of coercion vested in them by law.

"At the Third World Power Conference which met at Washington last September, the delegates of the participating nations were unanimous in stressing the only two methods whereby the cost of the kWh can be reduced, namely by technical improvement and co-ordination, and by more flexible tariffs so adjusted as to promote those uses which improve the load chart. (Moreover, the undertaking should be assured of a sufficiently long lease of life, so that adequate provision for amortisation may be consistent with a moderate price of supplies, nor should it be otherwise burdened with excessive charges.)

"Except in two or three instances the spokesmen of the governments represented at the Conference declared themselves opposed to the nationalisation of electricity production or distribution."

COMPANY MEETINGS

THE ALLIANCE TRUST COMPANY, LIMITED

SATISFACTORY YEAR'S RESULTS

SUBSTANTIAL ADVANCE IN REVENUE—INCREASED DIVIDEND

MR DAVID PIRIE'S REVIEW OF BUSINESS CONDITIONS AND OUTLOOK

The annual ordinary general meeting of The Alliance Trust Company, Limited, was held, on the 18th instant, in the company's registered office, Meadow House, 64 Reform Street, Dundee.

Mr David Pirie presided, and after formal evidence of the proper calling of the meeting had been submitted, the secretary, Mr John P. Bruce, read the auditors' report to the shareholders.

The Chairman, in moving the adoption of the annual report, said:—It is now my duty to submit for your approval the directors' report and accounts for the past year. The revenue figures reflect a substantial advance on last year, and I think you will regard the results shown as entirely satisfactory. The increase in net revenue is quite considerable. After paying all expenses of management and administration we have left £523,554, and after deducting interest on borrowed money of £160,213, there remains for the credit of our shareholders a sum of £363,341, an advance on last year's figure of £56,209.

As mentioned in the report, revenue has this year had the benefit of arrears of interest and dividends to the extent of £21,000, but as the previous year received nearly £20,000 under that head, that scarcely affects the comparison. There are reasons connected with the uncertainties of taxation both here and in the United States which make the transfer to special taxation reserve account desirable, and the strengthening of contingent fund needs no defence. These allocations are in accordance with the sound policy of prudent reservations from revenue to which must be attributed the remarkable strength of the company's position, and we are glad that it enables us not only to make them but to recommend an increase in the dividend and still add something to our carry forward.

VALUATION OF INVESTMENT

The valuation of our bond and stock investments also makes a satisfactory showing. We have in the past commented on the essentially fleeting character of Stock Exchange values, and we should never suggest that the position of the company should be estimated solely or even mainly by the valuation of its bonds and stocks at any given date.

The essential factor is the real earning power of the company, present and prospective. Still I should not feel happy if I saw our high revenue accompanied by a valuation which in the circumstances of the time was a low one for such securities as we hold, because I should then fear that our revenue though high was unstable. I am glad, therefore, to state that our good revenue position is buttressed by a valuation of our securities which shows a very substantial appreciation over book cost. That is a fact which entitles us to regard the situation as sound and healthy from every point of view.

GENERAL PROSPERITY

These facts and results are, of course, merely the reflection of a picture of general prosperity brighter than any we have seen for many years. This general prosperity has manifested itself in many ways, and perhaps the aspect which gives us all most satisfaction is the growing increase in employment. Between 1929 and 1932 the number of insured employed persons fell by 872,000. During the next four years it rose by 1,548,000, and more of our people are in employment to-day than ever before. But what more particularly concerns our business here is the effect on our investments and on the stock markets. It is not surprising that those markets which reflect every side of our economic life should show strength and activity.

The direct causes of that strength and activity are many, but the cause which bulked most largely was the rise in price of primary commodities. Indeed, the year may well be called a commodity year and, broadly speaking, the tendency was for those shares and securities to rise which have benefited by the demand for commodities. In fact, while the 365 securities taken as representative by the *Bankers' Magazine* showed an apprecia-

tion for 1936 of over 5 per cent., British Government stocks and kindred securities showed an actual depreciation for the year.

COMPARISON WITH 1929

The rise came from the variable-dividend securities and it was intimately connected with the rise in commodities. It has reached the dimensions of a boom and we must ask ourselves how long and how far this position may extend. We are inevitably led to compare the position with 1929. That was also a year of high business activity, but it was followed by one of the severest depressions in economic history.

We shall be wise, therefore, to consider whether the conditions now are similar and, if not, how far the difference affects our outlook. Undoubtedly there are many differences. The pound sterling has been divorced from the gold standard. A system of tariffs has replaced the system of free trade. Our business activity has become largely domestic. According to the Board of Trade's estimates, while the total volume of British industrial production was 15 per cent. higher than in 1929, the volume of British exports was no less than 23½ per cent. lower. This position will be increased by the fact that so much of our productive energy is to be turned to the purposes of national defence, although one is interested to notice that cautious efforts have just been initiated by our own and other Governments for a revival of international commerce.

HEALTHIER AND MORE STABLE POSITION

The consequence of all this is extremely difficult to gauge, but I think on the whole we must consider that the present business activity and stock market position are much healthier and more stable than they were in 1929. In the first place, we have cheap and abundant money. In 1929 the Bank rate started at 4½ per cent. and was raised to a maximum of 6½ per cent. This year it has been a steady 2 per cent. The market rate of discount on three months' bank bills has been not much more than ½ per cent. In 1929 it averaged 5½ per cent.

One of the most dangerous factors in 1929 was the financing of the unprecedented stock exchange boom in America at fantastic rates of interest. To-day money is cheaper in the United States than it is here. The powers of our Treasury to control the rate of interest have largely increased, and it is to their interest to continue the era of cheap money indefinitely. This factor then of interest rates, which is probably the most potent single influence in security markets, is definitely operating and likely to continue operating in favour of the stability of the position.

Again, the financial resources available to strengthen the position are very much greater. Our Government has now for some years placed an embargo on foreign borrowings, and the huge surpluses and savings of British industry have been retained in the country. Out of total prospectus borrowings of £256,000,000 in 1936 less than £1,000,000 went to foreign countries. Then, our industrial concerns are very much stronger financially than they were in 1929. They are able to finance themselves to an extent which was quite impossible in past years.

BETTER QUALITY OF NEW ISSUES

It is pointed out in an article in *Lloyds Bank Monthly Review* for March, to which I am indebted for many of the facts and figures I am quoting, that the total new issues in the London capital market during the last three years have been appreciably less than those of 1929 and earlier years, when the cost of new capital was very much dearer. This position is also emphasised by amalgamations and the drawing of the smaller industrial companies under the wing of the large organisations whose financial strength enables them to meet their long-term needs out of their own surpluses. All this not only decreases the quantity of new issues—it ensures an improvement in their quality.

Then, while it is true that a number of issues are still made on the results of a single prosperous year, the provisions of the

Companies Act of 1929, whose intention has been backed up by the attitude of the Stock Exchange Committee for General Purposes, have all tended to restrict the making of new issues without solid foundation.

Finally, the whole position is healthier because while in 1929 prices were falling steeply and the trend of business affairs was, therefore, definitely deflationary, in 1937 prices are rising and the tendency is expansive—a bull point for equity shares.

DANGER OF VIOLENT RISE IN PRICES

We must not, of course, be blind to the dangers of such a violent rise in prices as has taken place. As Mr Keynes pointed out in *The Times* recently, if increasing demand fails to elicit a sufficient increase in output and the efforts of purchasers spend themselves in merely raising prices, a very dangerous form of inflation results, and in this connection it is interesting to note that the President of the United States is credited with the intention of taking measures to reduce the rapidly advancing prices of certain commodities, and that the mere rumour of such action has had a healthy effect.

Then, as usual in boom times, labour troubles are looming before us and rising costs are threatening profits. On the whole, then, a comparison between 1929 and 1937 leads us to the conclusion that, on the one hand, the position of the present year is much more healthy and stable but that, on the other hand, we shall be wise to regard the new conditions with caution and adhere to our traditional policy of prudent reservation from profits against the contingencies of an unknown future.

RECOVERY IN THE UNITED STATES

In the United States also recovery is the prevailing note, and it is impossible not to be impressed by the reasons given for the continuation of that recovery. We have in all 23.76 per cent. of our invested funds in that great country, of which, however, only 15.96 per cent. represents bond and stock investments, the balance of 7.80 being in mortgages and real estate. With regard to the latter, the measures for the relief of the American farmer adopted by the Roosevelt Government showed signs of assisting us in a slow and difficult task until, by the action of the Supreme Court, these measures were substantially interfered with. The President is, however, a singularly resourceful person, and, as indicated in the report, we find that he has been able to continue by other methods, to a certain extent at least, the aid which he planned for agriculture.

There is no doubt in our view that in future, in one way or another, the American farmer is bound to receive more consideration than he has in the past. Politically, his numbers make him powerful, and now that he has become conscious of that power and active in his own interests the authorities will find it necessary to give him the consideration to which he is entitled.

CONFIDENCE IN THE FUTURE

On the whole, therefore, while we have many problems and difficulties with which it is quite impossible for me to deal in detail, I think that we can not only congratulate ourselves on the results of the past year but we can feel that the position of our company and its business is sound enough and strong enough to enable us to look to the future with confidence.

I should like before sitting down to pay a tribute to the able and conscientious work of our staff here and our representatives in America, and I conclude by moving that the directors' report and accounts be adopted and that final dividends be declared as therein recommended, viz. on £700,000 preference stock at the preferential rate of 4½ per cent. per annum; on £650,000 preference stock at the preferential rate of 4 per cent. per annum; on £750,000 preference stock at the preferential rate of 5 per cent. per annum; on £100,000 "A" preference stock at the preferential rate of 4 per cent. per annum; and on £1,050,000 ordinary stock at the rate of 12 per cent. actual, making 23 per cent. for the year, all subject to deduction of income tax.

The report and accounts were adopted, and resolutions declaring dividends, re-electing the retiring director, and appointing auditors were unanimously passed.

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

AGRICULTURAL MORTGAGE CORPORATION, LIMITED

FARMING CONDITIONS AND OUTLOOK

The eighth ordinary general meeting of this company was held, on the 19th instant, at Stone House, Bishopgate, E.C., Sir Harry Goschen, Bt., K.B.E. (the chairman), presiding.

The Chairman, in the course of his speech, said: During the past year we have granted further long-term loans of £377,496, bringing the total amount advanced up to £11,968,400, secured on first mortgage of 820,749 acres of agricultural land, together with the necessary farmhouses and buildings valued in all at £18,876,582. In addition, loans for a further £204,816 have been approved by the directors and will be completed as soon as the necessary formalities have been complied with.

The total of loans granted under the Improvement of Land Acts has increased to £83,598, and these are secured by rent charges on the land under the absolute order of the Minister of Agriculture and Fisheries, ranking as first charges on properties of an estimated annual rental value of £49,774.

I am pleased to be able to report that the payments of interest and repayments of principal continue, as a whole, to be promptly met, and it is satisfactory to note that over 93 per cent. of the total falling during the year had been received within seven days of the close of the period.

Farming conditions during 1936 were, in the main, disappointing. The wet winter damaged the autumn sown corn and poor yields were obtained over practically the whole country. Adverse weather made lambing conditions difficult and many flock masters experienced serious losses. Work on the land was delayed and only those farmers with entirely adequate manual and team labour as well as the necessary machinery were able to get their essential spring cultivations up to date. Unseasonable weather persisted through hay time and harvest, and much unprofitable money was spent in getting in damaged and sometimes worthless crops.

IMPROVING PRICES

Prices for agricultural produce generally showed some improvement, but dearer foodstuffs, increased labour difficulties, and lower yields more than offset the advantage so gained. The price of wheat has risen to a figure which almost rules out the provisions of the Wheat Act, but the result of the threshing was so disappointing that few farmers found the crop a profitable one. There was an increase of more than 27,000 acres in the area under barley in 1936, but the yield was somewhat lower and the total production showed an increase of only 7,000 tons. The counties of Cambridge, Hertford and Glamorgan were noteworthy as giving yields above the average. Sugar-beet growers generally showed good results and the fine weather during October was reflected in a welcome increase in the sugar content. Potato prices were well maintained and, in spite of blight damage, growers had a satisfactory year. Dairy farmers did reasonably well. More milk was sold through the Milk Marketing Board, and the cheese market showed a better tone. The depression in the livestock industry continues, and, even with the subsidy, beef producers have found it difficult to make a living. The trade for sheep and lambs has been well maintained throughout the year and steady prices have been recorded. Root crops have been good and the pastures and clover leys have provided all the necessary keep.

There are definite signs that the values of agricultural holdings generally are rising, and sound dairy farms with good homesteads are in demand, while medium-sized holdings well placed for markets, and for obtaining labour, are showing a steady upward tendency.

There are many indications, too, that although farmers may not in the near future see all their hopes realised, their confidence may be better justified than for some years past. The spending power of consumers is increasing, and if farmers will produce what the consumer requires and supply it in a standardised form they should be in a position to reap their share of the benefits accruing from the increasing prosperity of the country as a whole.

We have thought it wise to transfer the sum of £35,000 to contingencies account this year to provide against the possible fall in our income due to the increasing difficulty we are experiencing in finding employment for our surplus funds.

The balance of the profit and loss account, after bringing in £7,350 os. 4d. from last year, is £32,796 ros. 3d., and it is proposed to transfer to special reserve £2,664 and to general reserve £15,000, as well as to write off expenses of and discount on issues of debenture stock, amounting together to £8,333, leaving £6,799 to carry forward.

The report and accounts were unanimously adopted.

BANK OF ATHENS

INCREASED PROFIT AND DIVIDEND

The directors' report for 1936 was presented at the annual shareholders' meeting, held on April 3rd, in Athens.

The following were among the salient points:—During the past year the International situation showed several disturbing factors, unfavourable to the maintenance of peace, which appeared to retard the normal development of economic life. At the same time armaments have further expanded, and certain countries have extended the system of restrictions, thus furthering the policy of economic autarky.

Nevertheless, world conditions, which since 1933 had commenced to shake off the effects of the Great Crisis, have continued to show unmistakable signs of recovery. These have shown themselves first in the sterling bloc countries, then the United States, and extended afterwards to other countries.

The year 1936 has been marked by an increase in prices. Industrial activity has been stimulated by the increased purchasing power of the farming community and by lower interest rates, and, aided by the impetus of expenditure on armaments, further increased and so contributed to the decrease of unemployment.

In Greece itself, the attention of the Government has been absorbed by its own large domestic problems, which have for a long time caused social unrest. The new political regime, which came into power in August last, has striven to improve living conditions whilst at the same time pursuing the policy of developing the country's resources and improving its financial status.

Owing to unfavourable climatic conditions, which have affected the majority of products with the exception of tobacco, the agricultural year has not been entirely satisfactory. Nevertheless exports have benefited from the higher level of prices.

There has been a satisfactory activity in industry and a marked increase in the building trade, whilst merchant shipping has had an active year.

The results for the year 1936, after the usual provisions and amortisations, show an increase to Drs. 21,116,509, as compared with Drs. 18,790,541 for the preceding year. This allows us to propose a distribution of a dividend of Drs. 12 per share and to carry forward Drs. 5,195,366 to the new account.

SOUTHERN AREAS ELECTRIC CORPORATION, LIMITED

EXPANSION OF BUSINESS

The fourth ordinary general meeting of this company was held, on the 6th instant, in London, the Rt. Hon. Viscount Elibank (chairman of the company) presiding.

In the course of his speech the Chairman said: We are glad to present the improved accounts now before you. The dividends receivable from all our subsidiary companies during the past three years have been as follows:—1934, £9,788; 1935, £23,850; 1936, £33,038. Before arriving at the amounts available for dividends for the year our subsidiaries had set aside in the aggregate the sum of £18,514 for depreciation, as compared with £16,503 for the previous year. The reserves of all the companies total £145,572.

During the year we have increased by 10.4 per cent. the number of consumers connected, and by 18.3 per cent. the number of units sold, the latter comparing with an average for the country of about 15 per cent. The average price received per unit was 2.23d., or just under 2½d., a reduction of ⅓ of a penny compared with the previous year, an advantage to our consumers of about £6,360, and resulting from various reductions made in our tariffs during the year. Nevertheless our receipts from the sale of current increased by just under 11 per cent.

The gross profits for the year were £33,384 17s. 7d., compared with £21,604 12s. 4d. last year. We paid to the holders of the old ordinary shares during the year the sum of £3,814 4s. 6d. as an interim dividend of 1½ per cent. We now propose to declare a final dividend of 3 per cent. for the year, less tax, on both old and new shares, which will absorb £17,922 3s. 11d., and to carry forward to the next account the balance of £7,457 12s. 2d., as compared with £2,692 4s. 7d. brought in. The dividend on the old ordinary shares will thus be increased from 4 per cent. to 4½ per cent., and the new ordinary shares will share in the larger final dividend of 3 per cent. in accordance with the terms of the prospectus under which they were issued. If steady progress is maintained we may be justified in recommending a moderate increase in next year's dividend.

The report and accounts were unanimously adopted.

CAMP BIRD, LIMITED

ENCOURAGING OUTLOOK

The thirty-fifth ordinary general meeting of Camp Bird, Limited (of 49 Moorgate, E.C.), was held, on the 16th instant, in London, Mr F. W. Baker (the chairman) presiding.

The Chairman, in the course of his speech, said: After deduction of the items dealt with in the profit and loss appropriation account, including the amount of £156,366 written off investments and advances out of profits, and the balance of the underwriting commission and capital reorganisation expenses amounting to £16,147, which will thus not appear in subsequent profit and loss accounts, £63,892 is carried to the balance sheet, out of which, subject to confirmation, the directors have declared a dividend, No. 45, of 6 per cent., absorbing £49,860, leaving a balance of £14,031 to be carried forward to the current year.

I would like to make a reference to the profit of £166,253 made on the realisation of investments, as I feel there is some misconception in the minds of shareholders as to how this profit was made. It was not made in operating on the market but by realisation of participations which showed us a substantial profit which we felt should be secured.

Our quoted investments now stand at a book cost of £767,315, as against £503,234 at December 31. Our unquoted investments and ventures now stand at £293,736, as against £655,308 at December 31, while cash at bank in London now stands at £234,580, as against £78,034.

These several items under the headings of quoted and unquoted securities, properties and miscellaneous, at book cost, to which must be added advances, debtors and cash, represent a total at this date of approximately £1,333,000, having a value ten days ago and before the recent abnormal shakeout of £1,862,000, since reduced in the last ten days by £160,000.

The Mexican Corporation, as you know, owns practically half the share capital of the Fresnillo Company. The result of development work at the Fresnillo property and at the outlying Plateros and Zacatecas properties has been throughout the year of a very encouraging nature, so that the management is now proposing to enlarge certain sections of the plant to meet increased tonnage available. Earnings again influenced by the higher range of metal prices have been substantially increased.

LAKE GEORGE MINING CORPORATION

We have been successful in floating the Lake George Mining Corporation, with an issued capital of £1,110,000, divided into 2,220,000 shares of 10s. each, to acquire the Lake George Mine; £600,000 has been provided by the issue of shares at par for equipment and further mine development, and for working capital. Plans are now in hand so that a plant will be erected to treat the large developed reserves of ore in the mine.

On the basis of a price of £18 for lead and zinc, and based upon the treatment of 1,000 tons of ore a day, an estimated profit of £400,000 (Australian) should be earned. At to-day's metal prices the profit would be in excess of this figure.

It is very satisfactory to me to be able to report that, at last, this company's valuable holding in Lake George has been put into a position where in due course, based upon estimates of earnings as given, substantial revenue should accrue to us through a holding which approximates a third of the total issued capital of the company provided with sufficient capital to complete its construction programme.

WEST WITWATERSRAND AREAS

In West Witwatersrand Areas, Limited, we hold 20,000 shares at the written-up cost of £10. West Witwatersrand Areas, Limited, has continued the exploration of its properties by diamond drilling, the most important feature of which has been the proving, in the western section, of the reef now known as the Carbon Leader. All three boreholes which intersected this reef have shown high values. Two subsidiary companies have been floated, of which Venterspost Gold Mining Company, Limited, has practically completed its No. 1 shaft and has started active development underground. Libanon Gold Mining Company, Limited, has started shaft sinking, a favourable feature being the depth reached, approximately 400 ft., without encountering water in the dolomite. A third subsidiary is expected to be floated at an early date. The right to subscribe the initial working capital in subsidiaries belongs to the shareholders of West Witwatersrand Areas, Limited.

In conclusion, I feel justified in saying that, provided we have no serious economic, international or political disturbances during the current year, the outlook for earnings is definitely encouraging. The report and accounts were unanimously adopted.

AMALGAMATED METAL CORPORATION, LIMITED

POSITION AND PROSPECTS OF NON-FERROUS METALS

MR C. V. SALE'S ADDRESS

The eighth annual general meeting of the Amalgamated Metal Corporation, Limited, was held, on the 21st instant, in London, Mr Charles V. Sale (the chairman) presiding.

The Chairman, in the course of his speech, said:—The profits of your corporation, including interest and a refund of income tax, amount to £365,081, to which must be added £28,206 brought forward from last year, a total of £393,377. From this sum, half-yearly dividends at the rate of 6 per cent. per annum were paid on the Cumulative Preference shares, and the directors now recommend a dividend of 7 per cent. upon the Ordinary shares payable on May 5th, less income tax at the rate then ruling. These dividends will absorb £364,505 and leave a balance of £28,872 to be carried forward.

Price movements in the first three quarters of 1936 were irregular. Copper and lead slowly improved under the influence of dwindling stocks; conversely, spelter declined with expanding stocks; tin fell in the second quarter owing to restriction uncertainties. All four metals rose sharply in the last quarter. Here, I would remind you that the first nine months witnessed an activity little greater than that obtaining in the corresponding period of 1935. The great increase in tonnage and value mentioned in the report was not recorded until the last quarter of the year, and it was only in 1937 that the upward movement was greatly accelerated.

Speaking broadly, the devaluation of the gold *bloc* currencies in September was the first cause of increasing commodity prices. The fabricator and the consumer in every country, impelled by rising demand, smitten by fears of inflation and, in the metal trade, alarmed by the huge armament programmes announced by many Governments, and by our own in particular, rushed in to replenish stocks for current requirements, and make provision for forward needs. In face of such a mass buying movement, supplies were, and would nearly always be, insufficient to stem a rise in prices. For the time being, these have fallen considerably, so that their disparity from the general level of commodity prices is now much less than in early March.

BUILDING TRADE ACTIVITIES

In considering the future and prospects of the coming year, it is well to remember that the building trade is one of the principal outlets for non-ferrous metals. To-day the building of private residential houses in this country shows signs of diminishing, but increased commercial building, and building under slum clearance schemes will probably be enough to compensate for this for some time to come. Armaments do not seem to have added much to the country's total demand in 1936, but they must inevitably become a more important influence in 1937. The revival of shipbuilding also brings with it a considerably larger demand for metals, especially for brass. In short, while smaller tonnages may be used in some of the peace industries, it seems probable that the total consumption in this country will not be less than in 1936.

THE U.S.A.

In the United States, so far as foreign observers can judge of the trend of consumption, there is more room for expansion and for a quicker rate of increase than here, and, indeed, this is borne out by the table to which I have just referred. The building trade in that country, for instance, suffered very severely in the years of depression; new residential buildings fell from a value of over £400,000,000 per annum to less than £80,000,000, and the recovery, which began only in 1935, is still very modest. Non-residential contracts suffered in like degree, but show a marked increase during recent months. In both classes there is a large accumulation of arrears to be overtaken, and overtaken they will be. Prosperity will impel it. A great demand for metals will be caused. I need not dwell on the fact that, quite apart from building, the increased activity in other industries in the United States will lead to the consumption of much larger tonnages of copper in the electrical trades and of the other metals in their respective spheres.

If this is a correct forecast in the United States, it seems reasonable to expect a similar revival of prosperity in the countries of primary production, which will benefit by the rise in price of the primary commodities.

Again, the continental countries which, taken together, consume more copper, lead, and spelter than the United States, may be expected to maintain and even slightly increase their requirements; the improving trend of industry in France, and the still growing demand from Russia, are factors of importance.

PROSPECTS OF INCREASED CONSUMPTION

With these conditions it is probable that consumption will keep up and even grow in 1937, but the course of prices will depend on how quickly the output of each metal can be increased. It appears certain that the output of copper will be considerably higher by the end of the year, and the recession in price recently witnessed was not unexpected; the peak levels of March are not likely to be regained. The same forecast may apply to tin; prospects, however, of quick increases in the output of lead and spelter are more remote, and, therefore, their prices do not appear to be as vulnerable as those of the other two metals. To gain a balanced view we must, however, place on the other side of the scale the unsolved political problems which still beset the world, and the rising menace of labour difficulties, strikes, and demands for much shorter hours.

Having said so much, I must leave you to form your own opinion of the future. All I can say with certainty is that the results of our trading since January 1st are substantially better than for any corresponding period of 1936.

RUBBER

The rubber department of Henry Gardner and Company completed a satisfactory year. Both the consumption and the price of rubber advanced hand in hand with those of metals and other commodities. At the beginning of 1936 the price was approximately 6½d. and at the end of the year 10½d. per pound, rising still further to 1s. 1½d. in March, 1937, and falling back within the last few days to the current price of approximately 11d. per pound, which, in view of world demand, seems to be reasonable.

For the first time, consumption during the twelve months slightly exceeded 1,000,000 tons, of which more than one-half was absorbed by the United States, while world stocks diminished by 160,000 tons. Taking these prospects into consideration, the control committee has increased the quota of export releases from 65 per cent. for the last half of the year to 75 per cent., 80 per cent., 90 per cent., and 90 per cent. respectively for each quarter of 1937. Since the end of December there has been a further reduction of over 40,000 tons and, on the basis of current consumption, even with the larger quotas, it is estimated that stocks at the end of 1937 will not amount to more than six or seven months' supply. Of the present stocks, estimated at 460,000 tons, approximately 25 per cent. are held in the East and, therefore, not immediately available in the countries of consumption.

MINING IN THE U.K.

Finally, I must say something about mining in the United Kingdom. It is our belief that there are several mining operations to be carried on profitably in the United Kingdom, particularly the mining of lead with the zinc which is associated with it. As you are doubtless aware, there is an important and successful mine known as Mill Close, in Derbyshire, which has attained its present importance since the war under the skilled auspices of the New Consolidated Gold Fields. We in our turn also have been largely responsible for draining and developing the old Halkyn district to which I have referred on several previous occasions. The mining difficulties in this area are great, and, in spite of the sea level tunnel, production is at times hampered by an excessive flow of water in the workings. Nevertheless, we think this venture has a profitable future, even at much lower prices for lead and spelter. These two mines to-day win almost the whole tonnage of lead production in this country, and direct employment is given to about a thousand men in areas where other work is scarce.

During the past year we also undertook, in conjunction with other lead interests, the exploration of the Greenside Mine in the Lake District, which appears a promising prospect. At this property mining is a simpler matter and, although it is too early to forecast the extent of the orebody, it would appear to justify development, and we are not unhopful that it will prove a profitable producer with a considerable life.

The report and accounts were unanimously adopted.

ROYAL EXCHANGE ASSURANCE

SUCCESSFUL YEAR

The two hundred and seventeenth annual general court of the Royal Exchange Assurance was held, on the 21st instant, at the Head Office of the Corporation in the Royal Exchange, London, E.C.

Mr Charles L. Dalziel (the sub-governor), after expressing regret at the absence through indisposition of the governor, Mr Vivian Smith, said that in the life department new business had amounted to £4,652,000, showing a slight increase on that for 1935. The net sum assured was £4,322,000, a rather smaller figure than that of last year. The total premium income of the life department was £1,253,000, which again recorded an increase over the year 1935, while the claims paid and outstanding amounted to £698,000, against a total of £676,000 for the year 1935. The gross rate of interest earned on the life fund for the year was £4 19s. 2d. per cent., against £4 19s. 9d. per cent. for 1935. The life assurance fund now stood at £12,505,000.

FIRE, MARINE AND ACCIDENT DEPARTMENT

The fire department had had another good year, and, although the underwriting profit of nearly £171,000 was not quite so high a figure as in 1935—a record year—it was eminently satisfactory. A total of £212,837 had been transferred to general profit and loss.

The fire fund at the commencement of last year had stood at £1,193,000, of which £600,000 was represented by additional reserve, and the directors had considered this an appropriate time to make a transfer from general profit and loss of £200,000 to the additional reserve, making that reserve up to a figure of £800,000. Their fire business in this country continued to keep at a steady and satisfactory level.

In the marine department the net premiums received amounted to approximately £660,000, while the marine fund now stood at £830,000. To the growth of competition could now be added very definitely the increased cost of repairs, and the directors had decided to make no transfer this year from that department to the general profit and loss account.

The year's results of the accident department were most satisfactory. The net premiums had amounted to £1,124,000, and the underwriting profit of £62,000 showed a marked increase on that obtained in 1935. The department had transferred to general profit and loss account a sum of £101,000, the highest amount since 1922. With the exception of foreign employers' liability insurance, every section of the business had produced a higher ratio of profit. Motor-car insurance had been somewhat more profitable, but the outlook was still rather uncertain. They were awaiting with interest the findings of the Departmental Committee appointed by the Board of Trade to consider and report on the question of compulsory insurance. They had decided to transfer from general profit and loss account the sum of £100,000 to the additional reserve for accident business, making that £300,000.

DIVIDEND

As to the general profit and loss account, net interest, dividends and rents not carried to other accounts amounted to £122,099, an increase of £3,649. An increase of 5 per cent. in the dividend for 1936 from the "Motor Union" was included. Transfers from the fire, accident and trustee departments totalled £330,753. To those figures had to be added £42,907, being one-fifth of the proprietors' valuation surplus for the years 1931-1935, and, with transfer fees, there was a total figure of £495,907.

The directors recommended a final dividend of 19 per cent. which, with the interim dividend of 11 per cent. paid in November, would make a total dividend of 30 per cent., less tax, on the capital stock. He thought it would be agreed that they had again had a successful year.

With regard to the associated companies, the Car and General Insurance Corporation had received a net premium income for the year of £1,472,000, and had made an underwriting profit of £36,665; the Motor Union Insurance Company had experienced a most satisfactory 12 months' business; the State Assurance Company had been rather less fortunate and the National Provincial Insurance Company had again presented satisfactory figures.

In conclusion, he said that as one looked round the world to-day one was apt to grow rather apprehensive of theories that ran counter to individual enterprise. It seemed to him that the strength and vitality of British insurance lay in the fact that it had been built up and was still conducted by organisations reasonably free from well-intentioned but hampering control.

The report was unanimously adopted.

In its 100th Year A RECORD AMOUNT OF NEW BUSINESS was transacted by the

"Legal & General"

At the Annual General Meeting, held on the 20th April, the Chairman, Mr. Ernest E. Bird said that during the year 1936:

21,926 new Life Policies were issued.

The net new Life Sums assured amounted to £16,897,582.

The Total net new Sums assured inclusive of Sinking Fund amounted to £18,252,837.

The net new Life Premium Income was £1,170,687.

The net Fire and Accident Premium Income was £535,522.

Total Life business in force at the end of 1936, 171,337 policies assuring £118,214,087 and Deferred Annuities of £2,659,399 per annum.

The Total Assets of the Society exceed £39,500,000.

A copy of the Annual Report and Accounts together with the Quinquennial Valuation Report for the period ending 31st December, 1936, will be sent on request.

LEGAL & GENERAL Assurance Society Ltd

10, FLEET STREET, LONDON, E.C.4

Established 1836

Branches and Agencies throughout the World
General Manager: W. A. Workman, F.I.A.

WORLD AUXILIARY INSURANCE CORPORATION, LIMITED

DIVIDEND OF 7½ PER CENT.

The eighteenth ordinary general meeting of this Corporation was held, on the 20th instant, in London, Capt. the Rt. Hon. C. C. Craig, D.L., the chairman, presiding.

The Chairman, in the course of his speech, said that with reference to the fire account the fund brought forward from last year amounted to £45,027 and interest to £2,316, to which was added premiums of £93,370, making £140,714. After paying all claims, etc., and transferring £2,750 to profit and loss account, there remained a balance of £46,693, equal to 50 per cent. of the premiums received during the year. The premium income showed a small increase notwithstanding currency devaluation on certain foreign premiums. While results in the foreign field had been satisfactory, losses in the home market had exceeded those of the last few years.

In the general accident and miscellaneous account the total was £213,250 and the remaining balance was £128,495. The favourable results referred to last year had continued, and the settlements on the 1935 account up to the end of 1936 were favourable. In the marine account, premiums for 1936 amounted to £102,082; £20,000 had been transferred to profit and loss and £158,333 was carried forward to 1937, and represented a fund equal to 155 per cent. of the premium income for the year. The premium income showed a slight reduction, and they might hope that the contraction in income, to which he had referred previously, had been arrested, and that their next account might show a premium figure not lower than the one presented for the year under review. He did not wish to be too definite as conditions to-day were not favourable to underwriters.

The available balance in the profit and loss account was £179,391. After paying sundry charges and reserving for taxation, there remained a balance of £166,861, from which they recommended the payment of a dividend of 7½ per cent., free of income tax, on the paid-up capital of the company. Investments taken at cost amounted to £1,012,441, and their value at December 31, 1936, was £1,085,470.

The report was unanimously adopted.

LANADRON RUBBER ESTATES, LIMITED

NET PROFIT TREBLED

The twenty-ninth ordinary general meeting of the Lanadron Rubber Estates, Limited, was held, on the 21st instant, at 1-4 Great Tower Street, London, Mr Eric Macfadyen (the chairman) presiding.

The Chairman, in the course of his speech, said that crop expenses had gone up from £18,764 to £20,941, but output had increased rather more than proportionately from 1,099,503 lbs. to 1,114,403 lbs., while the gross sum realised for the crop accounted for was more than half as large again. Thus the balance transferred to the balance sheet was greater by over £6,000 than a year ago, and inasmuch as last year's figure included a windfall of about £4,000 from taxation reserve, the net profit on the year's working of the estates in 1936 was, in fact, treble that of 1935.

The appropriations, including a dividend of 5 per cent. recommended, would leave them with a somewhat reduced carry-forward, but, in view of the current year's prospects, they considered that might be justified. Costs were a shade under the 1935 figures, while the sale price showed an improvement of over 1½d. per pound net.

The immediate outlook, for the time being, appeared to be "set fair." They were not short of labour and could expect consequently to produce about 1,725,000 lbs. of rubber this year—in accordance with the releases intimated by the International Regulation Committee—including the company's share of Sungei Sabaling production rights. They would further, by arrangement with their partner company, produce the remaining 75,000 lbs. of the Sabaling rights, bringing their total crop up to 1,800,000 lbs. approximately.

They had to meet forward contracts during 1937 totalling 672,000 lbs. at an average price (London equivalent) of 10d. per pound. That was about 1½d. higher than the price obtained last year and present indications were that the balance of their output should fetch higher prices. The per pound cost should be at pretty much last year's level.

The report was unanimously adopted.

LEDBURY RUBBER ESTATES, LIMITED

IMPROVED RESULTS AND PROSPECTS

The twenty-eighth ordinary general meeting of the Ledbury Rubber Estates, Limited, was held, on the 21st instant, at 1-4 Great Tower Street, London, Mr Eric Macfadyen (the chairman) presiding.

The Chairman, in the course of his speech, said that the profit and loss account showed a credit balance of £9,400, against £4,732 a year ago, when £1,000 withdrawn from taxation reserve was included. They had accounted for 649,603 lbs. in 1936, and, allowing for the releases announced by the authorities, they should account for about 670,000 lbs. of rubber in 1937.

The company's share of the Sungei Sabaling Estate might be regarded as the equivalent of 272 acres of modern and very promising rubber on which they could start tapping at any time. Sione Estate, as reduced in area by mining operations, had a planted area of 472 acres. Kinrara and Ledbury remained at 1,915 acres planted. On the two latter estates obsolescence was a factor, and they had replanted 52 acres in 1936 and had arranged to replant about as much in 1937.

The wages of estate labour had naturally been rising in the last year or two. In the case of their company the consequential rise in cost of production of the crop in 1936 over 1935 had been a little more than the small increase in accountable crop. He could not promise that that tendency might not go somewhat further, but in the current year they could look for a continuance in the rise in average price. As against a price equivalent to 6.32d. per lb. landed in London for 1935, they had the equivalent of 8.24d. per lb. in 1936. In 1937 they had 329,000 lbs. sold forward at average prices equivalent to about 10d. London landed terms, and 134,000 lbs. in 1938 at a little over 11d. London landed terms.

In the absence of some adverse development such as could not now be foreseen, the company should make further progress in 1937.

The report was unanimously adopted, and a dividend of 7½ per cent. approved.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended April 17, 1937, amounted to £15,509,000, against ordinary expenditure of £10,645,000. After allowing for a decrease in Exchequer Balances of £477,855, the operations for the week, as shown below, decreased the gross National Debt by £5,277,000, to approximately £7,916 millions.†

(000's omitted)	
Public Department Advances ...	+ 1,220
Treasury Bills	- 5,787
National Savings Certificates	- 100
P.O. and Teleg. (Money) Act	- 600
	+ 1,220
	- 6,487

† Including £375 millions on Account of Exchange Equalisation Fund.
An analysis of the approximate position of the National Debt as at March 31, 1937, appeared on page 47 of *The Economist*, of April 3, 1937.

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REVENUE	Total Receipts into the Exchequer			
	April 1, 1936, to April 18, 1936	April 1, 1937, to April 17, 1937	Week ended April 18, 1936	Week ended April 17, 1937
ORDINARY REVENUE	£	£	£	£
Inland Revenue—				
Income Tax	7,001,000	8,164,000	126,000	1,205,000
Sur-tax	1,650,000	2,050,000	370,000	720,000
Estate, etc., Duties	4,140,000	4,110,000	1,670,000	1,430,000
Stamps	280,000	570,000	80,000	460,000
Excess Profits Duty and Corporation Profits Tax	30,000	40,000	10,000	10,000
Land Tax and Mineral Rights Duty	13,101,000	14,934,000	2,256,000	3,825,000
Customs and Excise—				
Customs	8,596,000	11,123,000	2,511,000	4,473,000
Excise	6,564,000	6,300,000	5,564,000	4,700,000
Total Customs and Excise	15,160,000	17,423,000	8,075,000	9,173,000
Motor Vehicle Duties (Exchequer Share)	1,341,000	2,535,000	1,103,000	1,161,000
Post Office (Net Receipt)	1,300,000	1,950,000	1,050,000	1,100,000
Crown Lands	204,073	54,325	138,340	...
Receipts from Sundry Loans	39,568	283,335	1,212	249,837
Miscellaneous Receipts	31,145,641	37,179,660	12,623,552	15,508,837
SELF-BALANCING REVENUE				
Post Office	1,450,000	1,500,000	...	500,000
Motor Vehicle Duties apportioned to Road Fund	1,194,000	...	...	...
Total Self-balancing Revenue	2,644,000	1,500,000	...	500,000
Total	33,789,641	38,679,660	12,623,552	16,008,837

EXPENDITURE	Total Issues out of the Exchequer to meet Payments			
	April 1, 1936, to April 18, 1936	April 1, 1937, to April 17, 1937	Week ended April 18, 1936	Week ended April 17, 1937
ORDINARY EXPENDITURE	£	£	£	£
Interest and Management of National Debt	21,824,139	22,766,502	3,639,182	4,744,692
Payments to Northern Ireland Exchequer	257,057	258,537	...	...
Other Consolidated Fund Services	...	...	...	...
Post Office Fund	22,081,196	23,025,039	3,639,182	4,744,692
Total	24,850,000	20,150,000	8,300,000	5,900,000
Total Ordinary Expenditure	46,931,196	43,175,039	11,939,182	10,644,692
New Sinking Fund (1928)	292,561	294,836	65,000	65,000
Total (excluding Self-Balancing Expenditure)	47,223,757	43,469,875	12,004,182	10,709,692
SELF-BALANCING EXPENDITURE				
Post Office	1,450,000	1,500,000	...	500,000
Road Fund	1,194,000	...	...	...
Total Self-Balancing Expenditure	2,644,000	1,500,000	...	500,000
Total	49,867,757	44,969,875	12,004,182	11,209,692

The aggregate revenue from April 1, 1937, to April 17, 1937, is shown below:—

(000's omitted)	
Expenditure	43,175
Revenue	37,179
Decrease in balances	240
Gross borrowing	£6,051
Less	
New Sinking Fund	295
Net borrowing	5,756
	43,175

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding:	Apr. 18, '36	Mar. 31 '37	Apr. 17, '37	Apr. 17, '37
Advances by Bank of England	1,250,000	...	...	...
Advances by Public Departments	34,200,000	23,535,000	27,205,000	+ 1,220,000
Treasury Bills outstanding	734,055,000	674,585,000	680,680,000*	- 5,800,000

Total Floating Debt

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury Bills were opened on April 16, 1937. The amount applied for was £83,350,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday at 99 17s. 4d. about 37 per cent. and above in full. The average rate per cent. was 10s. 6.64d. The amount allotted was £40,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,500,000	27,500,000	6 s. 4 d.
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4.32
January 8, 1936	35,000,000	68,075,000	35,000,000	0 10 10.72
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5.63
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10.80
April 9, 1937	40,000,000	75,320,000	40,000,000	0 10 10.27
April 16, 1937	40,000,000	83,350,000	40,000,000	0 10 6.64

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Five days ended April 3, 1937	617,940	£ 463,455
Five days ended March 27, 1937	562,411	£ 421,808
February, 1916, to April 3, 1937	1,289,998,396	£ 1,013,936,635

At the end of February, 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,398,986.

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,
APRIL 21, 1937

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	464,024,031	Other Government Securities	11,015,100
In Banking Department	49,637,893	Other Securities	185,896,317
		Silver Coin	3,081,644
			6,939
		Amount of Fiduciary Issue	200,000,000
		Gold Coin and Bullion	313,661,924
	513,661,924		513,661,924

BANKING DEPARTMENT

Proprietors' Capital	£ 14,553,000	Government Securities	£ 94,064,314
Rest	3,152,760	Other Securities	...
Public Deposits*	25,585,596	Discounts and Advances	£ 4,594,387
Other Deposits:—		Securities	£ 24,013,545
Bankers	£ 91,181,522		28,607,932
Other Accounts	£ 38,868,687	Notes	49,837,993
	130,050,209	Gold and Silver Coin	1,031,426
			173,341,565

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

Both Departments	Amount, Apr. 21, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	464,024,031	- 1,670,052	+ 48,576,263
Public deposits	25,585,596	+ 3,214,436	+ 12,354,488
Bankers' deposits	91,181,522	+ 5,715,609	+ 1,898,996
Other deposits	38,868,687	+ 947,652	+ 815,568
Total outside liabilities	619,659,836	+ 3,223,573	+ 59,847,322
Capital and rest	17,705,760	+ 13,632	...
Government debt and securities	290,975,731	- 2,890,638	- 60,893,006
Discounts and advances	4,594,387	- 2,311,617	- 2,884,688
Other securities	27,095,189	+ 1,874,229	+ 12,797,097
Coin and bullion (bank's reserve)	6,939	+ 2,876	+ 984,172
Reserves of notes and coin in banking department	314,693,350	+ 120,961	+ 111,791,989
Proportion of reserve to outside liabilities—			
(a) Banking Department only	32.6%	+ 1.5%	- 0.2%
(b) Gold stocks to deposits and notes ("reserve ratio")	50.8%	+ 0.3%	+ 14.6%

Issue Department		Banking Department				Gold in or out of Bank	Bank Rate
Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1937							
Mar. 31	513,682	473,837	52,246	62,347	38,462	1	2
Apr. 7	513,662	469,970	24,512	94,831	38,387	NIL	2
" 14	513,682	465,694	22,371	96,897	37,921	NIL	2
" 21	513,682	464,024	25,586	91,182	38,869	NIL	2

Issue Department		Both Depts.		Banking Department				Reserve and the "Proportion"	
Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities			
1937									
Mar. 31	197,977	2,013	314,646	50 ½	100,529	7,139	22,883	40,809	26 ½
Apr. 7	196,868	3,124	314,584	50 ½	101,072	7,385	22,301	44,614	28 ½
" 14	196,916	3,074	314,572	50 ½	96,950	6,908	22,147	48,878	32 ½
" 21	196,911	3,082	314,693	50 ½	94,064	4,594	24,014	50,689	32 ½



BANKERS' CLEARING RETURNS

LONDON
(000's omitted)

	Town	Metropolitan	Country	Total
1937	£	£	£	£
January 1 to April 7	10,512,760	604,824	1,015,069	12,132,653
Week ended April 14	782,871	42,076	72,084	897,031
Week ended April 21	668,893	41,849	71,536	782,278
Total to date, 1937	11,964,524	688,548	1,158,673	13,811,745
Total to date, 1936	10,082,008	623,822	1,068,515	11,774,345
Increase or decrease in 1937	+1,882,516	+64,726	+120,158	+2,067,379
	+18.6%	+10.4%	+11.2%	+17.6%
Total for year 1936	35,639,356	2,039,620	3,537,598	40,616,574
Total for year 1935	32,443,573	1,887,112	3,229,064	37,559,751
Increase or decrease in 1936	+2,595,781	+152,508	+308,534	+3,056,823
	+8.0%	+8.1%	+9.6%	+8.2%

PROVINCIAL
(000's omitted)

	Week ended April 17		Month of March			Aggregate Totals January 1 to April 17	
	1936	1937	1936	1937	Inc. or Dec.	1936	1937
No. of working days:	26	25	26	25		26	25
BIRMINGHAM	1,373	2,454	10,653	11,321	+ 662	41,307	44,038
BRADFORD	636	832	4,666	4,879	+ 188	16,317	17,107
BRISTOL	805	1,505	5,533	5,474	- 10	19,856	20,139
DUBLIN	4,970	5,698	34,744	34,744		90,620	94,546
HULL	730	966	3,424	4,017	+ 177-3	12,992	14,873
LEEDS	734	1,036	3,874	4,840	+ 24-6	15,332	17,295
LIVERPOOL	590	809	3,114	3,325	+ 6-7	11,922	12,277
MANCHESTER	3,918	7,540	27,526	35,802	+ 30-0	96,566	117,586
NEWCASTLE	7,560	11,256	44,000	50,681	+ 12-8	160,681	176,667
NOTTINGHAM	911	1,334	5,654	6,296	+ 11-3	20,280	22,378
SHEFFIELD	317	503	2,116	2,291	+ 8-2	8,372	8,439
	736	1,023	4,289	5,980	+ 38-9	15,939	17,855
	23,303	34,956	115,751	134,586	16-2	510,184	563,200

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Spain appeared in The Economist for August 15. Portugal, in February 6. Egypt, in April 3. Argentine, Denmark, Finland, International Settlements, Lithuania, Bulgaria, in April 10. Czechoslovakia, Estonia, Greece, Java, Roumania, Turkey, Hungary, Canada, Austria, Yugoslavia in April 17.

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

	Apr. 22, 1936	Apr. 1, 1937	Apr. 8, 1937	Apr. 15, 1937	Apr. 22, 1937
Gold Certificates on hand and due from the Treasury	7,683,840	8,844,400	8,843,900	8,843,890	8,843,900
Total reserves	8,019,830	9,140,800	9,128,810	9,134,220	9,135,980
Total cash reserves	342,250	285,030	273,780	279,670	282,310
Total bills discounted	5,270	12,010	8,150	11,050	7,690
Bills bought in open market	4,680	3,340	3,440	3,520	3,460
Total bills on hand	9,950	15,350	11,590	14,570	11,150
Industrial advances	30,040	22,340	22,570	22,540	22,080
Total U.S. Govt. securities	2,430,340	2,430,230	2,459,050	2,458,580	2,458,080
Total bills and securities	2,470,510	2,467,920	2,481,620	2,520,820	2,520,820
Total resources	11,163,380	12,339,500	12,333,270	12,550,620	12,464,030
LIABILITIES					
Federal Reserve notes in actual circulation	3,748,580	4,174,230	4,178,660	4,178,090	4,184,070
Aggregate of excess member bank reserves over requirements	2,640,000	1,400,000	1,440,000	1,630,000	1,590,000
Deposits—Member bank—reserve account	5,441,620	6,639,080	6,683,960	6,900,750	6,876,640
Government deposits	712,420	101,950	274,870	111,670	118,630
Total deposits	6,509,370	7,185,580	7,205,400	7,248,320	7,240,280
Capital paid in and surplus	302,710	305,580	305,520	305,510	305,530
Total liabilities	11,163,380	12,339,500	12,333,270	12,550,620	12,464,030
Ratio of total reserves to deposit and F.R. note liabilities combined	78.2%	80.5%	80.2%	80.0%	80.0%
U.S.F.R. BANKS AND TREASURY COMBINED					
Monetary Gold Stock	10,208,000	11,574,000	11,592,000	11,697,000	11,737,000
Treasury and National Bank Currency	2,501,000	2,542,000	2,539,000	2,541,000	2,540,000
LIABILITIES					
Money in Circulation	5,860,000	6,377,000	6,387,000	6,383,000	6,388,000
Treasury Cash and Deposits with Federal Reserve Banks	3,269,000	3,063,000	3,049,000	2,988,000	3,033,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

	Apr. 22, 1936	Apr. 1, 1937	Apr. 8, 1937	Apr. 15, 1937	Apr. 22, 1937
Total gold reserves	8,103,460	3,581,970	3,597,720	3,598,770	3,472,580
Total bills discounted	3,090	4,030	5,090	6,470	3,680
Bills bought in open market	1,750	1,330	1,410	1,500	1,450
Total U.S. Govt. securities	729,380	682,280	698,980	709,680	709,680
Total bills and securities	741,890	683,090	710,930	723,080	720,890
Deposits—Member bank—reserve account	2,420,400	3,029,400	2,974,550	3,106,800	3,059,240
Ratio of total res. to dep. and Federal Res. note liabilities combined	82.1%	86.3%	85.0%	84.7%	84.5%

FEDERAL RESERVE REPORTING MEMBER BANKS.
In \$'s (000,000's omitted)

	Apr. 8, 1936	Mar. 11, 1937	Mar. 18, 1937	Mar. 24, 1937	Apr. 1, 1937	Apr. 8, 1937
Loans	8,389	9,260	9,337	9,347	9,366	9,373
Investments	13,362	13,541	13,361	13,213	12,907	12,983
Reserve with Federal Reserve Bank	4,052	5,242	5,327	5,112	5,173	5,176
Due from banks	2,234	2,017	2,075	1,963	1,838	1,982
Demand deposits	13,980	15,649	15,541	15,336	15,126	15,127
Time deposits	4,956	5,147	5,128	5,129	5,144	5,144
Government deposits	760	379	419	355	353	350
Due to banks	5,789	6,162	6,220	6,023	5,915	5,997

AUSTRALIAN COMMONWEALTH BANK.

In £'s (000's omitted)

	Apr. 20, 1936	Mar. 22, 1937	Mar. 29, 1937	Apr. 5, 1937	Apr. 12, 1937	Apr. 19, 1937
Assets						
Gold and English sterling	16,003	16,011	16,011	16,011	16,011	16,011
Other coin, bullion and cash	5,839	5,833	5,831	5,831	5,831	5,831
Money at short call—London	19,341	26,380	26,290	25,682	26,239	26,632
Short-term loans	3,056	6,589	5,911	5,641	6,711	6,445
Securities	75,997	77,538	78,056	78,056	77,600	76,810
Discounts and advances	7,964	8,979	9,196	9,463	9,256	9,076
LIABILITIES						
Notes issued	48,044	47,789	48,298	48,298	47,298	47,038
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	63,946	78,243	76,486	76,915	78,343	80,478

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

	Apr. 19, 1936	Mar. 15, 1937	Mar. 22, 1937	Apr. 5, 1937	Apr. 12, 1937	Apr. 19, 1937
Assets						
Gold	2,801	2,801	2,801	2,801	2,801	2,801
Sterling exchange	25,930	18,289	18,265	19,272	19,365	19,365
Advances to State	7,918	7,918	7,918	7,918	7,918	7,918
Investments	1,809	2,453	2,453	2,453	2,453	2,453
LIABILITIES						
Bank notes	10,342	13,045	13,136	13,073	13,058	13,058
Demand liabilities—Government	7,920	8,238	7,885	7,885	7,885	7,885
Other	8,914	7,867	7,867	7,867	7,867	7,867
Ratio of reserves to sight liabilities	98.4%	69.9%	73.2%	72.5%	71.8%	71.8%

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

	Apr. 17, 1936	Mar. 19, 1937	Mar. 25, 1937	Apr. 2, 1937	Apr. 9, 1937	Apr. 16, 1937
Assets						
Gold coin and bullion	23,397	29,065	28,783	27,104	26,528	26,528
Bills discounted: Foreign	8,578	6,066	5,455	5,570	5,325	5,325
Investments	1,737	1,742	1,742	1,730	1,730	1,730
Other assets	12,640	14,936	15,216	15,235	15,224	15,264
LIABILITIES						
Notes in circulation	13,307	14,326	15,355	16,312	15,321	14,741
Deposits: Government	4,807	6,394	6,448	6,425	6,425	6,482
Bankers	22,648	24,834	22,441	21,449	20,705	21,400
Ratio of cash reserves to liabilities to public	53.0%	59.7%	59.8%	59.5%	60.2%	59.5%

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

	Apr. 17, 1936	Apr. 17, 1937	Apr. 17, 1937	Apr. 16, 1937
Assets				
Gold coin and bullion	44,427	44,427	44,427	44,427
Rupee coin	59,343	61,801	61,801	61,801
Balances abroad	20,093	25,607	24,834	24,834
Sterling securities*	68,317	79,307	79,307	80,307
Indian Govt. paper securities*	23,497	22,372	22,372	27,372
Investments	4,997	7,752	7,752	7,779
LIABILITIES				
Note circulation	1,73,12,99	1,93,93,38	1,96,88,94	1,96,88,94
Deposits: Government	6,66,99	13,63,09	9,86,49	10,07,14
Bankers	36,86,74	23,03,37	23,68,76	24,96,32
Ratio of gold and sterling to liabilities	57.7%	59.5%	59.6%	59.9%

* Held against notes.

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

	Apr. 17, 1936	Mar. 26, 1937	Apr. 2, 1937	Apr. 9, 1937	Apr. 16, 1937
Assets					
Gold	62,488,413	57,358,742	57,358,742	57,358,742	57,358,742
Advances on Gold Coin	1,540,091	1,098,943	1,098,943	1,098,943	1,098,943
Commercial bills	14,187,618	9,968,681	8,945,443	9,934,932	8,733,367
Bills bought abroad	1,125,249	1,165,450	1,153,891	1,133,708	1,133,708
Advances on securities	4,075,880	3,922,538	4,696,534	5,022,461	4,499,697
Loans to State without interest: (a) general (b) provisional	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Negotiable Bonds	20,065,793	20,065,793	20,065,793	20,065,793	20,065,793
Sinking Fund Dept.	5,707,677	5,639,771	5,639,771	5,639,771	5,639,771
Other assets (excluding forward exch.)	3,643,316	4,258,043	4,289,178	3,990,082	3,837,129
LIABILITIES					
Notes in circulation	82,961,877	85,745,930	86,934,769	86,297,620	85,696,745
Public deposits	2,749,572	1,977,074	2,760,610	5,640,296	5,287,465
Private deposits	7,683,225	16,230,884	14,761,621	12,323,049	12,028,842
Other liabilities	2,573,568	2,725,071	2,686,846	2,592,292	2,121,373
Ratio of gold reserve to sight liabilities	66.8%	55.1%	55.2%	55.0%	55.6%

* The gold stock is based on the franc at 49 milligrams on and after Oct. 2, 1936.

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

	Apr. 15, 1936	Mar. 31, 1937	Apr. 7, 1937	Apr. 15, 1937
Assets				
Gold	66,807	67,640	67,702	68,018
Of which deposited abroad	19,520	18,939	18,939	19,078
Reserve in foreign currencies	5,453	5,678	5,678	5,678
Bills of exchange and cheques	4,097,424	5,110,748	4,728,954	4,800,758
Silver and other coin	200,450	176,922	225,896	236,583
Advances	37,445	50,887	31,914	44,707
Investments	628,678	478,649	456,533	444,240
Other assets	596,013	843,628	762,625	783,164
LIABILITIES				
Reserves	473,561	492,977	492,977	492,977
Notes in circulation	4,060,832	4,938,109	4,846,106	4,986,185
Other daily maturing obligations	775,994	970,003	815,645	789,239
Other liabilities	171,883	183,059	174,599	172,294
Cover of note circulation	1.78%	1.48%	1.58%	1.64%

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

	Apr. 16, 1936	Mar. 18, 1937	Mar. 24, 1937	Apr. 1, 1937	Apr. 8, 1937	Apr. 15, 1937
Assets						
Gold	3,378,351	3,654,122	3,651,136	3,652,352	3,630,293	3,632,554
Silver and other coin	61,427	55,588	55,773	55,185	50,485	52,092
Securities	1,211,818	1,367,160	1,373,336	1,368,626	1,354,034	1,347,808
Advances	77,615	36,168	37,627	38,650	36,913	37,427
LIABILITIES						
Notes in circulation ..	4,209,471	4,418,894	4,404,429	4,447,829	4,447,780	4,408,330
Deposits: Other	1,049	157,887	165,838	222,265	181,079	182,499
Deposits: Other	688,970	726,735	734,074	827,850	929,262	967,551

Rates of Exchange, New York on—	Par Level	April 22, 1936	April 7, 1937	Apr. 14, 1937	Apr. 21, 1937
London— 80 days..... Cable..... Cheques.....	Dollars for £1 ...	Old par 4-9066 New par 4-9337	4-9187 4-9311 4-9337	4-8868 4-8991 4-8943	4-9012 4-9012 4-9337
Paris.....cheques	Cents for 1 franc	6-63	6-58	6-59	6-59
Brussels.....	Cents for 1 franc	23-54	16-81	16-84	16-85
Switzerland.....	Cents for 1 franc	32-67	32-58	22-78	22-86
Italy.....	Cents for 1 lira	8-91	7-88	5-26	5-26
Berlin.....	Cents for 1 mark	40-33	40-23	40-23	40-22
Vienna.....	Cts. for Aust. shg.	23-82	18-75	18-70	18-70
Madrid.....	Cents for 1 peseta	32-67	13-65	13-65	13-65
Amsterdam.....	Cents for 1 guilder	68-06	67-86	51-76	51-76
Copenhagen.....	Cents for 1 kroner	45-37	24-81	21-86	21-92
Oslo.....	Cents for 1 kroner	45-37	24-81	21-86	21-92
Stockholm.....	Cents for 1 krona	45-37	24-81	21-86	21-92
Athens.....	Cents for 1 drachma	1-29	0-94	0-90	0-90
Montreal.....	Cents for Can. \$1	169-31	99	100	100
Yokohama.....	Cents for 1 yen	84-40	28-86	28-54	28-76
Shanghai.....	Cents for 1 dollar	30-00	29-87	29-87	29-93
Calcutta.....	Cents for 1 rupee	61-80	37-32	36-99	37-10
Buenos Aires.....	Cents for 1 peso	32-89	30-39	30-44	30-61
Rio de Janeiro.....	Cents for 1 milreis	11-96	8-31	8-28	8-32

THE BANK OF LONDON AND SOUTH AMERICA, LTD., has received telegraphic advice from the Valencia Branch that the gold surcharge for payment of Spanish customs duties has been fixed for the period April 21st to 30th at 142.97 per cent. The previous rate was fixed as from April 11th at 143.56 per cent.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended April 22, 1937, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD (Into and from United Kingdom)

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
Irish Free State	£ 14,900	£ 3,300	British India	£ 8,700	£ 8,700
Channel Islands	176,548	1,350,871	Straits Settlements	8,600	8,915
British W. Africa.....	16,345	123,372	Denmark.....	400	400
Tanganyika.....	16,345	123,372	Germany.....	75,385	75,385
Kenya.....	16,345	123,372	France.....	47,500	4,200
British India.....	123,372	123,372	Switzerland.....	320	320
Australia.....	91,787	9,044	Yugoslavia.....	25,610	25,610
New Zealand.....	9,044	14,528	U.S.A.....	7,034,769	7,034,769
British Guiana.....	14,528	4,542,868	Other countries	455	455
U.S.S.R.....	4,542,868	21,706			
Germany.....	21,706	26,265			
Netherlands.....	26,265	247,926			
France.....	247,926	289,357			
Switzerland.....	289,357	17,923			
Venezuela.....	17,923	80,007			
Peru.....	80,007	2,750			
Other countries	2,750	94			
Totals	7,026,793	27,392	Totals	7,194,039	21,650
		6,205			8,915

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in *italics*. Other coin is entered at current market value.

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
Irish Free State	£ 2,500	£ 122	Aden and Depend- encies	£ 4,020	£ 4,020
Australia.....	3,231	5,204	British India	3,970	3,970
New Zealand.....	5,204	455	Straits Settlements	1,686	1,686
Canada.....	455	27	Denmark.....	300	300
British Guiana.....	27	51	France.....	1,520	60
Germany.....	4,040	111	Switzerland.....	1,631	1,631
Netherlands.....	12,171	35	Portugal.....	3,412	260
Belgium.....	35	66	Other Countries		
France.....	66	12,069			
Egypt.....	36,477	73,106			
Japan.....	73,106	1,446			
Mexico.....	1,446	1,649			
Peru.....	1,649	3			
Other Countries	3	5,046			
Totals	135,675	12,311	Totals	16,724	320
					4,020

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in *italics*. Other coin is entered at current market value.

No gold movements were reported at the Bank of England between April 16th and 22nd. Details of previous movements appeared in the issue of April 3rd.

GOLD MARKET

Messrs Samuel Montagu and Company write on April 21, 1937:—
The Bank of England gold reserve against notes amounted to £313,661,924 on April 14th, showing no change as compared with April 7th.
In the open market about £2,500,000 of bar gold changed hands at the daily fixing. Conditions have been quieter, but there have been further liquidations of holdings and prices have continued to rule well below dollar parity. Most of the offerings have been taken for shipment to New York. Further rumours from Washington were received on April 20th to the effect that measures for checking the inflow of gold into the United

States of America continued to be the subject of deliberations, but later it was again categorically denied in official quarters that a tax on gold imports, an increase in handling charges, or any other device which would lower the price, is being considered. The denial stated that it is felt that, under existing conditions, the United States has much more to gain in the long run by absorbing the gold and maintaining the existing price than by changing it and thus upsetting international stability.

The S.S. "Ranchi," which sailed from Bombay on April 17th, carries gold to the value of about £373,000.

SILVER MARKET

Quiet conditions continued, but with buyers disposed to hold back, the tendency of the market was easier and prices showed a decline on the week, to day's quotations of 20½d. for cash and 20¾d. for two months' delivery comparing with 20½d. for both deliveries a week ago. There have been no new features, offerings again consisting mainly of sales on China account and speculative resales, and although the Indian bazaars bought, demand was less keen and proved insufficient to maintain prices. Sellers may hesitate should prices go lower, but any marked recovery appears unlikely unless Indian demand improves.

Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce fine
			Cash	Two Months	
April 15.....	141 6	12 0-09	20½	20½	April 14 48
" 16.....	141 5½	12 0-13	20½	20½	" 15 45½
" 17.....	141 2	12 0-43	20½	20½	" 16 45
" 18.....	141 2	12 0-43	20½	20½	" 17 45½
" 19.....	141 1	12 0-52	20½	20½	" 18 45½
" 20.....	141 1½	12 0-47	20½	20½	" 19 45½
Average	141 3	12 0-35	20 646	20 677	" 20 45
April 22.....	140 7½	12 0-98	20½	20½	

The highest rate of exchange on New York recorded during the period from April 15th to the 21st was \$4.93 and the lowest \$4.90½.

OTHER STATISTICS

WEEKLY TRAFFIC RETURNS RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Apr. 16, 1937. (c) Week ended Apr. 17, 1937.	Miles Open	Gross Receipts, week ended Apr. 18, 1937 (£'000)					Aggregate Gross Receipts, compared with 1936 (15 weeks) (£'000)				
		Passen- ger, etc.	Merchandise, etc.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, etc.	Merchandise, etc.	Coal and Coke	Total Goods	Total Receipts
Great Western 1937	3,738	180	218	123	341	521	2,567	2,917	1,738	4,855	7,222
Western 1936	3,746	201	158	64	222	423	2,540	2,796	1,590	4,395	6,935
(c) L. & N. 1937	6,320	282	376	279	655	937	4,047	5,003	3,895	8,898	12,945
Eastern 1936	6,333	308	312	195	507	815	3,986	4,858	3,764	8,622	12,608
L. M. & S. 1937	6,877	428	543	280	823	1,251	6,131	7,273	4,263	11,536	17,667
Scottish 1936	6,898	451	421	184	605	1,056	6,052	7,012	4,021	11,033	17,085
Southern 1937	2,153	276	67	34	101	377	3,972	868	507	1,375	5,347
1936	2,154	281	58	27	85	366	3,844	900	525	1,425	5,269
Total 1937	19,088	1,166	1,204	716	1,920	3,086	16,717	16,061	10,403	26,464	43,181
1936	19,132	1,241	949	470	1,419	2,660	16,422	15,566	9,909	25,475	41,897
(b) Belfast & 1937	80	1-8	...	0-6	2-4	28-6	...	...	...	7-7	34-3
Co. Down 1936	80	3-2	...	0-5	3-7	28-9	...	...	...	8-6	37-5
(b) Great 1937	543	7-9	...	10-8	18-7	125-9	...	...	...	140-4	286-3
Northern 1936	543	13-0	...	9-1	22-1	126-5	...	...	...	154-5	280-9
(b) Great 1937	2,076	28-9	...	44-4	73-3	420-1	...	...	...	629-0	1049-1
Southern 1936	2,124	40-3	...	39-9	80-1	428-3	...	...	...	635-3	1063-5

COMPARISONS WITH CORRESPONDING PERIODS, 1935 and 1936 (000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1936, compared with first half-year, 1935:—				
Gross increase or decrease.....	+ 263	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935:—				
Gross increase or decrease.....	+ 491	+ 1,575	+ 751	+ 378
First half-year 1937, compared with first half-year, 1936:—				
15 weeks to April 17, 1937.....	+ 287	+ 582	+ 337	+ 78
Weekly average first half 1937 compared with 1936.....	+ 19½	+ 38½	+ 22½	+ 5½
1936.....	+ 98	+ 195	+ 122	+ 11

LONDON TRANSPORT

Week ending April 17, 1937	Aggregate 42 weeks to April 17, 1937	*Takings (before pooling)		Compared with corresponding period of last year	
		1937	1936	1937	1936
£375,700	£23,505,800	£23,505,800	£23,505,800	+ £25,100	+ £704,500

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

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1937	+ or -	1937	+ or -
INDIAN							
Assam Bengal	51	Mar. 20	1,330	Rs. 5,32,900	+ 63,278	Rs. 1,75,20,647	+ 10,64,545
Barsi L. Ry.	51	Mar. 20	292	Rs. 39,100	- 17,800	Rs. 14,83,900	- 3,79,800
Bengal & N. Western	29	31	2,107	Rs. 11,52,363	- 1,27,655	Rs. 2,00,62,605	+ 7,41,450
Bengal-Nagpur.....	52	31	3,268	Rs. 29,79,000	+ 3,75,191	Rs. 8,31,77,352	+ 31,29,792
Bombay, Bar. & C. I.	1	Apr. 10	3,072	Rs. 23,29,000	- 59,000	Rs. 23,29,000	- 59,000
Madras & S. Mahr.	52	Mar. 31	3,223	Rs. 24,76,000	+ 1,14,139	Rs. 7,46,35,446	+ 23,05,581
Rohilk'd & Kumaon	29	31	572	Rs. 12,76,000	+ 15,940	Rs. 39,94,945	+ 39,760
South Indian	52	31	2,532	Rs. 17,89,493	+ 2,74,578	Rs. 5,36,62,003	+ 13,39,366

† 10 days.

† 11 days.

CANADIAN

Canadian National.	15	Apr. 14	1937	23566	3,882,271	678,519	58,821,903	5,979,446
Canadian Pacific	15	14	1937	17223	2,714,000	240,000	37,100,000	2,827,000

SOUTH AMERICAN

			1937						
Antofagasta (Chili and Bolivia)	16	Apr. 10	834	23,770	+ 11,480	275,280	+ 59,690		
Argentine N.E.	42	17	753	\$130,600	- 17,200	6,058,300	- 482,100		
B.A. and Pacific	42	17	2,806	*\$8,102	- 582	383,360	+ 25,780		
B.A. Central	40	Apr. 3	3	\$2,004,000	+ 247,000	64,630,300	+ 4,801,300		
B.A. Gt. Southern ..	42	17	5,084	*\$124,318	+ 21,687	3,908,231	+ 393,503		
B.A. Western	42	17	1,930	\$119,800	+ 36,600	5,716,400	+ 1,288,000		
Central Argentine ..	42	17	3,700	\$2,758,000	+ 378,000	104,773,000	+ 10,717,000		
Central Uruguayan ..	41	10	273	*\$1,092	+ 31,257	6,349,150	+ 823,789		
C. Urg. (East Ext.) ..	41	10	311	\$1,000,000	+ 168,000	34,287,000	+ 2,158,000		
C. Urg. (N. Ext.) ..	41	10	185	*\$5,757	+ 13,348	2,071,976	+ 184,523		
C. Urg. (W. Ext.) ..	41	10	211	\$2,763,000	+ 850,850	107,079,630	+ 21,438,830		
Cordoba Central	42	17	1,218	*\$1,402	+ 59,055	6,459,357	+ 1,427,985		
Entre Rios	42	17	810	\$13,437	+ 2,427	510,634	+ 61,182		
G. Westn. of Brazil	16	17	1,082	\$3,240	+ 1,397	97,596	+ 14,710		
Leopoldina	16	17	1,918	\$2,328	+ 1,060	13,750	+ 1,319		
Leopoldina Termnl..	16	17	1,918	\$181,000	+ 12,600	9,019,100	+ 1,319,100		
Niteroi	15	15	397	*\$11,228	+ 1,334	542,572	+ 90,236		
Paraguay Central ...	41	17	1,000	\$7,000	- 129,200	17,600	- 35,864		
Salvador	41	17	1,000	\$168,800	+ 391,000	27,849,000	+ 3,250,000		
San Paulo	15	Apr. 11	1534	\$21,337	+ 6,864	348,467	+ 67,399		
United of Havana...	42	17	1,353	\$35,500	+ 26,000	5,541,000	+ 350,000		
				\$16,600	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$3,584,000	+ 711,000	117,220,000	+ 20,678,000		
				\$17,200	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
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				\$1,000	+ 1,000	1,000	+ 1,000		
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				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
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				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
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				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
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				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1,000	1,000	+ 1,000		
				\$1,000	+ 1				

KLEINFONTEIN ESTATES AND TOWNSHIP.—Interim dividend, 20 per cent., compared with 10 per cent.

GOODE, DURRANT AND MURRAY.—Dividend to be paid for full year on the 7 per cent. preference shares.

NEW TRANSVAAL GOLD FARMS.—Dividend of 12½ per cent., equal to 3d. per share.

BRITISH CELANESE.—Half year's dividend due April 30th, on the 7 per cent. first cumulative preference shares will be paid. A decision on the payment of a dividend on the 7½ per cent. second preference shares will be made at the close of the financial year in June.

MUREX, LTD.—Interim dividend, 7½ per cent. on 1,000,000 £1 shares, against 10 per cent. on 553,500 £1 shares a year ago.

CEREHOS, LTD.—Final dividend, 30 per cent., making 40 per cent. as before, but is paid on a capital of £1,000,000 compared with £750,000 a year ago.

CENTRAL ARGENTINE RAILWAY.—Interim dividend of 2½ per cent. on the 4½ per cent. preference stock. Dividends were resumed last year with a payment of 3½ per cent. in November.

CABLE AND WIRELESS (HOLDING), LTD.—Directors recommend a dividend of 5½ per cent. on the preference stock out of profits for 1936.

CLAN LINE STEAMERS.—Final dividend, 15 per cent., making 20 per cent. for 1936. Same as for 1935, but paid on £150,000 extra capital.

MAWCHI MINES, LTD.—Final dividend, 60 per cent., against 45 per cent., making 82½ per cent. for year, against 65 per cent.

ANGLO-AMERICAN DEBENTURE CORPORATION.—Final dividend of 8½ per cent., against 7½ per cent., making 12 per cent. for year, against 11 per cent.

SELECTION TRUST, LTD.—Dividend of 1s. per share, against 6d. per share, also bonus of 6d. per share, against nil.

TOBACCO SECURITIES TRUST.—Interim dividend maintained at 5 per cent.

BABCOCK AND WILCOX.—Final dividend, 6 per cent., against 4 per cent., making 10 per cent. for year, against 8 per cent. for 1935.

PHILIP HILL AND PARTNERS.—First interim dividend, 12½ per cent.

TELEPHONE MANUFACTURING.—Final dividend, 6½ per cent., against 5 per cent., making 9 per cent. for 1936, against 7½ per cent. for 1935.

KLEINFONTEIN ESTATES AND TOWNSHIP.—Interim dividend 20 per cent., against 10 per cent.

AULT AND WIBORG.—Final ordinary dividend, 13½ per cent., making 17 per cent. for year to March 31st., compared with 12 per cent.

SAN PAUL (BRAZILIAN) RAILWAY.—Tax free ordinary dividends; 3 per cent. final, making 5 per cent., against a single payment of 2½ per cent. for 1935.

FORD MOTOR COMPANY.—Ordinary dividend 6 per cent. for 1936, compared with 5 per cent. for 1935.

TRANSVAAL GOLD OUTPUT

STATISTICS FOR MARCH 1937

(Revenue calculated on basis of £7 2s. 0d. per fine ounce)

Name of Mine and Group	Tons Milled	Output Fine ozs.	Net Estimated Value	Working Costs	Profit	Working Costs Per Ton
Anglo-American Corporation						
Brakpan Mines.....	140,000	...	251,351	137,602	113,749	s. d.
Daggafontein Mines.....	131,000	...	282,765	146,893	135,872	...
Springs Mines.....	158,500	...	326,096	146,203	179,893	...
West Springs.....	95,000	...	117,542	75,042	42,500	...
Central Mining—Rand Mines						
City Deep.....	110,000	21,497	152,772	...	20,521	24 0-5
Cons. Main Reef.....	161,000	30,039	213,322	...	51,168	20 1-7
Crown Mines.....	358,000	85,969	611,438	...	267,737	19 2-4
Durban Roadpit. Deep.....	95,000	19,611	138,892	...	27,259	23 6-0
East Rand Prop.....	214,000	47,381	336,714	...	100,709	22 0-7
Goldenhuis Deep.....	63,500	10,703	75,836	...	16,505	18 8-2
Modderfontein B.....	90,000	15,294	108,696	...	45,392	14 0-8
Modderfontein East.....	112,000	22,468	159,579	...	56,021	18 5-9
New Modderfontein.....	197,000	39,400	280,236	...	126,802	15 6-9
Nourse Mines.....	82,500	16,823	119,567	...	23,721	23 2-8
Rose Deep.....	73,000	12,748	90,631	...	14,915	20 8-9
General Mining						
Van Ryn Gold.....	62,000	...	56,911	...	7,107	16 10
West Rand Cons.....	171,000	...	240,030	...	99,501	16 9
Goldfields						
Simmer and Jack.....	94,000	20,570	146,047	...	40,347(s)	22 6-6
Robinson Deep.....	116,500	27,386	194,442	...	84,115	18 11-5
Sub-Nigel.....	58,000	41,680	295,711	...	197,507	33 10-4
Vogelstruisbult (t).....	45,250	7,763	55,120	...	3,046	23 0-2
Luipaards Vlei.....	45,000	9,369	66,520	...	18,002	21 11
Johnnies Group						
East Champ D'Or.....	13,000	...	20,198	...	3,672	25 5
Government Areas.....	215,000	...	461,256	...	270,099	18 0
Langlaagte Estate.....	100,000	...	114,018	...	26,098	17 10
New State Areas.....	124,000	...	265,843	...	154,130	18 3
Randfontein Estates.....	390,000	...	477,815	...	150,170	16 11
Van Ryn Deep.....	108,000	...	140,887	...	48,120	17 4
Witwatersrand.....	90,000	...	98,222	...	14,094	19 1
Johnnies Group Total.....	1,040,000	...	1,578,239	...	666,383	17 9
Union Corporation						
East Geduld.....	121,000	35,399	251,304	105,419	145,885	...
Geduld Prop.....	108,000	27,168	193,969	78,495	115,474	...
Modder. Deep.....	49,000	7,110	50,629	39,220	11,409	...
Other Mines						
Glynn's Lydenburg.....	8,600	2,656	18,873	...	5,168	31 10-5
71,000 Kleinfontein.....	71,000	12,976	92,068	66,765	25,303	18 9-7
Transvaal Gold.....	24,400	4,381	31,144	...	4,086	22 2-1
Witwatersrand Deep.....	49,500	9,095	64,389	55,332	9,057	...

(s) The reduction in profit is due to the suspension of operations from 19th March to 22nd March inclusive resulting from the underground fire.

(t) The tonnage milled includes 15,000 tons from low grade surface dumps accumulated during the development period.

TRANSVAAL OUTPUT, EMPLOYMENT AND WORKING PROFIT.—Gold output, March, 1937: Witwatersrand, 959,718 fine ounces; outside districts, 22,586 fine ounces; total, 982,304 fine ounces. Value for purposes of declaration, £7 2s. 0d. Total output, February, 1937: 922,941 fine ounces. The number of natives employed at end of March was: Gold mines, 309,634, coal mines, 15,248; total, 324,882. Total estimated working profit for March, 1937: Witwatersrand, £2,708,056; outside districts, £9,254; total £2,717,310. Comparable figures for February, 1937: Witwatersrand, £2,567,261; outside districts, £8,844; total £2,576,105.

INDUSTRIAL PROFITS—AN ADDENDUM

(See Note on page 200)

REPORTS ISSUED IN NINE MONTHS ENDED MARCH 31ST, 1937

Group	Net Profit after Payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
Breweries.....	15,868,903	9,916,343	62-5	2,116,491
Canals and docks.....	437,784	114,232	26-1	219,889
Electric lighting and power.....	10,515,707	3,758,567	35-7	1,699,652
Financial land and investment.....	11,192,950	6,477,886	57-9	2,150,534
Gas.....	3,381,228	2,599,785	76-9	605,395
Hotels and restaurants.....	604,573	238,064	39-4	178,990
Iron, coal and steel.....	15,193,697	6,034,402	39-7	2,162,887
Motor cycle and aviation.....	5,795,305	3,093,038	53-3	502,156
Oil.....	1,405,386	697,327	49-6	48,000
Rubber.....	2,215,782	1,797,086	81-1	41,549
Shipping.....	3,063,546	535,259	17-4	478,368
Shops and stores.....	13,060,725	7,277,088	55-7	3,172,416
Tea.....	745,944	446,517	59-8	113,122
Telegraphs and telephones.....	363,253	266,136	73-3	27,998
Textiles.....	5,643,373	2,934,919	52-0	1,446,852
Tramway and omnibus.....	1,248,798	993,308	79-9	175,591
Trusts.....	6,144,628	2,666,688	43-4	2,647,412
Waterworks.....	809,139	495,402	61-2	241,929
Building materials.....	6,462,527	3,525,987	54-6	740,568
Food, confectionery & drink.....	6,319,025	3,556,059	56-3	1,418,359
Electrical equipment.....	3,305,130	1,251,835	37-8	592,264
Newspapers, printing, etc.....	3,691,931	1,340,010	36-3	1,168,144
Tobacco.....	21,617,771	18,337,046	84-7	2,007,028
Warehousing & trading.....	1,054,359	494,247	46-9	369,154
Miscellaneous.....	25,701,011	11,967,221	46-6	7,570,113
Total.....	165,842,475	90,814,452	54-8	31,894,861

SHORTER COMPANY COMMENTS

(Continued from page 228)

MISCELLANEOUS

KREUGER AND TOLL.—The administrators propose to pay the non-privileged creditors a dividend on account of 26 per cent. Dividend on the secured debentures brought into the reconstruction scheme will be Kr.919-52 per \$1,000 and Kr.459\$78 per \$500 nominal. Dividends on the debentures not brought into the plan will be Kr.932-18 per \$1,000 and Kr.466-11 per \$500 debenture.

CABLE AND WIRELESS, LTD. (Index Numbers).—Monthly figures reduced to working day average. Working day average of comparable receipts, year 1929 = 100. Index number, March, 1937, 90-6 compared with 84-6 for February, 1937, and 76-0 for March, 1936. The March total is the highest for that month since 1930, when the index number was 94-5. It has only been exceeded twice since—on April, 1930, 94-9, and in December, 1936, when it was 96-4. For table showing monthly index since beginning of 1930 see *The Economist*, January 23, 1937, page 214.

SHELL UNION OIL CORPORATION.—Net profit for the first quarter of 1937 amounted to \$3,674,479 (about £734,900), against \$1,681,984 (£336,400).

BOWATER'S PAPER MILLS, LTD.—Negotiations have been concluded with the Swedish woodpulp firm of Scharins Soner. The present productive capacity of these mills is over 130,000 tons of ground-wood pulp per annum, but they are designed to be readily capable of expansion.

J. & J. COLMAN, LTD.—Net profit for 1936 £518,809, against £500,239. Ordinary dividend maintained at 16 per cent. To general reserve £82,742, against £100,000, and £40,000 to contingency and development reserve, against nil. Carry forward £85,347, compared with £85,183 brought in.

DARWIN'S CAPITAL SCHEME.—It is proposed that all preference dividend arrears be cancelled and that others be issued. For every £1 "A" preference share 10s. 5 per cent. convertible debenture stock and 1½ 10s. ordinary shares, for every five £1 "B" preference shares four 10s. ordinary shares, and for every five £1 ordinary shares one 10s. ordinary share.

HENRY BERRY CAPITAL SCHEME.—Proposed to reduce the capital from £120,000 to £110,000 divided into 12,000 £5 preference share. Ordinary shares of 16s. 8d. to be divided into five ordinary shares of 3s. 4d. each. Preference shareholders will receive 60,000 of these shares in satisfaction of dividend arrears down to December 31, 1935.

ARMY AND NAVY STORES.—Gross profits for year to January 30, 1937, amounted to £703,940, compared with £660,296 for previous year. Ordinary dividend and bonus 15 per cent., compared with 12½ per cent. To pensions redemption fund and £2,000 to Indian good service fund. Carry forward, £124,871.

BRITISH MARINE AIRCRAFT.—At a meeting of the committee of shareholders held April 19th, it was decided to apply for a stay of liquidation and the discharge of the liquidator. At a meeting of shareholders, on April 16th, a resolution was passed to this effect.

MASSON SCOTT AND COMPANY, LTD.—The statutory report shows a cash balance of £24,459. The chairman pointed out at the meeting on April 22nd that in addition to extensions to plant and factory to cope with ever increasing work, they had practically concluded negotiations for the absorption, on favourable terms, of an engineering firm manufacturing some of their most essential components. This should substantially benefit future profits. After paying for this business and the new buildings and plant, their liquid resources would remain sufficient for requirements. As regards the future, he pointed out that there is a great demand for paper in all forms, newsprint, wrapping materials, etc.

THE PENNSYLVANIA RAILROAD

SUMMARY OF ANNUAL REPORT FOR 1936

THE 90th Annual Report of the Pennsylvania Railroad Company covering operations for 1936 will be presented to the stockholders at the annual meeting on April 13, 1937. The report shows that total operating revenues increased over 1935 by \$73,613,003 or 20%, but continued subnormal, being 35% below the annual average for 1925-1929. Operating expenses increased \$50,987,517 (due principally to increased business and larger expenditures for necessary current maintenance and to improve the general condition of the road and equipment). Net income was \$38,742,091, as compared with \$23,962,586 in 1935. Surplus for 1936 was equal to 4.8% upon the outstanding Capital Stock as compared with 2.8% in 1935. Surplus per share (par \$50) was \$2.38 as compared with \$1.38 in 1935.

OPERATING RESULTS

	1936	Comparison with 1935 Increase or Decrease
TOTAL OPERATING REVENUES were.....	\$441,425,189	I \$73,613,003
TOTAL OPERATING EXPENSES were.....	314,087,701	I 50,987,517
LEAVING NET REVENUE FROM RAILWAY OPERATIONS OF.....	127,337,488	I 22,625,486
Taxes amounted to.....	34,714,149	I 9,479,724
HIRE OF EQUIPMENT, JOINT FACILITY RENTS, etc., were.....	8,442,746	D 640,190
LEAVING NET RAILWAY OPERATING INCOME OF.....	84,180,593	I 13,785,952
INCOME FROM INVESTMENTS AND OTHER SOURCES amounted to.....	36,119,533	D 406,678
MAKING GROSS INCOME OF.....	120,300,126	I 13,379,274
RENTAL FOR LEASED LINES, INTEREST ON THE COMPANY'S DEBT AND OTHER CHARGES amounted to.....	81,558,035	D 1,400,231
LEAVING NET INCOME OF.....	38,742,091	I 14,779,505
APPROPRIATIONS TO SINKING AND OTHER FUNDS, etc.,	7,342,740	I 1,508,550
SURPLUS (Equal to 4.8% on Capital Stock).....	31,399,351	I 13,270,955

Dividends aggregating 4% (\$2.00 per share) were paid during the year. The dividend of 2% paid on December 21, 1936, was charged against 1936 income. Expenses incurred on account of floods and for retirement of property during the year aggregating \$24,794,575 were charged to Profit and Loss.

The Pennsylvania Railroad cordially invites the active interest of its stockholders and bondholders in getting people to travel and ship via The Pennsylvania Railroad.

M. W. CLEMENT, President

THE PENNSYLVANIA RAILROAD

SHIP AND TRAVEL VIA PENNSYLVANIA

Stockholders can obtain copies of the Annual Report from

J. Taney Willcox, Secretary, Broad Street Station Building, Philadelphia, Pa.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Dividend Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefer.	Ordinary					
						Amount	Amount				
Banks		£	£	£	£	£	%	£	£	£	%
Cont. of Near East	Dec. 31	2,976	6,059	9,036	...	...	...	...	8,500	536	1,348
Breweries											
Wilson's Brewery	Feb. 28	89,482	148,373	237,855	18,300	86,975	17½	43,179	89,401	139,841	16
Financial, Land, etc.											
Argentine Ests. of Bovril	Sep. 30	4,916	18,063	22,979	15,000	...	...	...	7,979	27,290	Nil
Natal Land and Colonization	Dec. 31	15,586	33,731	49,320	3,962	25,525	7½	2,500	17,333	29,443	7
Power Investment	Mar. 31	33,114	46,310	79,424	26,820	21,456	4	...	31,148	41,072	3
Scottish Agricultural Secs.	Mar. 31	411	6,209	6,623	...	...	...	...	5,483	6,077	Nil
Gas											
Bombay Gas	Dec. 31	41,954	27,935	72,889	...	24,000	8	3,125	45,764	30,975	8
Motor Cycle and Aviation											
Albion Motors	Dec. 31	29,028	122,393	151,421	8,032	74,610	15	34,003	34,776	82,058	10
Boulton Paul Aircraft	Oct. 31	Dr. 6,935	433	Dr. 6,502	...	...	...	...	Dr. 6,502	Dr. 6,935	Nil
Scammell Lorries	Dec. 31	Dr. 4,338	10,323	5,985	...	...	...	2,568	3,417	Dr. 5,889	Nil
Rubber											
Bukit Tupah	Dec. 31	Dr. 10,992	10,121	Dr. 871	...	...	...	...	Dr. 871	4,229	Nil
Ceylon (Para)	Dec. 31	6,151	14,060	20,211	...	10,459	12½	1,500	8,252	7,334	8
Changkat Salak	Dec. 31	8,282	17,397	25,679	7,650	7,093	8	3,000	7,936	12,087	5
Damansara (Selangor)	Dec. 31	5,540	13,112	18,652	...	12,600	4	500	5,552	8,111	2½
Djember	Dec. 31	1,655	10,636	12,291	...	9,870	6	...	2,421	1,986	2½
Golconda Malay	Dec. 31	2,157	7,103	9,260	...	7,910	7	...	1,350	4,415	5
Gopeng (Perak)	Dec. 31	3,282	9,024	12,306	...	6,600	7½	500	5,206	3,732	5
Grand Central (Ceylon)	Dec. 31	35,647	49,929	85,576	...	51,852	4	...	33,724	15,287	2½
Heawood	Dec. 31	5,734	12,949	18,683	...	10,000	10	3,500	5,183	6,838	6
Langkat Sumatra	Dec. 31	1,900	6,157	8,057	...	4,686	6½	1,750	1,621	3,584	2½
Lubok	Dec. 31	2,978	7,916	10,894	...	7,200	10	500	3,194	4,725	6
Pullangode	Dec. 31	77	4,562	4,639	...	3,750	10	700	189	(a)	(a)
Remfield	Dec. 31	5,713	12,276	17,989	...	8,200	3½	7,000	2,789	3,596	Nil
Rosehaugh (Ceylon) Rubber	Dec. 31	4,243	14,084	18,327	...	7,500	2½	6,800	4,027	695	Nil
Soengei Rampah	Dec. 31	5,116	4,843	9,959	...	4,250	5	...	5,709	2,779	3
St. George	Dec. 31	2,846	6,553	9,399	...	5,600	8	1,000	2,439	2,868	4
Sunnygama	Dec. 31	3,630	9,999	13,629	...	6,000	8	2,500	5,129	6,835	6
Shipping											
Cunard Steam Ship	Dec. 31	130,590	22,740	153,330	...	...	...	...	153,330	25,536	Nil
Cunard White Star	Dec. 31	Dr. 469,859	546,659	76,800	...	...	...	...	76,800	Dr. 617,699	Nil
Shops and Stores											
Army and Navy Stores	Jan. 30	123,173	189,903	313,076	...	123,000	15	65,205	124,871	148,943	12½
Baker (Charles) and Co.	Jan. 31	Dr. 82,194	5,744	Dr. 76,450	...	...	...	...	Dr. 76,450	Dr. 8,818	Nil
Civil Service Supply	Feb. 28	25,917	35,186	61,103	...	19,466	5½	12,000	29,637	27,218	4
Hope Brothers	Feb. 28	53,870	56,821	110,691	16,500	32,000	8	1,000	61,191	56,321	7
Lilley and Skinner	Jan. 23	22,666	67,075	89,741	15,088	26,341	10	25,000	23,312	50,312	10
Tea											
Ambalamana	Dec. 31	560	2,035	2,595	...	1,952	3	...	643	3,906	3
Ceylon Tea Plantations	Dec. 31	46,637	58,444	105,081	10,578	37,600	10	10,000	46,903	54,725	10
Kandapolla	Dec. 31	4,695	8,468	13,163	1,878	6,160	10	1,367	3,758	9,989	10
Nuwara Eliya	Dec. 31	10,697	69,245	79,942	...	50,400	18	17,000	12,542	61,226	17
Pundaloya	Dec. 31	2,710	4,346	7,056	1,654	4,135	7½	Dr. 1,000	2,267	9,947	12½
Rosehaugh (Ceylon) Tea	Dec. 31	5,025	10,896	15,921	...	5,000	2½	5,500	5,421	3,326	Nil
South Watarajah	Dec. 31	1,672	2,629	4,301	780	1,835	3	...	1,686	6,072	7
Telegraphs, etc.											
Oriental Telephone, etc.	Dec. 31	51,570	130,803	182,373	13,216	68,424	12½	46,959	53,774	125,850	12½
Tramways and Omnibus											
Rangoon Electric Tramway	Dec. 31	24,124	127,240	151,364	15,000	50,417	(s)	68,150	17,797	149,689	(s)
Trusts											
London and S. American	Mar. 31	24,970	28,582	53,552	20,969	...	...	...	32,583	21,566	Nil
London Trust	Mar. 31	50,257	78,018	128,275	21,553	51,240	14	...	55,482	70,551	12
U.S. and S. American Invest.	Apr. 4	61,018	64,486	125,504	19,062	34,313	9	5,000	67,129	60,374	8
Waterworks											
Province of Buenos Ayres	Dec. 31	24,284	3,293	27,577	...	...	...	...	25,577	2,692	Nil
Other Companies											
Alexander, Ferguson & Co.	Dec. 31	13,007	20,809	33,816	2,668	10,675	20	5,325	15,148	17,295	20
Barry and Staines Linoleum	Jan. 31	85,295	209,553	294,848	16,012	166,797	12½	25,000	87,039	212,338	12½
Bryant and May	Mar. 31	109,330	636,699	746,029	67,200	390,706	25½	150,000	138,123	634,952	25½
Cakebread Robey & Co.	Dec. 31	8,663	24,704	33,367	7,500	11,250	15	5,500	9,117	22,970	15
Cellon, Ltd.	Dec. 31	1,289	34,596	35,885	4,117	12,200	20	17,500	2,068	(a)	(a)
Cerebos, Ltd.	Dec. 31	131,035	406,567	537,602	...	305,000	40	100,000	132,602	353,723	40
Colman (J. and J.), Ltd.	Dec. 31	85,183	518,809	603,992	74,781	321,122	16	122,742	85,347	500,239	16
Gieves, Ltd.	Feb. 28	22,625	52,375	75,000	5,755	30,139	15	16,000	23,106	48,896	15
Henley's (W. T.) Telegraph	Dec. 31	492,936	330,752	823,688	9,000	243,750	18½	142,530	428,408	(a)	(a)
Imperial Chemical Industries	Dec. 31	638,740	8,203,329	8,842,069	159,014	3,935,913	8	2,650,000	665,142	7,706,539	8(n)
Kennedy's (Bournemouth)	Nov. 30	524	16,718	17,242	5,449	7,277	12½	3,792	724	14,959	12½
Mallinson (George) and Sons	Feb. 20	...	3,466	3,466	...	...	...	1,736	1,730	(a)	(a)
Oxendale and Company	Feb. 28	3,951	27,677	31,628	2,099	22,781	10(n)	...	6,748	25,396	10(n)
Philco Radio, etc.	Dec. 31	...	82,416	82,416	8,006	19,063	25	27,679	27,668	(a)	(a)
Pollard (E.) and Company	Dec. 31	1,232	46,084	57,316	18,820	18,379	6	3,159	6,958	34,078	Nil
Prichard and Constance	Dec. 31	3,933	31,213	35,146	6,100	24,972	65½	...	4,074	33,646	70
Reckitt and Sons	Dec. 31	176,660	1,020,010	1,196,670	67,985	820,800	22½	100,000	207,885	1,015,653	22½
Sherley (A. F.) and Company	Feb. 28	3,572	16,261	19,833	6,100	10,000	50	...	3,733	15,242	(a)82½
Spratt's Patent (America)	Dec. 31	11,072	11,958	23,030	...	12,000	15	1,000	10,030	14,003	15
Suvretta, Ltd.	Mar. 31	Dr. 1,149	2,621	1,472	...	...	...	500	972	(a)	(a)
Unilever, Ltd.	Dec. 31	373,259	2,149,498	2,522,757	377,988	830,042	7½	600,000	714,727	1,471,964	6½
Walsall Conduits	Dec. 31	...	12,462	12,462	940	7,149	6½	...	4,373	(a)	(a)
Warner's Radio, etc.	Mar. 31*	4,967	37,860	42,827	1,800	13,500	22½	22,500	5,027	(a)	(a)
Wimpey (George)	Dec. 31	13,967	94,925	108,892	9,000	51,000	(m) 20	33,000	15,892	75,215	20(v)
Yeast-Vite	Dec. 31	25,040	104,980	130,020	14,869	89,670	32½	...	25,481	101,824	29

(*) 13 months. (s) Rs. 1 and 6 annas per share free of Indian income tax. * For half year. † Free of income tax.
 (n) Paid on preferred ordinary shares. (m) Also bonus of one new share for every twelve held.
 (n) Also 2 per cent. paid on deferred shares which no longer exist. (v) Also capital bonus 9½ per cent. (d) Absorbed £9,000.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

RATHER irregular conditions were the feature of the commodity markets this week. The decline in prices initiated a fortnight ago continued, though with diminished force.

The wheat market remained rather depressed, and there is no immediate prospect of much recovery. Meat prices showed little change, while butter and cheese rose slightly. The sugar market appears to be taking an increasingly gloomy view of the prospects of the conference for the price was once again marked down.

Tea prices continued to rise after some tendency last week to share the decline in rubber, but in the equally speculative cocoa market prices fell, and there is no sign that rubber prices will shortly renew the increases of a few weeks ago. Speculators seem to have learnt caution in the last few days, but there is the unwelcome possibility, which seems to have been realised to a small extent on Wednesday, that the Chancellor's new tax will shift speculative funds out of the stock market into commodity markets, and more especially into non-ferrous metals. These quotations have continued to slump very rapidly, but in the last day or so the collapse appears to have been arrested. Wool remained firm, but cotton and jute prices were once again weak.

In the United States, primary product prices have followed the same trend. Moody's Index of staple commodity prices (December 31, 1931 = 100) fell to 214.9 on April 21st, against 217.3 on April 14th, 221.4 a month ago, and 171.3 a year ago.

COAL

NEWCASTLE-ON-TYNE.—Demand for all classes of fuel in this area is as heavy as ever, and little change in the general position is likely to take place this year. Northumberland screened coals are heavily sold for delivery this year, the only free coal being in the hands of a few contractors, who can obtain 22s. per ton f.o.b. for Prime Blyth screened classes. Durham collieries are now about fully booked for this year, and prices continue to rise. Coking coal is extremely difficult to obtain for the export market, owing to the increasing home requirements.

SHEFFIELD.—Conditions on the export coal market show little change. Coal for prompt shipment is in good demand, but there is difficulty in obtaining supplies, especially of bunkers. Enquiries for forward delivery are good, and prices remain firm. On the inland market the demand for industrial fuel is brisk. The scarcity of coke, due to the shortage of coking slacks, is causing some difficulty and prices continue to rise. Household coal is still active, but requirements are likely to lessen shortly, thus releasing additional tonnages for the growing industrial demand.

GLASGOW.—Owing to the lack of supplies and the reticence of the collieries in committing themselves very far ahead, new business is now declining. This is particularly the case in the shipping trade, where there have been enquiries circulating for business into next year. Most of the collieries are booked up for a good many weeks to come, and they are loth to take on new business which may involve delivery delays. Home trade remains active, with industrial demands continuing on a large scale. There is a good deal of buying to replenish stocks. The market tone remains strong, and prices continue to rise.

CARDIFF.—Active conditions continue in the South Wales coal trade, and there has been a further advance in current market quotations, particularly for Monmouthshire semi-bituminous coals. These grades had been lagging behind the movement in best steam qualities, but Black Veins are now quoted up to 25s. 6d. and Western Valleys up to 24s. 6d. Bunker smals and all classes of washed coals are also firmer. During March the average declared f.o.b. value of all coals exported from South Wales was approximately 1s. per ton higher than in February, and in view of the terms on which contracts have been renewed recently, April is practically certain to show a further increase. Exports in the foreign and coastwise trades last week totalled 455,300 tons, the largest weekly figure since July, 1932, and the aggregate trade up to April 18th shows an increase of just under a million tons compared with the corresponding period last year. Output is steadily expanding, and indications point to a further expansion in exports. Furnace coke prices have increased further, and are quoted at 30s. to 35s. Patent fuel is unchanged at 23s. 6d.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that whilst most of the steelworks are operating practically at capacity new business has been on a restricted scale. Transactions are limited as the majority of consumers have covered their requirements so far as possible, whilst the steelworks are generally booked as far ahead as is considered prudent under existing conditions. The world scarcity of steel is still acute and arrivals of steel from Cartel countries are considerably in arrears.

In the pig-iron department heavy quantities are passing into consumption, but the volume of business has been comparatively light. The producing works are making great efforts to meet the needs of the consuming industries; but are handicapped by the difficulty of obtaining adequate supplies of ore and fuel. Attempts are being made to secure material from abroad, so far with only partial success owing to the stringency which prevails in the world's markets.

The position in the semi-finished steel department does not materially change, and pressure to obtain supplies is unrelaxed. The British works are operating at capacity, but abnormally low imports of Continental steel are affecting operations at the consuming works. Later, however, a slight improvement has been noticeable in the position. The demand for finished steel is still insistent on home and overseas account and shows no signs of declining.

MIDDLESBROUGH.—There is no change in the stringent position of iron and steel in this area. Owing to the substantial advance in the price of raw materials over the last few weeks, it is anticipated that a new price schedule will soon be issued for all classes of material. Current output of both Cleveland foundry pig iron and East Coast Hematite Mixed Numbers

is going into consumption, either at makers' own works or to their regular customers. Every effort is being made to increase outputs. Steel makers are experiencing an abnormal demand for all classes of material, and, in the absence of increased supplies of Continental semi-manufactured steel, re-rollers are having difficulty in carrying out their programmes. Foreign ore is subject to special bargaining, owing

February witnessed a further increase in the daily output of zinc, according to the *Metalgesellschaft* figures. The daily rate of production was up from 3,987 metric tons in January to 4,058 metric tons in February. In view of the fact that ample quantities of zinc are available, the increase in the output was surprisingly small. It appears that the refineries are encountering difficulty in bringing idle plant into production after so long a spell of inactivity.

Sales of lead on the London Metal Exchange: 2,000 tons on Monday, against 4,000 tons last week; 2,500 tons on Tuesday, against 2,750 tons last week; 3,000 tons on Wednesday, against 1,250 tons last week. The New York quotation on Wednesday was 6-90 cents per lb., against 6-00 cents a week ago and 6-95 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £24 11s. 3d. per ton, compared with £25 13s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 4,500 tons on Monday, against 2,500 tons last week; 5,500 tons on Tuesday, against 3,250 tons last week; 3,250 tons on Wednesday, against 1,500 tons last week. Wednesday's quotation in East St. Louis was 6-75 cents per lb., against 7-00 cents the week before and 7-50 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £23 13s. 9d. per ton, against £26 2s. 6d. last week.

TIN.—After slumping heavily from £275 15s. to £249 per ton, the cash price recovered to £261 per ton on Wednesday. Heavy liquidation in the early part of the week had its full effect on prices, since American consumers remained out of the market. United States deliveries exceeded consumption by at least 5,000 tons in the first quarter of the year, so that requirements are not large at the moment. Turnovers may therefore continue on a small scale for some time. But, in the absence of a substantial surplus of supplies, the tin market is likely to be at least as strong as the metal markets in general.

Sales of tin on the London Metal Exchange: 975 tons on Monday, against 425 tons last week; 925 tons on Tuesday, against 750 tons last week; 575 tons on Wednesday, against 300 tons last week. The New York quotation on Wednesday was 58-00 cents per lb., against 60-87½ cents a week ago and 64-00 cents a month ago. Wednesday's official closing quotation in London for standard cash was £261 to £262 per ton, compared with £275 15s. to £276 5s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 2,025 tons, a decrease of 23 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was quoted at £14 7s. 6d. per flask of 76 lb., the same as last week. Chinese antimony was quoted at £79 to £80 per ton ex warehouse, the same as last week. Chinese wolfram for "April-May" shipment was quoted at 60s. to 63s. per unit, c.i.f., compared with 61s. to 64s. last week. Refined platinum was steady on Wednesday at £11 15s. an ounce.

TEXTILES

COTTON.—Manchester.—The Budget proposals regarding the new form of taxation have caused some considerable alarm, for it is held that the cotton industry, which is recovering slowly from the ten years' depression, will be severely penalised. The fall in raw cotton prices in Liverpool has been rather severe. The decline in American qualities is around ½d. a lb. from the high level registered at the beginning of the month. The rumour that President Roosevelt intended to reduce the buying price of gold was the immediate cause of the slump, but although this rumour was denied there continues an easy feeling, despite the rising trend of world consumption.

Business in yarns has not been at a standstill, but the turnover has been smaller than recently. The mills, however, remain busy, completing old contracts.

Business in cloth has not been much affected by the decline in raw cotton prices. Even when prices were falling, buyers continued to place orders, with the result that a considerable business has been done for many of the outlets abroad, but chiefly for India. It is reported that some of the leading merchant houses have now secured their requirements up to the end of the year. A fair miscellaneous trade has also been done for many of the smaller markets, including Java, South America, the Continent, and the Dominions. There has been less activity in the home trade section, for many buyers have satisfied their requirements.

COTTON PRICES

	1937				Corresponding Date	
	Mar. 31	April 7	April 14	April 21	1935	1936
Raw Cotton—Mld. American..... per lb.	8-00	7-87	7-63	7-50	6-66	6-62
" Sakellaridis Fully Good Fair..... per lb.	12-96	12-45	12-28	12-02	8-23	9-13
" Egyptian..... per lb.	14	14	14	14	10	10
Yarns—32's twist..... per lb.	14	14	14	14	10	10
" 40's twist..... per lb.	13	13	13	13	10	10
" 60's twist (Egyptian)..... per lb.	20	20	20	20	15	15
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	21	21	21	21	17	17
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	29	29	29	28	24	24
36-in. ditto, 38 yds., 18 by 16, 10 lb.	11	11	11	11	10	10
36-in. ditto, 37½ yds., 16 by 15, 8½ lb.	10	10	10	10	9	9

JUTE.—Dundee.—Raw jute prices have not maintained their recent advance, and they have declined by about 20s. per ton. The fibre market is influenced by weather reports, and the effect it is having on the progress of sowings of the new crop. Lack of rain was in a large measure responsible for the higher prices for raw jute, but, though some beneficial showers have fallen in most districts, more rain is urgently required if sowings in the low lands are to be completed in time. A good crop is required for next season owing to the increase in consumption. The present crop is likely to yield about 10,500,000 bales, but the total consumption of the world has increased to 11,000,000 bales per annum. The deficiency will have to be met from stocks in the hands of consumers, most likely the Indian Mills, as the quantity being exported from India this season shows an increase and is probably sufficient to meet the needs of other producing countries. Since the first week of February, a number of the Indian Mills have been idle through strikes, and production is being curtailed by about 30 per cent. The average monthly consumption of hessian cloth in America during the first three months of this year was 79 million yards, compared with 64 million yards during the whole of 1936.

The full group Daisee 2/3 is now obtainable at £21 10s. per ton, and

fours at £19 2s. 6d.; Tossa 2/3 at £21 5s., and fours at £20 10s., April/May. Good First Marks are nominal, and Lightnings are offered at £22 17s. 6d., while Hedges have been sold at £21 6s. 3d., April/May. Dundee spinners are buying little meantime, as they are already well bought for this season. They are now awaiting offers of the new crop, which sellers are very reluctant to make this year.

Jute yarns are firmly held, as spinners are very busy and well sold ahead. Common 8 lb. cops are not under 2s. 3d., and 8 lb. spools 2s. 4d. Twist is selling at 4½d. for 3 ply 8 lb., and sacking yarns at 2½d. for 24 lb. web and 3½d. for 8 lb. chains. Rove is firm at £21 10s. for 48 lbs. and £17 5s. for 200 lb., while the finer yarns are in quite a strong position at 2s. 11d. for second quality 8 lb. warp, 2s. 8d. for third and 2s. 6d. for fourth. Carpet yarns are firm at 3½d. lowest for 14 lb. warp.

Buyers are trying to purchase at less than 2½d. for 10 oz. 40 in. and 2½d. for 8 oz., but manufacturers are satisfied with their sales for the present and refuse to make concessions. A good inquiry prevails, but business is only moderate.

Calcutta goods have fluctuated in sympathy with the variations in the strike position in Calcutta, but they continue to rule well above the lowest points recently touched.

GRAIN MARKETS

WHEAT.—On Wednesday last, "May" futures were quoted in Chicago at 134½ cents per bushel, against 137½ cents the week before and 139½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 54s. 3d. to 56s. 3d., per 496 lbs., as against 55s. 9d. to 57s. 9d. a week ago, No. 2 Northern Manitoba, ex ship, 53s. 6d. to 55s., as against not quoted a week ago. According to the Corn Trade News, total shipments of wheat and flour last week amounted to 1,579,000 quarters, against 1,677,000 quarters in the previous week and 811,000 quarters in the corresponding week a year ago.

Prices continued to decline sharply for the greater part of the week, though later some recovery showed itself. The futures market appears to have been technically weak enough for the gold scare of a fortnight ago to have had persistent effects. At the same time the rising crop estimates and the practical completion of Continental buying have had a depressing effect. The volume of wheat on transit to Europe is declining.

FLOUR.—Wednesday's London quotations (excluding quota pay, ments) were: Straight run, delivered Home Counties, 43s. 6d. per 280 lbs., as against 45s. 6d. a week ago; delivered inner London, 43s., as against 45s. a week ago. Manitoba patents, ex store, 40s. 6d. to 42s. 0d., as against 42s. 9d. to 44s. 3d. a week ago. Australian, ex store, 43s. 9d. to 35s. 6d., as against 35s. to 35s. 6d. a week ago.

A parallel decline took place in the flour market, and bakers have been buying very little.

BARLEY.—"May" futures were quoted at 69 cents per bushel in Winnipeg on Wednesday, against 72½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: English "feed," at farm, 36s. to 38s., as against 36s. to 38s. a week ago; "English malting," at farm, 38s. to 45s., against 38s. to 45s. last week. Californian (new), ex ship, 53s. 6d., as against 49s. to 55s. a week ago. Chilean, brewing (new), ex ship, 44s. 9d. to 50s., against 44s. 9d. to 50s. a week ago.

Conditions were dull, though there is no prospect of substantial falls.

OATS.—On Wednesday, "May" futures were quoted at 49½ cents a bushel in Chicago, against 50½ cents a week ago and 47 cents last month. Quotations in London, Wednesday: "Plate," landed, 28s. 9d., as against 29s. 6d. a week ago; "Plate," ex ship, 27s. 9d., as against 28s. 6d. a week ago; "Plate," April (new), 27s. 6d., as against 28s. a week ago; yellow maize meal, ex wharf, was quoted at £7 7s. 6d. to £7 10s. per ton, as against £7 10s. to £7 12s. 6d. a week ago.

MAIZE.—"May" futures were quoted on Wednesday at 128½ cents per bushel in Chicago, against 126½ cents a week ago and 110 cents last month. Quotations in London, Wednesday: "Plate," landed, 28s. 9d., as against 29s. 6d. a week ago; "Plate," ex ship, 27s. 9d., as against 28s. 6d. a week ago; "Plate," April (new), 27s. 6d., as against 28s. a week ago; yellow maize meal, ex wharf, was quoted at £7 7s. 6d. to £7 10s. per ton, as against £7 10s. to £7 12s. 6d. a week ago.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-37:—

Nearest Future	Jan. 2, 1935	Dec. 31, 1935	April 22, 1936	Dec. 30, 1936	Apr. 14, 1937	Apr. 21, 1937
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	82½	84½	82½	129	141½	136½
Chicago (No. 2, Winter) —Cents per 60 lb.	98½	101½	101½	135½	137½	134½

The visible supply of wheat in Canada amounts to 77,934,000 bushels, against 80,927,000 bushels last week, and 111,378,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1933-34 to 1936-37:—

	1933-1934	1934-1935	1935-1936	1936-1937
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to April 17.....	160,232	145,394	154,083	252,807
33 weeks to April 17.....	9,675,972	11,532,785	11,495,692	9,031,714
Average price of English wheat per cwt.	s. d. 4 4	s. d. 4 10	s. d. 6 6	s. d. 10 2

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding weeks in each of the years from 1933 to 1936:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
April 15, 1933.....	Cwts. 85,580	Cwts. 30,850	Cwts. 14,944	s. d. 5 2	s. d. 6 4	s. d. 5 10
April 14, 1934.....	160,232	20,158	24,154	4 4	7 11	5 11
April 20, 1935.....	145,394	39,281	13,484	4 10	7 2	7 0
April 18, 1936.....	154,083	28,964	25,206	6 6	6 11	6 11
April 10, 1937.....	240,329	45,453	38,728	10 0	10 1	8 4
April 17, 1937.....	252,807	35,231	40,653	10 2	10 2	8 6

OTHER FOODS

BACON.—Demand remains moderately active and the market has a steady tone. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 92s. to 96s.; Canadian, 87s.; Danish, 95s.; against 92s. to 96s., 85s., and 95s. last week. Arrivals in London last week included: Danish, 13,872 bales; Canadian, 6,659; Dutch, 2,571; Lithuanian, 1,106; and Polish, 2,687; as against 14,077, 6,485, 2,407, 1,180 and 3,209 bales, respectively, in the previous week.

BUTTER.—Colonial makes have again been a firm market, with Danish slightly easier. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 108s.; Australian, choicest salted, 107s.; Danish, 114s.; compared with 105s., 105s. and 115s., respectively, a week ago.

CHEESE.—The market has had a steady tone, with prices a shade higher on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 89s. to 96s.; Canadian, finest coloured, 75s. to 76s.; and New Zealand, finest coloured, 68s. to 69s., against 89s. to 96s., 74s. to 75s. and 68s., respectively, a week ago.

COCOA.—Prices are again slightly lower on the week. The spot quotation in New York on Wednesday was 9½ cents per lb., as against 9½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "April-May," was quoted at 44s. 6d. per 50 kilos, c.i.f. Continent, against 45s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 23,895 bags; delivered, for home consumption, 3,762 bags; exported, nil; stocks, 280,523 bags, against 156,792 bags a year ago.

COFFEE.—The spot markets in London and New York have been quietly steady. On Wednesday, Rio No. 7 (cash) was quoted at 9 cents per lb. in New York, as compared with 9 cents per lb. last week and 9½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 3 cwt.; delivered, for home consumption, 118 cwt.; exports, nil; stocks, 2,367 cwt., against 11,519 a year ago. Central and other South American: Landed, 7,739 cwt.; delivered for home consumption, 4,859 cwt.; exported, 1,258 cwt.; stocks, 105,250 cwt., against 117,552 last year. Other kinds: Landed, 5,015 cwt.; delivered, for home consumption, 6,911 cwt.; exported, 1,122 cwt.; stocks, 125,630 cwt., against 171,016 last year.

EGGS.—In consequence of rather smaller arrivals, prices were occasionally firmer this week. At Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 9s. 6d. to 10s. per 120, as against 9s. 3d. to 9s. 6d. last week; while Danish (15½ lb.) made 8s. 6d. to 8s. 9d., as against 8s. 3d. to 8s. 6d. last week.

FRUIT.—Business at Covent Garden has continued steady, says *The Fruitgrower*, most of the regular seasonal lines moving well. For apples a consistent demand is maintained at satisfactory rates. Pears also continue in steady request. Supplies are generally on the short side, and prices are consequently inclined firmer for both South African and Australian. The season for South African plums has now practically finished. The slowly increasing supplies of forced strawberries meet a fairly steady sale at from 6s. to 10s. per lb., and up to 12s. for the finest samples. A few English peaches have put in an appearance. South African grapes are firmer on an active demand, but melons from the same source are rather easier. Limited supplies of French box cherries are on the market. Grapefruit and oranges are frequently of poor quality. Quotations for lemons show little change.

MEAT.—Demand at Smithfield has been quiet for fresh and chilled beef and for fresh mutton and lamb; but frozen meat has been a rather more active item. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. per 8 lbs., as compared with 3s. 8d. to 4s. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,149 tons, an increase of 950 tons on the corresponding week last year. Beef and veal accounted for 4,937 tons, mutton and lamb 2,790, and pork and bacon 929, as compared with 4,303, 2,327 and 1,059 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, Singapore white Muntok, spot, was quoted at 6d. per lb. in bond, against 6d. per lb. a week earlier. Black Lampung, spot, in bond, was quoted at 3d. per lb. sellers, compared with 3½d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, nil; delivered, 12 tons; stocks, 1,799, against 1,700 last year. White, landed, 53 tons; delivered, 51 tons; stocks, 11,685, compared with 12,492 a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 10s. per cwt. ex warehouse, on Wednesday, as compared with 10s. per cwt. a week ago. "April-May," in singles to Continent and U.K., was quoted at 9s. 1½d. per cwt., against 9s. 3d. last week. Movements in London last week were as follows: Landed, 4 tons; delivered, 43 tons; stocks, 1,047 tons, against 977 a year ago.

SUGAR.—The spot markets have been fairly steady this week. The New York spot quotation was 3-50 cents on Wednesday, as compared with 3-45 cents per lb. last week and 3-45 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "May" delivery at 6s. 2d. to 6s. 3d., against 6s. 4d. to 6s. 4½d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 5,082 tons, against 15,100 in the previous week and 23,357 in the same week of 1936; deliveries, 18,994 tons, against 18,776 and 14,370 tons, respectively; stocks, 184,737 tons, against 198,649 and 230,576 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Apr. 7, 1936.....	d. 12-73	d. 14-74	d. 15-95	d. Nil	d. Nil	d. 11-78	d. 14-30
Mar. 11, 1937.....	14-29	15-01	16-82	14-18	12-38	13-34	14-92
Mar. 18, ".....	14-37	15-05	17-03	14-13	12-56	13-61	15-02
Mar. 28, ".....	14-97	15-81	17-27	Nil	Nil	13-91	15-81
Apr. 8, ".....	14-99	16-03	17-67	15-64	13-26	14-22	15-65
Apr. 15, ".....	14-82	15-83	17-66	14-15	12-94	13-83	15-47

At this week's public auctions in Mincing Lane, 44,239 packages of Indian and 19,342 packages of Ceylon tea came up for disposal. After last week's lull, the market in Indian grades had a stronger tone, and prices for ordinary and medium kinds advanced under keen bidding. There was a very firm market for the plainest Ceylon teas, but mediums showed an irregular decline. High grown teas also sold at lower prices.

VEGETABLES.—At the rather lower prices now ruling, the increasing supplies of English and Guernsey tomatoes are meeting a steady sale, says *The Fruitgrower's* Covent Garden report. Cucumbers, although more abundant, are in good demand and hold their price. Lettuce and radishes sell well, while asparagus is in fair demand. House-grown beans are firmer, and Guernsey new peas are quoted at 1s. 9d. to 2s. 6d. per lb. Kitchen vegetables in general are rather easy in price on plentiful supplies. Meanwhile, old potatoes remain in moderate demand at the various London markets, prices showing little change on the week. Thus, at the Borough on Tuesday, best siltland King Edward again made from 10s. to 11s. per cwt. New potatoes are now receiving more attention, Spanish Mataro being quoted at 27s. to 28s. per cwt. at Covent Garden.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—Markets have recovered fairly well from the recent setback, and more trade is in evidence. Linseed is in improved demand, more particularly the Indian varieties, and up to £14 13s. 9d. per ton has been paid for Calcutta, April shipment to Hull. Enquiry for Plate seed, however, is negligible, the main support coming from the Continent. The Argentine Government has notified that the exportable surplus on April 17th was 760,000 tons. To date, over 850,000 tons have been exported, and of this 328,000 tons have been for the United States and Canada, against only 103,000 tons during the same period last year. Shipments to Europe (including small quantities from India) have been 56,000 tons more than a year ago. The attention of English crushers is now turned to the new Indian crop, the shipment of which so far has been very tardy, mainly owing to the difficulty in obtaining freight space. Private estimates suggest the probability of 350,000 tons being available for export, but this is considered too optimistic. Even should India export freely, which may depend on the level of prices, world supplies of linseed are likely to be rather less than was actually shipped in the remainder of last year. The quantity on passage to Europe has further diminished, and is 147,800 tons (including 13,200 tons from India) or 27,000 tons less on the week. Linseed oil, which declined sharply last week, has recovered about 20s. per ton, and is in improved demand. There is some demand for Egyptian cotton seed in near positions, and up to £9 5s. has been conceded for "afloat." Forward positions are neglected. Meanwhile, cotton oil prices are maintained at recent levels with a fair demand on home account and for export.

RUBBER.—Liquidation of speculative commitments has again been heavy, and prices have fluctuated to lower levels. Meanwhile, home trade deliveries remain good, and United Kingdom stocks continue their gradual decline. The spot price in New York on Wednesday was 23½ cents per lb., compared with 22½ cents per lb. a week ago and 24½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 11½d. per lb., as against 11½d. on the corresponding day last week. In forward positions, business has been done at 11½d. to 11½d. for "May" shipment, as against 11½d. to 11½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 50,362 tons, against 50,802 tons a week earlier. A year ago stocks amounted to 143,337 tons.

FURS.—Last week's sale of Australian furs was followed this week by the Hudson's Bay auction of Canadian skins. For the second time in the history of the company the Hudson's Bay catalogue included also a small collection of South-West African Persian lamb skins. Neither the offerings nor the sales were representative. Owing to the smaller catches the number of skins offered was comparatively small and the quality not always good. Nevertheless, demand was keen and prices firm. In practically all cases prices realised were practically the same as during the winter sale, but as the quality was frequently inferior, the quotations indicated a further slight rise in prices. Demand came mainly from London and Paris dealers. In addition, the United States and Eastern Europe (Poland, Czechoslovakia, Roumania) absorbed a substantial proportion of the offerings.

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WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, April 21st.

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, Etc.—				English King Edward				English Southdown, greasy, per lb.			
Wheat—				per cwt.				Lincoln hog, washed			
No. 2, N. Man. 498 lb.				10 0 11 0				Queensland, sed. super embg.			
Eng. Gaz. av., per cwt.				0 6				N.S.W. greasy, super embg.			
Barley, Eng. Gaz. av. ...				0 8				N.Z., gray, half-bred 50-58			
Oats, ...				0 10½				Crossbred 40-44			
Maize, La Plata, landed				0 8½				Tops—			
480 lb. ...				0 8½				Merinos 70's average			
Flour, Lon. stan. ex mill,				0 6				" 64's "			
280 lb. ...				0 10½				Crossbred 48's			
Rice, No. 2 Burma, per cwt				0 11½				" 46's "			
MEAT—				0 11½				MINERALS			
Beef, per 8 lbs.—				0 11½				COAL—			
English long sides				0 11½				Welsh, best Ad'ty., ton			
Argentine chilled hinds				0 11½				Hars, M'brough			
Mutton, per 8 lbs.—				0 11½				Crushed			
English wethers				0 11½				Granulated			
N.Z. frozen				0 11½				Home Grown			
Lamb, per 8 lbs.—				0 11½				TEA—			
N.Z. frozen				0 11½				Indian—per lb.—			
Pork, English, per 8 lbs.				0 11½				Pekoe			
OTHER FOODS				0 11½				Broken Pekoe			
BACON—				0 11½				Orange Pekoe			
English				0 11½				Broken Orange Pekoe			
Irish				0 11½				Ceylon—per lb.—			
Danish				0 11½				Pekoe			
Dutch				0 11½				Broken Pekoe			
HAMS—				0 11½				Orange Pekoe			
Canadian				0 11½				Broken Orange Pekoe			
United States				0 11½				TOBACCO—			
BUTTER—				0 11½				(Duty, 9/6-10/6 per lb.)			
Australian				0 11½				Empire growth, 7/5½			
New Zealand				0 11½				8/3½ per lb.)			
Danish				0 11½				Virginia leaf			
Dutch				0 11½				Common to fine			
CHEESE—				0 11½				Rhodesian leaf			
Canadian				0 11½				Nyasaland leaf			
New Zealand				0 11½				strips			
English Cheddars				0 11½				East Indian leaf			
Dutch				0 11½				strips			
COCOA—				0 11½				TEXTILES			
(Duty, British grown,				0 11½				COTTON—			
11/8; foreign, 14/- cwt.)				0 11½				Mid-American			
Accra, 1/-				0 11½				per lb.			
Trinidad				0 11½				Sakellaridis, f.g.i.			
Grenada				0 11½				14			
COFFEE—				0 11½				Yarns, 32's twist			
(Duty, British grown,				0 11½				60's twist			
4/8; foreign, 14/- cwt.)				0 11½				FLAX—			
Santos sup. c. & f. cwt.				0 11½				Livonian ZK			
Colombian, good				0 11½				per ton			
Costa Rica, med. to good				0 11½				Pernau HD			
East Indian				0 11½				86 0			
Kenya, medium				0 11½				Sterns Medium 1st sort			
EGGS—				0 11½				HEMP—			
English				0 11½				Italian P.C.			
per 120				0 11½				per ton			
Danish				0 11½				Manilla, April-June "J2"			
FRUIT—Oranges—				0 11½				35 10			
Valencia				0 11½				Sisal, African			
cases				0 11½				26 0 29 10			
Lemons, Malaga				0 11½				JUTE—			
boxes				0 11½				Native 1st mks			
Sicilian				0 11½				per ton			
Apples: Amer. (var.) bris.				0 11½				c.i.f. H.A.R.B.			
(var.) boxes				0 11½				£21/0/0			
Australian				0 11½				Daisies 2/8 c.i.f. Dundee			
Onions—				0 11½				May-June			
Valencia, case				0 11½				£20/10/0			
Egyptian, bags				0 11½				SILK—			
Grapes, Almeria, barrels				0 11½				Canton			
Grapefruit, Jaffa				0 11½				per lb.			
Amer.				0 11½				8 6 8 6			
LARD—				0 11½				Tussah			
Irish finest bladders				0 11½				8 9 9 6			
per cwt.				0 11½				Japan			
U.S.				0 11½				8 6 10 0			
U.S. nearest future,				0 11½				Italian—raw, fr. Milan			
Per lb.				0 11½				8 6 10 0			

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

UNITED STATES

New York quotations unless otherwise stated

New York quotations unless otherwise stated									
	Apr. 22, 1936	Mar. 23, 1937	Apr. 14, 1937	Apr. 21, 1937		Apr. 22, 1936	Mar. 23, 1937	Apr. 14, 1937	Apr. 21, 1937
	Cents	Cents	Cents	Cents		Cents	Cents	Cents	Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	101½	139½	137½	134½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-75	3-45	3-45	3-50
Maize, nearest future, Chicago, per bushel	64½	110	126½	128½	Cotton, middling, spot, per lb.	11-85	14-54	14-36	14-06
Oats, nearest future, Chicago, per bushel	27½	47	50½	49½	Rubber, smoked sheet, spot, per lb.	15 11⁄16	24½	22 7⁄16	23 1⁄16
Rye, nearest future, Chicago, per bushel	53½	110½	115½	111½	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	104	116	116	116
Barley, nearest future, Chicago, per bushel	(a)	75	78½	77½	Copper, "Electrolytic," Domestic, spot, per lb.	8-95	16-32½	15-12½	14-02½
Coffee, Rio No. 7, cash, per lb. ...	6½	9½	9	9	Copper "Electrolytic," Export prompt, per lb.	9-20	16-55	15-35	14-25
" Santos No. 4, cash, per lb. ...	8½	11½	11	11	Spelter, East St. Louis, spot, per lb.	4-90	7-50	7-00	6-75
Cocoa, Accra, nearest future, Per lb.	5-03	11-00	9-69	9-47	Lead, spot, per lb.	4-60	6-95	6-00	6-00
					Tin, "Straits," spot, per lb. ...	48-75	64-00	60-87	58-00

impossible to reduce tariffs to other countries. In certain cases they actually involved the raising of tariffs against third parties. In no single respect did Ottawa diminish the barriers against the trade of foreign countries; and in fact—as the figures show—it definitely hampered them. Though the British tariff is not high, the trade involved is so large that Ottawa and the British tariff together have constituted the greatest obstacle erected against the trade of foreign countries since the crisis of 1929.

The importance of this consideration is urged this week in a notable document issued by the Economic Committee of the League of Nations Union. In their opinion "there is a grave danger that intra-imperial commercial arrangements which are exclusive in form may constitute not merely an impediment to the restoration of trade outside the area they cover, but also an impediment to a restoration of stable international relations." The Economic Committee go on to emphasise the necessity for the British Government, if they desire to effect such a restoration, to make "certain important changes in policy in this respect."

At the same time, we have set our face against anyone following the example of the Empire. In present conditions few, probably no, nations are prepared to throw their doors wide open. But, in order to break the vicious circle, attempts have been made to set up low tariff regions or groups which, though falling short of complete customs unions, would involve reduced tariffs on a preferential basis to the members of the group. This means a departure from most-favoured-nation treatment; but the schemes meet this objection by offering the advantage of the preferential terms to any country that will reciprocate. Up to this day, this country has blocked these schemes by insisting on its treaty rights and demanding the advantages without making any of the concessions. It is, however, significant that two years ago the United States departed from its traditional attitude so far as to bless the principle of agreements of this kind in the Monte Video resolutions of the Pan-American Congress.

Even our individual commercial treaties are the subject of criticism; for it is claimed that, though in them we have ourselves adhered to the most-favoured-nation principle of no discrimination in our relations with foreign countries, the great bargaining strength conferred on us by the importance of the British market has put us in a position to compel the other parties to the treaties to impose quotas in our favour. This has introduced an element of discrimination and has tended to undermine the most-favoured-nation principle in the world at large.

To-day the need of economic disarmament is realised on all sides. The United States—though still secretly annoyed at our chronic evasion of the war debt problem and distrustful of the Ottawa Agreements—realises that a commercial agreement which would increase trade between England and America would be economically a gesture and an example and politically a great step towards world peace. M. BLUM is anxious to move further in the direction of lower tariffs, but needs some reciprocal concessions to enable him to do so. The Oslo Powers have been sitting in conference to find a way of reducing the barriers between them, and MR VAN ZEELAND has been commissioned to take a more general view of the European field. Last but not least, DR SCHACHT has said that Germany is willing to co-operate in efforts to reduce the barriers to trade, and his remarks have been confirmed by the still more important statement of HERR HITLER to MR LANSBURY that Germany would attend an economic conference if one were summoned by the President of the United States.

For this it is as yet early days; but the policy of this country and the Empire must be defined this month. It is in our power to prepare the way in four directions.

The first is to decide in principle with the Dominions that imperial policy shall henceforth follow the line adopted by Canada in her new agreement with this country rather than that of the 1932 agreements; that is to say, that it will be based *not* on the principle of a fixed amount of preference—which makes it impossible to reduce duties against foreign goods—but on maximum duties on Empire goods. There are signs that Empire opinion generally is beginning to move in this direction.

Secondly, we should be prepared to follow the example of Canada and establish an intermediate tariff which would enable us to give some, but not all, of the benefits of preference to foreign countries pursuing a genuinely liberal commercial policy. This would enable us to withdraw opposition to the formation of low tariff groups and to obtain for ourselves the advantages of membership of such groups by the concessions in rates which this intermediate tariff would embody. Such a step would at once bring the plans of MR VAN ZEELAND within the bounds of practical politics.

Thirdly, we should consider the relations of the United States with the Empire as a whole. American tradition is opposed to differential tariffs. If, in return for reductions in duties which specially interest Great Britain, we in this country made concessions to America or admitted her trade on the intermediate tariff, it would certainly mean keener competition with some forms of Dominion produce. But the United States might well consider it worth while to compensate the Dominions for any such benefit by offering reductions on tariff schedules that would give the Dominions greater access to the American market.

Finally, there is the problem of Germany's re-entry into the world economic system. We have no space to discuss this important question here in its European aspect. All that need be said from the point of view of imperial policy is that it is vital to avoid the closing of the door to foreign trade in the dependent Empire or to give colour to Germany's plea that she can only secure the materials and markets that are vital to her from a colonial empire of her own. If we pursue that road it must inevitably end in a clash.

These are all matters of far-reaching principle. But the fact that the Empire exists throws upon its members the duty of facing them. Before the war civilisation, and the international trade which is its natural accompaniment, grew apace, with the help of free trade in Britain and low tariffs in most of the world outside Europe.

Britain and the Empire have to-day radically departed from this state of affairs. But a group of nations which includes one-quarter of the world's population and covers over one-quarter of its surface cannot live to themselves alone. Nor can their economic policy be considered in watertight compartments, but must be treated as a whole. Unless and until we are prepared to return to the pre-war state of things a heavy responsibility rests upon the Empire to seek some other means of making its contribution to the general well being. The preceding suggestions seem to us the most practical way of approaching the problem at this critical stage.

On pages 262 to 271 of this issue appears
a special

OTTAWA SECTION

containing an analysis of the
Ottawa Agreements, their
effects on Imperial trade,
and the problems involved
in their renewal

Belgium's New Status

MR ANTHONY EDEN arrived in Brussels last Sunday for his pre-arranged visit to the Belgian Government. On the eve of his arrival the text of the new Anglo-French declaration on the status of Belgium was presented to the Belgian Minister for Foreign Affairs, M. SPAAK.

The essence of this declaration is that the French and British Governments consider Belgium to be now released from all obligations towards them resulting either from the Treaty of Locarno or from the provisional Anglo-Franco-Belgian arrangement of March 19, 1936, under which the three parties temporarily re-affirmed, among themselves, the undertakings to assist each other against aggression. This agreement had been contained in the Locarno Treaty; but the two vital changes were that Germany had ceased, in consequence of her Rhineland act on March 7th, to be one of the beneficiaries; while the United Kingdom had become a beneficiary as well as a guarantor.

Under the new arrangement of April 24th, Belgium is discharged from the obligation of giving a guarantee without forfeiting the privilege of being the recipient of one. The new declaration goes on to state that the United Kingdom and France maintain in respect of Belgium their existing undertakings towards her. It is added that the existing reciprocal undertakings between Belgium's two present guarantors—undertakings which constitute a provisional Anglo-French defensive alliance—are in no way affected by the waiving of the corresponding obligations that have hitherto been binding upon Belgium as well.

To continue to receive a guarantee, without any longer being asked to give one in return, is unquestionably a status of privilege. The Belgians themselves have been the first to acknowledge that this privilege which they have now obtained has its price. The Belgian Government publicly declares its determination to defend the frontiers of Belgium with all its forces against any aggression or invasion; to prevent Belgian territory from being used, for purposes of aggression against another State, as a passage or as a base of operations by land, by sea or in the air; and to organise the defence of Belgium in an efficient manner for this purpose. The two other Powers take note of the renewed assurances of the fidelity of Belgium to the Covenant of the League of Nations and its obligations.

When all these terms of the new Anglo-French declarations are read together, two salient features emerge. First, the new status which Belgium has acquired, through her release from her Locarno and post-Locarno obligations, to assist her neighbours if they are the victims of aggression, is something very different from a status of isolation. Secondly, the new arrangement still leaves open a number of knotty questions which may be crucial.

Belgium, then, has eschewed isolation in three several ways. She is continuing to accept a guarantee from France and Great Britain; she is undertaking, *vis-à-vis* these two guarantors, to re-arm herself efficiently; and she is re-affirming her own obligations under the Covenant, not excluding Article XVI. Under modern technical conditions of warfare, each of these three Belgian undertakings probably involves the making of technical arrangements in advance between the Belgian staff on the one hand and the French and British staffs on the other. If Great Britain and France are to resist a violation of Belgium's integrity by a fourth Power, they can only do this by carrying out operations of

war, in Belgium's defence, on Belgian soil and waters and in Belgian air. They cannot do that effectively without knowing in advance what Belgian facilities they will have at their disposal. Again, if France and Great Britain are to be satisfied that Belgium is doing her best, by effective Belgian re-armament, to deter a fourth party from attacking either England or France, or both, through Belgian air or across Belgian ground, then Belgium must take these two neighbours into her confidence to some extent about her own military arrangements.

Then there is Article XVI of the Covenant. This Article may not oblige a State-member of the League to take military action in defence of a fellow-member who is the victim of aggression. Indeed, if this obligation were implicit in Article XVI, the release of Belgium from her late obligations towards France and Great Britain would be meaningless. Yet, short of that, Article XVI may still involve obligations which may be very serious from the aggressor's standpoint. For instance, it may involve giving free passage across one's territory to the armed forces of other States-members when these are either themselves the victims of aggression or else are exercising their unquestionable right to take up arms on a victim's behalf.

The cordiality with which MR EDEN has been received by his Belgian hosts shows that the British and French Governments' readiness to accommodate their own policy to Belgian desires is a matter that is of vital importance for them, as well as for Belgium. It has been much appreciated in Brussels. The moral solidarity between these three West European democratic countries is likely to become all the closer for being relieved of its hitherto rather ponderous juridical trappings. The new arrangement evidently does answer to the wishes of that substantial majority which voted for M. VAN ZEELAND against M. DEGRELLE in the Brussels by-election the other day. This majority of the Bruxellois—and of the Belgian people as a whole—do not want to be pawns, not even in the hands of friendly neighbours, in a European power-game. But they also do not want to smooth Germany's way towards an ascendancy over Europe.

This is the meaning of the Belgian Government's steadfastness in clinging to the Covenant. That brings us to the question of Germany's reaction. The German Government knows that Belgium would like a new guarantee from Germany to supplement those which she already has from Great Britain and France. Will Germany now try to sell Belgium this guarantee at a price? And will Germany's price be that Belgium shall denounce her own obligations under Articles XV and XVI of the Covenant? The Germans are already pointing out that Switzerland obtained at least a partial exemption from these Articles in 1920, and Germany herself in 1925. Why should not Belgium follow suit by refusing in advance to give France and Great Britain any Belgian facilities for defending themselves if Germany were to attack them? If Germany does propose some such deal as this, the Belgians may reply that, for the article offered, the price is high. What value should Belgium set on a German scrap of paper which has been torn up twice over within living memory? Belgian independence would not be worth much if Belgian neutrality solely worked in favour of an aggressor. That is the lesson, for Belgium and the rest of us, of last week's declaration.

The British Steel Industry—I

THERE are three main stages in the production of finished steel products—the blast furnace, the steel furnace and the rolling mill. In the blast furnace iron ore is reduced from its oxide form to metallic pig iron. The steel furnace burns away the metallic impurities in the pig iron by separating them out from the metallic iron in the form of oxides. This process may be carried out in either a Bessemer converter or an open-hearth furnace. In the former, the oxidation is effected by blowing air through the molten metal. In the open-hearth furnace external heat is available, and steel scrap may be charged into the furnace. To the extent that scrap is used, the process becomes little more than one of remelting. In addition to the advantage of being able to use up to some 80 per cent. of scrap in the charge (an element of flexibility of considerable advantage in view of the wide fluctuations in the price relationship between pig iron and scrap) the open-hearth process makes possible a more accurate control of the composition of the finished steel. The exact chemical properties of the steel are determined by the addition of carbon and other elements as the metal is poured from the furnace. The open-hearth process predominates in the United Kingdom. On the Continent a much larger proportion of Bessemer steel is made.

There is a second distinction that must be drawn between two ways of making steel—known as the "acid" and "basic" processes respectively. The acid process will not eliminate phosphorus from the pig iron and, therefore, can only be employed on iron initially free from phosphorus. The basic process, so called because the furnace is lined with a basic material such as dolomite, will extract phosphorus, and can thus be used in purifying pig iron obtained from the large supplies of phosphoric ore available in this country, Lorraine and other parts of the world. Both acid and basic steel can be made in either of the types of furnace referred to above. As the presence of phosphorus in more than small traces is most deleterious to steel, it is considered preferable to use acid steel for the highest class of work. Open-hearth steel is generally used for structural and similar purposes. Basic Bessemer steel is used largely for tubes, and where rolling properties are more important than tensile strength.

In the next stage of production the steel ingots are rolled first into semi-finished products, billets or sheet bars, and then rolled further (if in the same works, while still hot) into finished sections, sheets, strip or other products. In producing a ton of steel ingots in this country in 1935 an average of 0.6 tons of scrap and 0.4 tons of pig iron were used. Of the 0.6 tons of scrap roughly half arises in the course of production of the steel products, and the other half mainly from the demolition and scrapping of steel structures, including ships and machinery. In making a ton of pig iron upwards of one ton of coke is required, and from two tons to 3½ tons of ore, depending on its iron content. Less than a third of the ore used in this country during the last decade has been imported (mainly from Spain, North Africa and Scandinavia), while there has been a net export of both scrap and coke.

Thus, it pays to locate steelworks close to the sources of raw material and, where all necessary materials are not found together, at the source of the predominating raw material, and adapt the technique of production so as to involve the minimum import of further materials into the district. Since, however, the

main loss in weight occurs in the early stages of production, it is sometimes economical to transport the steel in semi-finished forms and finish it near the market: this practice, and the multifarious forms in which finished steel is required, account for the existence of re-rolling works in the Birmingham area.

The ubiquity of the raw materials in this country enables steelworks to be located in all the main industrial regions. They are all either on or within easy reach of coalfields, while it is possible to select in each case the steel process which takes the fullest advantage of the particular iron-bearing materials which are most readily available. Thus:—

In *Scotland and South Wales*, highly industrialised regions with negligible ore supplies, an open-hearth process using over two-thirds scrap is generally adopted.

In *Cumberland*, with rich non-phosphoric ore deposits but lacking the industrial hinterland to provide much scrap, acid Bessemer with some acid open-hearth steel is made.

In *Northamptonshire*, with abundant phosphoric ore, negligible industrial scrap and little internal works scrap, the basic Bessemer process is employed exclusively.

In *Lincolnshire*, where there are similar ample supplies of native phosphoric ore, the basic open-hearth process is used with a charge of 80 per cent. pig iron and 20 per cent. scrap.

On the *North-East Coast*, the still substantial though declining supplies of home ore are supplemented by both imported ore and local shipbreaking and other scrap; the district uses an open-hearth process with an average charge of 70 per cent. pig iron and 30 per cent. scrap.

In *Sheffield*, where there are no ore supplies but substantial quantities of scrap, and a traditional demand for products of the highest quality, a large proportion of acid open-hearth and electric furnace steel is made; and the furnace charge averages fully 65 per cent. scrap.

While each of these districts has an economic (as well as an historic) justification, it is inevitable that as the richer but partially worked-out deposits become progressively more expensive to mine, there should be a trend toward the use of more accessible lower-grade ores. This tendency leads to a more rapid expansion of production in some districts and to a relative (if not absolute) decline in others. Thus, in the past decade, steel output in the Lincolnshire and Northamptonshire districts has quadrupled and now stands at nearly 2,000,000 tons a year. This tendency for production to expand in the two districts dependent entirely on the use of home raw materials, relatively to districts which are now partially dependent on imports, has been dictated solely by economic considerations.

The current rate of British steel production is practically 13 million tons a year. This rate compares with 11.7 million tons produced in 1936, 5.2 million in 1932, and is over 30 per cent. in excess of that achieved in 1929 or at any time during the last war. The agreement with the Continental industry has fixed an import quota at a level of just over 500,000 tons—a tonnage which the Cartel now have difficulty in supplying—compared with imports from the Continent of over 2,000,000 tons in 1930 and 1931. The export position is secured by a quota which will do much to ensure that Great Britain has at least as large a share of world exports as she had in 1929 or in any subsequent year.

The output of over 9 million tons per annum reached in the comparatively stable period 1927-29 can be regarded as a minimum rather than a normal figure.

Home consumption was seriously curtailed by the restrictive effect of the high interest rate required to maintain our over-valued currency; exporting industries were handicapped and imports encouraged by the disparity of cost levels arising from the same over-valuation; while the steel industry was in no position to protect itself from the periodic attacks on this market by Continental producers. These adverse factors have now been largely corrected. The average home production of steel ingots during the last decade has been 8.3 million tons. The long-term upward trend in domestic steel consumption should increase this figure during the next decade to an average of 10.3 million tons; lower interest rates and capital construction may well add 0.5 million tons to the average demand; while it is anticipated that, as a result of the agreement with Continental producers, there will be an improvement in the net balance of exports over imports of 1.5 million tons of ingots. This rough calculation gives an average anticipated demand over the next decade of almost 12½ million tons; and when allowance is made for the rearmament demand which will fall largely in the new decade, it seems not unlikely that the average for the period will be of the order of 12½ million to 13 million tons.

The actual volume of production in the near future is not likely to be limited by any shortage of capacity, but rather by difficulties of ensuring a correspondingly rapid increase in raw material supplies. The sharp advance in prices of iron ore, coke, and scrap during the past year is the chief reason for the imminent rise in prices of finished steel. The adjustment of steel prices, however, which is now being considered, will doubtless take

account of the probability that ore prices will rise still further.

But whatever the precise output may be in the next year or so, we are likely to see in the future, as in the past, wide fluctuations of demand. On two occasions since the war the production of steel in this country has been reduced by half in the space of two years, and a few years later has more than recovered the lost ground. The American level of steel production fell by 75 per cent. in the years of depression which followed the collapse in 1929. Expenditure on capital development schemes, and on replacement of plant and buildings is so easy to curtail whenever the industrial outlook becomes unfavourable, that a stable demand for steel cannot be anticipated. It may be that, at the onset of the next recession, more vigorous and immediate action will be taken to prevent the spread of depression; but, even so, it is reasonable to anticipate that while a peak demand of over 14 million tons is likely to be reached in the next year or so, it is equally probable that this will be followed by a reaction to a level fully 3 million to 4 million tons lower.

The various works extension schemes at present approaching completion are expected to make possible in this country a yearly rate of steel production during 1938 substantially in excess of the present rate of 13 million tons. Further expansion will mature in 1939, so that it should be possible over the next two years to meet a very large peak demand. Subsequently, should a reaction set in, the industry will have extensively modernised its plant and will be in a position to face a recession with highly efficient productive equipment.

Great Cities—X

The Difficulties of Liverpool

LIVERPOOL is by far the largest of the compact group of densely-populated and economically close-knit administrative areas which line the banks of the Mersey estuary and are known collectively as Merseyside. A century ago the population of the city was 213,000, and of the area 224,000; in 1911, the two figures were 753,000 and 1,102,000; at the last census they were 856,000 and 1,272,000. To-day, the city covers an area of 27,000 acres.

First and foremost, Liverpool is, of course, a seaport. As such, it is second only to London and far ahead of the third. It is as an exporter that Liverpool ranks closest to the capital. If one examines the trade figures for 1935, it will be seen that of exports and re-exports totalling £481,000,000, Liverpool sent £132,000,000 and London £145,000,000. But of total imports of £757,000,000, only £140,000,000 came in by Liverpool as against London's £321,000,000. But though it is always comforting to read of such imposing sums, further inquiry shows some rather depressing facts. If we compare the fortunes of the two cities' trade over the last ten years, we find that London's imports by volume have recovered to 89 per cent. of the 1927-1929 average, while Liverpool has only gone up to 80 per cent. And the figures for exports are no more encouraging: for they are 84 per cent. and 69 per cent. respectively.

Such facts as these should induce one to treat with

care prophecies such as recently have been made by some of the leaders of Liverpool's trade and commerce of the early passing of depression and the advent of boom conditions on the Merseyside. The industry and trade of that great hinterland which stretches north and east to beyond the Pennines and southwards into the Midlands, with whose economic welfare that of Liverpool and Merseyside are inextricably linked, will have to improve considerably if Merseyside is to experience the degree of recovery which the more prosperous parts of the country have enjoyed.

The truth appears to be that the prolonged commercial development of Merseyside during the nineteenth century, which continued up to 1914, has not been renewed since the war. Though the tonnage of shipping using the port in post-war as compared with pre-war years has increased, trade in commodities has ceased to grow. The post-war situation has in the main been determined by two familiar forces. In the first place, the rise of manufacturing industry in countries previously supplied by our exporters, and secondly, the depressing and increasing popularity of autarky. The industrial hinterland of the port of Liverpool has experienced, since the post-war boom, the keenest depression, and the export of manufactures from this area has conspicuously declined. And economic nationalism, whatever its origins and possible justification, has, with its tariffs, quotas, and restrictions, diminished the volume



of international commerce and the trade of Merseyside. A policy of self-sufficient nationalism in any part of the world, in so far as it is successful, must, in one way or another, be detrimental to the port of Liverpool.

Some statistics of unemployment on Merseyside in recent years throw some light on the position as it really is. In 1936 more than 28 per cent. of insured adult males on Merseyside were unemployed. In 1932 and 1933 one out of every three was without work. Between 1927-29 and 1936, the number of insured persons on Merseyside rose from just over 360,000 to nearly 400,000, while the number of unemployed fell from 100,000 (in 1930-32) to 92,000. Mr Caradog Jones, author of a survey of the problem entitled "Trade Revival in a Depressed Area," just published by the Liverpool University Press, estimates that of these 92,000 men, about 40,000 are unemployed as a result of conditions peculiar to Merseyside. But even if these people could be absorbed in industry, and if, at the same time, the effects on employment of the Great Depression disappeared, there would still in this area remain no fewer than 34,000 unemployed. The "abnormal place" unemployment (which is closely analogous to the "special unemployment" discussed in *The Economist* of March 20th) of 40,000 persons, is actually slightly greater now than it was in 1934. Nor must it be forgotten that in an area like Merseyside there is always, under present conditions, much unemployment among "black-coated" workers, which does not appear in any published returns. Of this large amount of "abnormal place" unemployment, it is not surprising to find that well over one-half is attached to shipping, shipbuilding, transport, and the distributive trades. Special measures are clearly called for in order to deal with a problem of this magnitude.

According to the survey of Mr Caradog Jones, transport, distribution, shipping and shipbuilding are still the predominating trades on Merseyside, to which some 44 per cent. of the occupied population are attached, but their importance has been diminished since 1932 when they accounted for fully 50 per cent. of the occupied population. There has been a considerable rise in the importance of building, furnishing, and "general services," and some increase in that of the metal, clothing, and textile trades. It seems that economic forces in Liverpool as in other depressed areas are slowly tending to assimilate the distribution of workers by industries to that of the country as a whole.

Between 1924 and 1931 some 70 firms, each employing 20 or more insured workers, started operations on Merseyside. Of these, about 60 firms, employing altogether 7,000 workers, are engaged in some kind of manufacture, the most noteworthy being artificial silk, clothing, electrical appliances, oil, paint and chemicals, paper and printing. Since 1931 a few new factories have been erected in Liverpool, but almost an equal number have been closed. Work has already commenced on the large new Government aircraft factory adjoining the airport. Then there is the rise and rapid growth of the betting pool "industry," giving employment to thousands of women and girls, of which Liverpool has the questionable reputation of being a centre. Liverpool has also lost a good deal of the North Atlantic passenger traffic to Southampton, while the stream of European emigrant traffic which used to be a picturesque feature of the port has long since dried up.

A native of Liverpool revisiting the City after an absence of twenty years would find it hard to believe that any industrial depression had existed in the interval. He would be at once struck by the disappearance of old landmarks and by the imposing new buildings that have taken their places. He would be astonished at the progress made in the construction of two great cathedrals. He would travel through "Queensway," the New Mersey Tunnel, a triumph of modern engineering. He would

marvel at the new main roads leading into the city and at the suburbs to the east, north, and south, now grown into what are virtually new satellite towns. Liverpool has spread far out into the countryside and encroached upon what used to be rural solitudes.

Travelling inwards from one of the new housing estates, if he chanced to board one of the latest tramcars, the visitor would rejoice at the superiority of these luxurious vehicles over the old ramshackle "tail-waggers." But if he made the journey during the morning rush hours, he would suffer like a great many other citizens from the congestion and delay as he approached the business and shopping centres, and he would find the return journey in the evening still more trying. The huge development of motor traffic and the greatly increased spread of the city have between them created a well-nigh insoluble problem of passenger transport. When the main arteries leading outwards from the centre of the town were constructed, the needs they were planned to serve were very different from those which exist to-day. Liverpool, with the neighbouring townships on the east bank of the Mersey, takes, roughly, the form of a huge semi-circle with its chord stretching some twelve miles along the riverside, a shape that adds materially to the difficulties of providing efficient transport. Nor are the outlets from Liverpool to the dormitory towns on the west bank of the river, provided by the Mersey Underground Railway and by ferry steamers, satisfactory at all hours. Though much could be done to ease congestion in this direction by allowing buses to use the new tunnel, unfortunately this policy, at the moment, appears to be impracticable on financial grounds. It would seem, however, that this mode of egress from the city must be adopted sooner or later.

But no one, sympathetic visitor or citizen, could prophesy confidently about the near or distant future of this huge conurbation. There surely can be no doubt that the economic life of Liverpool itself must continue to depend largely on her import and export trade. Many of her industries and much of her commercial activity are inseparably linked with it. Such old-established industries as flour and oil milling, sugar refining, the manufacture of tobacco, matches, lard and soap, grew out of the nature of her imports. It was in connection with her import trade that her great markets and exchanges arose, dealing in cotton, corn, fruit, meat and provisions. For her exports she depends predominantly on her extensive hinterland, whose factories and workshops, in their turn, depend on raw materials and partly manufactured goods which figure among her imports. Her large banking and insurance businesses, her warehousing, her forwarding agencies, as well as her shipping, are to a very great extent part and parcel of her port activities. But the extent of her trade unfortunately is and will be determined by factors beyond her control.

To be sure, some improvement has recently been experienced on Merseyside. But in so far as this has been the direct and indirect result of rearmament in our own and other countries it cannot be expected, or hoped, to last indefinitely.

Taking everything into account, it is difficult to avoid the conclusion that for the next decade, and possibly for a much longer period, Liverpool will have to face an awkward and trying situation brought about by the interplay on the world stage of economic and political forces which, though they must inevitably work against her progress, she will be unable to influence or moderate. For the rest, one can only hope that statesmen, soon rather than late, will pursue a policy more in keeping with Liverpool's interests, that international economic co-operation will eventually be restored, and that trade will again flow freely between the nations. But such a happy consummation is not likely to be reached for many years to come.

An Economist at the Breakfast Table—II

Eggs for Englishmen

THE most familiar of English breakfast-table partnerships is that between bacon and eggs. Our examination, a fortnight ago, of the bacon industry may, therefore, be appropriately supplemented by a discussion of those of its familiar plate-fellow. The number of eggs consumed by the average member of the population of the United Kingdom falls far short of the comparable figure for countries like Canada and the United States. Nevertheless, almost 160 "eggs in shell" (i.e. before cooking) are consumed each year. A further substantial quantity is eaten in the less familiar guise of liquid, frozen or dried eggs; but our present survey is confined to the more important "shell" variety.

Egg prices have an almost perfect seasonal pattern, varying inversely with the level of home supplies. They are normally lowest in the spring and highest in October or November. The poultry keeper has learned to accept these monthly variations as a normal occurrence, and his complaint is rather that the long-term trend has been downwards. His contention may be examined in the light of the following table, which shows annual averages of prices for four representative grades on the London Egg Exchange. The figures have been calculated by the Imperial Economic Committee:—

AVERAGE WHOLESALE PRICES PER 120 EGGS

	English		Danish	
	N.M.	18 lb.	N.M.	15½ lb.
	Specials		Standards	
	s. d.	s. d.	s. d.	s. d.
1931	17 5	14 1	15 9	12 3
1932	16 4	13 10	14 11	12 1
1933	16 2	13 0	14 11	11 8
1934	15 8	12 8	14 5	11 1
1935	15 10	12 8	14 9	10 11
1936	16 9	...	15 6	11 3

Wholesale prices actually fell by about one-third between 1929 and 1934, but this was a much smaller decline than that, for example, in the prices of butter and cheese. English eggs were a little dearer in 1935 than in 1934, and all descriptions enjoyed a further price advance during the greater part of last year. In the closing months of 1936, however, the seasonal decline was of more than normal dimensions, and this factor has chiefly been responsible for the British producers' demand for special assistance.

Recent changes on the supply side are well brought out by the following figures, compiled by the Imperial Economic Committee:—

UNITED KINGDOM SUPPLIES OF SHELL EGGS

Year	Home	Net	Total	Consumption
	Production	Imports	Supplies	per Head
	Millions	Millions	Millions	Number
1929	3,632	2,950	6,582	144
1930	3,840	3,163	7,003	153
1931	4,170	3,102	7,272	158
1932	4,499	2,390	6,889	149
1933	4,742	2,201	6,943	149
1934	4,815	2,243	7,058	151
1935	4,862	2,366	7,028	150
1936	4,524	2,958	7,482	159

Production made rapid strides in this country during the post-war years. In view of the 75 per cent. increase in output between 1925 and 1934, it is difficult to believe that in this period egg production was unremunerative. But costs have undoubtedly risen more recently, and output contracted appreciably in 1935 and 1936, despite an improvement in prices. How far are imports responsible for this?

In the egg, as in the bacon trade, Denmark is by far the most important source of our overseas supplies. Last year she provided about one-third of our total imports, the next most important suppliers being the Netherlands, the Irish Free State, Poland, Australia, Roumania and China. Substantial shipments are made

from Northern Ireland to Great Britain, but these, of course, do not appear in the British Trade Returns. Supplies from the Empire comprised, in all, about 20 per cent. of Britain's total imports last year. There is now no marked seasonal movement in the import trade. Supplies from Europe naturally reach a peak in the spring, but the deficiency in the autumn and winter is made good by shipments from Southern Hemisphere producers and by the importation of preserved eggs.

Thus, though the United Kingdom is the world's largest importer of eggs, supplies from abroad accounted for only two-fifths of her total consumption last year. The competitive power of these imports is affected, among other things, by the tariff. Shell eggs from foreign countries bear specific duties ranging from 1s. to 1s. 9d. per 120; and imports from the Irish Free State are taxed to the tune of 30 per cent. *ad valorem*. The imposition of these duties, together with the depreciation of sterling and the fall in prices, caused imports to decline very considerably between 1930 and 1933. An increase occurred in the early months of 1934, but the Government took speedy steps to check it. Though they had no statutory powers to limit imports, they succeeded in negotiating an agreement, on a "voluntary" basis, with the Governments of the principal exporting countries, providing for the progressive reduction of imported supplies during 1934 and 1935. Despite a fall in Dominion supplies, however, imports were actually higher in 1935 than in 1934, and a further 25 per cent. increase occurred last year. But this expansion was largely due to exceptionally favourable weather conditions in certain overseas producing areas, and it does not follow that the increase will be maintained this season.

Nevertheless, in spite of last year's increase, imports were only slightly in excess of those of 1929 and were substantially smaller than in 1930 or 1931. The home output, on the other hand, even after its recent setback, remained 25 per cent. above that of the pre-depression year. On this showing, the British producer cannot justly blame the foreigner for his difficulties. On the contrary, his inability to hold his own in competition, e.g. with Danish producers, despite the assistance given him by the tariff, prompts the question whether his own efficiency is as great as that of his competitors. That all British producers are not equally efficient is widely admitted. The industry's marketing arrangements, again, have been frequently and rightly criticised. The producer, in very many cases, is concerned primarily with the satisfaction of local needs, and sends only his surplus to the large markets. The latter's supplies of home-produced eggs, in consequence, are erratic, and the frequency of delay in reaching the markets tends to reduce the average level of quality.

Two years ago, the Reorganisation Commission for England and Wales rejected price-raising expedients on the ground that these would merely damage the industry by reducing demand. Both this Commission, however, and that for Great Britain, drew attention to the absolute necessity of rationalising distribution. The establishment of packing stations, for testing and grading, was recommended by the Commission for England and Wales; while the Commission for Great Britain suggested the setting up of marketing schemes for England and Scotland. Last June, however, the National Farmers' Union rejected these proposals and decided instead to press the Government to raise the import duties.

The consumer, in the light of the foregoing objective survey of undisputed fact, is surely right in resenting such an endeavour to increase the price of an important article of his daily food. He has right on his side in suggesting that the home industry should put its house in order before seeking Government assistance in the shape of import restriction.

Notes of the Week

The Budget Debate.—The debates on the Budget Resolutions have not been entirely monopolised by the National Defence Contribution. Mr Dingle Foot made an attempt on Tuesday to have excised from the Canadian Trade Agreement those clauses which, by guaranteeing margins of preference, effectively prevent, for the duration of the Agreement, any reduction in the rates of duty on such imported foreign foodstuffs as wheat, cheese, eggs, apples, pears, condensed milk, etc. The attempt, of course, failed, being voted down by the Government's majority. What was remarkable was that it excited almost no discussion at all, although the clauses in question, apart from imposing a potential burden on the British consumer, patently tie the hands of Great Britain in the imminent negotiations for the economic rehabilitation of the world.

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When the resolution dealing with the N.D.C. was reached, Mr Neville Chamberlain decided, if not to bow to the storm, at least to make quite an appreciable obeisance to it. He confessed to surprise at the violence of the opposition to his new tax, and suggested that the critics had entirely lost sight of the very moderate yield that is expected of it. Moreover, he still maintained, as he was both bound and entitled to, that the principle of the tax is just and generally accepted. The detailed concessions related in the main to the base period from which the growth of profits is to be calculated, and to the standard percentage of profits which is to be exempt from taxation. On the former point, the Chancellor said that he was quite prepared to reconsider it "either by way of some choice being given to the taxpayer to choose between different years, or by adding other years to the years already taken, or possibly by a combination of both." He also promised some elasticity in fixing the standard rate of profits as between different classes of industry. These concessions have been welcomed by the critics of the tax, and they do go a long way towards the removal of some of the more glaring technical defects of the scheme as first outlined. But the exact incidence of the new tax will not be ascertainable for a long time yet, and a considerable measure of uncertainty is inevitable. At the same time, the Chancellor of the Exchequer was undoubtedly right in thinking that financial circles have greatly exaggerated the importance of the new tax and have allowed themselves to be driven into an almost hysterical mood for which there is very little justification.

* * *

Labour on the Move.—The present situation in Nottinghamshire, on the Clyde, and in London renders specially interesting the Annual Report of the Ministry of Labour for 1936. Although Industrial improvement last year led to increased trade union activity and to demands for higher wages, the number of working days lost through disputes last year was actually lower than in 1935. For the most part adjustments were made smoothly, thanks to the effectiveness of the established machinery for negotiation between employers and employees. Even in the more troubled early months of 1937 the efficacy of conciliation has been demonstrated in South Wales, Lancashire and Scotland. On the other side, however, tendencies were already evident in 1936 which are now threatening to dominate the labour scene: the increasing number of unofficial strikes; the disputes arising from the refusal of employers to recognise independent unions; and the disputes caused by the reluctance of employees to work by the side of non-unionists. The acceleration of recovery, speeding-up

of production and transport, extension of overtime, and sharply rising cost of living have given a new stimulus to these movements. On the other hand, employers, faced with an upward spiral of costs, are becoming less willing to accede to the demands of labour, now it is on the move. The trade unions are undoubtedly eager to regain the power and prestige which were lost in 1926 and have been dimmed in recent years by the rise of large unorganised trades and by the onset of depression. The employers are anxious lest the exigent demands of the unions should sap the healthy flow of recovery profits, already threatened by the Chancellor of the Exchequer. The situation is critical. The ultimate decision will, we trust, reflect the public's manifest desire that justice should be done to both sides.

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Coalfield Problems.—The desire of the unions to reinforce their traditional rights is most evident in the coalfields. A national coal strike is threatened at a time when a satisfactory five years' agreement for wages has been made in South Wales; when the normal process of recovery has raised wages in Northumberland, Scotland and Nottinghamshire; when the public conscience is being stirred about mining dangers by the prosecution at Wrexham of the owners and management of Gresford Colliery for breaches of the Mines Act at that tragic pit; and when it is at last proposed to remove the burden of mining royalties at a satisfactory low cost for compensation of some £66 millions. Moreover, in Bircotes, the model colliery village in Nottinghamshire where the miners of Harworth Colliery live, there was rioting on April 23rd and April 24th; and 31 men have been arrested. The threatened strike and the Bircotes disorders spring from the same causes. Some 1,000 men normally employed at Harworth withdrew their labour 26 weeks ago because the Nottinghamshire Miners' Association, affiliated to the Miners' Federation of Great Britain, was not recognised by the owners. Instead, they recognised the Industrial or "Spencer" Union. An attempt to reconcile the two unions by amalgamation broke down some weeks ago; and a fortnight ago the half-million miners of Great Britain decided to go on strike in May unless the Association were recognised in Nottinghamshire and the Harworth strikers were fairly reinstated. Meanwhile, the Spencer Union men have been working at Harworth under police protection; and the disorders which devastated Bircotes a week ago and the disorders which the strikers picketing the pit at the were the result of the strikers picketing the pit at the night shift. The issue is one of principle and prestige; and it is to be hoped that the series of meetings now being held between the Mines Department, the coalowners and the Federation will lead to a settlement which will avert the national strike and restore peace and order to the prosperous Nottinghamshire field.

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London Transport.—The danger of a strike of London busmen is more immediate than the possibility of a coal strike, while the Clydeside engineering strikes still remain at a deadlock. Unless the negotiations which are now vigorously being conducted by the Ministry of Labour between the London Transport Board and the representatives of the busmen's union are successful, May Day—which is also Labour Day and Cup-Final Day—will see London without buses. Coronation transport, too, will be gravely threatened. The decision of the busmen to strike at midnight on April 30th was announced last Saturday. It followed the Board's rejection of the men's demand for a 7½-hour day instead of the present 8-hour day. The Board claims that the change would cost £650,000, which it cannot possibly afford. In reply to the wider charge of the busmen that

the new time schedules involve an intolerable nervous and gastric strain on drivers, the Board has replied that the more up-to-date buses which have been introduced more than compensate for the 10 per cent. speeding-up which has been made since 1933. The situation is indirectly complicated by the series of unauthorised bus strikes which have broken out in 10 south-eastern counties and are spreading daily.

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Nevertheless, three points are clear. The Union has recognised the London strike notice on the ground that long and patient negotiations have been fruitless; but it has repudiated the other bus strikes because conciliation has not been properly tried. To lump all these strikes in a common indictment is unjust and incorrect. The second point is underlined by the rumour that the four railway companies intend to apply in June for higher rates and fares. Transport costs are rising rapidly; and it may be that the demand of the London busmen, like that of the railway unions for the restoration of the last quarter of the wage-cut made in 1931, could only be met by the raising of charges to the public. (The L.P.T. Board assert that to raise charges in London would not increase revenue.) Finally, the Board have offered to submit the dispute to independent arbitration, and to make any awards retrospective to February 1st, if only the men will agree to postpone the whole matter until June 1st. The men have so far refused. They say that they have negotiated for several months; that they have reduced their claim from a 7-hour to a 7½-hour day; that their work under the new schedules is patently dangerous; that an unfair attempt is being made to rouse public opinion against them; and that postponement would only weaken their position. On Thursday night it was announced at a conference of the extra-London strikers that they, too, would cease work at midnight on Friday unless their demands were granted; and that they would in that event request the Transport Union to recognise the district strikes and to call a national stoppage. The Union, however, has still not recognised the strikes in the Eastern Counties, or given any sanction to action outside London. Nevertheless, a national busmen's strike, with its grave implications, is demanded; and Mr Bevin, Secretary of the T.G.W.U., will have great difficulty in holding his Union back in the country, while urging it on in London.

* * *

The Basques at Bay.—It is now quite certain despite the various direct and indirect protests from insurgent headquarters in Spain, that General Franco's naval forces are incapable of blockading Bilbao. During the last week, British foodships have been leaving St. Jean de Luz, keeping in touch with British warships

throughout the passage to Bilbao, and entering the three-mile limit under the protection both of the warships and of the shore batteries. General Franco's protests, faithfully echoed by the German and Italian press, are based on the insurgents' pretension that they have the right to the traditional Spanish Government's six-mile limit. If this pretension were accorded, their warships could fairly safely stop foodships beyond the effective range of Bilbao's shore batteries. But only Germany and Italy have recognised the insurgents as the Government of Spain. The other Powers have not even accorded them belligerents' rights; nor, in fact, have Germany and Italy. Consequently, the French, British, and other Governments—having secured from the Spanish Government, which they all still recognise, a *de facto* agreement to a three-mile limit last autumn—have the right to protect their shipping on the high seas, up to this limit, against the depredations of unrecognised marauders. The British Government, until their inexplicable lapse before General Franco's unwarranted threats a fortnight ago, had been consistent in their intention to stand by the rights of British shippers; and now that Bilbao harbour has been shown to be comparatively free of mines and incapable of closure by General Franco's warships, the British Government have, commendably, resumed their consistency.

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Meanwhile, on land, the insurgents' offensive in Vizcaya has rolled the Basques back from their lines around Durango; and the defenders of Bilbao have taken to reserve lines. The city is now almost completely invested; but the temper of its defenders has been raised to the level of desperate zeal by the shockingly wanton annihilation of the ancient town of Guernica, the traditional mother-town of all the Basques. On Tuesday, a force of some 70 German bombers and pursuit planes systematically wiped the town out, together with the majority of its inhabitants, by intensive incendiary bombing and machine-gunning, which lasted for hours. General Franco's headquarters are reported to have disclaimed all knowledge of the affair; and it is said that the German headquarters at Deva, 20 miles west of San Sebastian, ordered the attack in an effort to shake Basque morale. It has had precisely the opposite effect; for there are some Basques on the insurgent side; and all Basques feel the destruction of their ancient cultural centre as a personal insult. The Nationalists lamely allege that the Basques themselves fired the town before withdrawing from it; but it was not in the front line of the campaign; and the accounts of this outrage upon a civil town furnished by the correspondents of *The Times* and other British newspapers leave no doubt that all the aeroplanes were German, manned by Germans. On Wednesday, the House of Commons showed itself dissatisfied with Mr Eden's earnest, but unconvincing, protests against such barbarities by the side which, in

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Spain, claims to represent culture, civilisation, and religion. The Germans seem to have chosen this way of rejoinder to the British Government's insistence upon their maritime rights to supply Bilbao with food. It has scarcely, however, increased their chances of becoming endeared to the Spanish people. And it has further injured Germany's reputation in the world.

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Venice and After.—On Friday, April 23rd, Dr von Schuschnigg interviewed Signor Mussolini at Venice. As is by now a commonplace, the official *communiqué* was rosily uninformative—except for an eloquent silence on the two subjects of the independence of Austria and restoration of the Habsburgs. From the comments of the spokesman of the Austrian delegation, it became apparent that some kind of compromise had been reached on the question of Austria's alignment. Dr von Schuschnigg had maintained his refusal to join an Italo-German pact, but in return he had undertaken not to join a Franco-Czecho-Russian pact either; and this concession had involved at least a pause in the process of the recent Austro-Czechoslovakian understanding. The real flash of enlightenment, however, came from an article which was published, on the evening of the meeting of the statesmen at Venice, by Signor Gayda in the *Giornale d'Italia*. In this article Signor Mussolini's usually well-inspired interpreter stated that it was Dr von Schuschnigg's intention shortly to admit a Nazi into his cabinet with the function of serving as an intermediary between Nazidom and the Vaterländische Front. This *ballon d'essai* was immediately slashed to bits by the Austrians. The offending issue of the *Giornale d'Italia* was stopped at the frontier; and an emphatic denial was given by Dr von Schuschnigg to Signor Gayda's allegation. The statement was, indeed, calculated to sow confusion in the ranks of the Vaterländische Front, and to make the rank and file ask themselves, in consternation, whether they had been betrayed by their leader. It is easy to see why Dr von Schuschnigg is incensed; it is more difficult to understand why Italy is now playing Germany's game.

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Signor Gayda's article is the last link in a chain of evidence. Italy seeks to keep Austria away from Czechoslovakia; she deprecates references to the Habsburgs and to Austrian independence; and finally she tries to open a breach in the Vaterländische Front for the thin end of a Nazi wedge to nose its way in. There is only one possible interpretation. Italy has not only ceased to place obstacles in the way of Germany's penetration of the Danubian countries; she is now actually smoothing Germany's path by helping her ally to tear the obstacles down. The ascendancy of the Reich over the Danubian countries means that Germany's frontier will soon be not only on the Brenner but also on the Julian Alps; and this means in turn that not only the South Tyrol, but also the Adriatic and whole of Italy, would eventually be at Germany's mercy. This must be perfectly plain to Mussolini; for his determination to keep the German peril at arm's length has been the mainspring of his foreign policy in Europe in recent years. We are bound to infer that the pressure of some dire extremity is driving him into supplicating Hitler to enrol the maker of Fascism as his junior partner in the Nazi firm. These junior partnerships are arduous and humiliating to the Reich, as the whole world knows from the awful example of the Habsburg Monarchy's experience in the last war. For what German service is Signor Mussolini now offering to pay this very stiff price? Whatever it may be that Mussolini is now trying to purchase from Hitler, it must be something so big that even Hitler may flinch from entering into the suggested bargain.

* * *

Two New Naval Treaties.—Apparently two new naval treaties are now almost ready for signature—one between Great Britain and Germany and the other

between Great Britain and Russia. The principle underlying both treaties is the acceptance, by Germany and by Russia respectively, of the qualitative limitations which have been agreed upon, between Great Britain, the United States and France, in the London Naval Treaty of 1936. Both Germany and Russia, however, are being conceded certain advantages. Germany will have the right to build two more 10,000-ton 8-inch-gun cruisers in virtue of the Anglo-German Naval Agreement of 1935, which authorises her to build up to 35 per cent. of the British tonnage in this class. And this is a departure from the terms of the Treaty of 1936, which provides for a naval holiday from cruisers of this class. Russia, for her part, is to be given some specific concessions in regard to gun calibres, as well as a general permission to exceed the London Treaty limits in the Far East if Japan does so first. Any Russian warships of a supra-treaty scale must, however, be kept in Far Eastern waters by the terms of the new Anglo-Russian agreement. It is impossible not to speculate on the alignment of these diverse naval forces in the event of another war. The German and the Japanese fleets will presumably both be on the opposite side to the Russian. It is less easy to guess whether the Russian and the British fleets will be allies.

* * *

Advance and Setback at Montreux.—After moving rather slowly in the first stages, the Capitulations Conference suddenly gathered speed in the earlier part of last week. The Egyptians seemed to have convinced the representatives of the Capitulatory Powers that they were prepared to give and take, and were genuinely anxious to make the new regime for foreigners in Egypt work satisfactorily for all parties. By the middle of the week there was even talk of the General Convention and its annexes being ready for signature in time for the delegates to come to London for the Coronation. Last Saturday, however, this good progress was checked by the action of the French delegation, who made an attempt to capture, on the margin of the Conference, the positions which they had so far failed to take by storm at the Conference table. They presented the Egyptian delegation with a memorandum containing concrete proposals for a bilateral Franco-Egyptian agreement on the future of a number of French institutions and interests in Egypt. When the Egyptians made it clear that they were not prepared to enter into separate agreements with particular Powers at this stage, but were resolved, first of all, to carry out the purpose of the Montreux Conference by negotiating a general convention on the Capitulations, the French delegation left Montreux for Paris to consult their Government and to obtain further instructions. In consequence, the work of the Conference has been held up, pending the French delegates' return. In more serious international affairs than this business of liquidating the Capitulations in Egypt, the French have all too often over-reached themselves, and inflicted grave damage on their neighbours, by trying to drive too hard a bargain. Their new offer indicates that they will not repeat a mistake which is not only old but also proved disastrous by the irrefutable evidence of the facts of post-war history.

* * *

Railway Rates.—It is understood that the four major railway companies intend to apply to the Railway Rates Tribunal in June to increase railway freights and passenger fares by 5 per cent. The occasion of this application is said to be the rise in operating costs. Coal, steel and other materials have recently risen rapidly in price, and the companies are morally bound to accede in August to the demand of the unions for the restoration of the last quarter of the 1931 cut in wages. Under the Railways Act of 1921, the companies can apply to the Tribunal for an increase in rates so long as their revenues fall below the standard revenues defined in the Act. It has never been possible since 1921 for the rail-

ways to earn these standard revenues because of the depression and road competition; but they have refrained from exercising their rights under the Act, believing that to raise rates would be to lose traffic. Indeed, exceptional rates, which under the Act may be sanctioned so long as they are no more than 40 per cent. below the standard charges, have been multiplied; and passenger fares have been considerably reduced by various devices, such as the monthly ticket at 1d. a mile. Two factors have altered this position. A notable recovery in trade has occurred; and road competition has probably come very near to the limit of its immediate effectiveness under the new conditions of statutory restriction. The net railway revenues of the G.W.R., the L.N.E.R., the L.M.S. and the Southern for 1936 were £35,730,560, against total standard revenues under the Act of £51,312,579. It seems possible that an increase of 5 per cent. might be made in rates and fares, in the present circumstances, without loss of traffic. It is interesting to notice, however, that the London Passenger Transport Board, which can modify rates without application to the Tribunal, has no immediate intention of increasing rates, presumably because to do so might cause a decline in traffic. The railways' application is understandable, particularly when taken in conjunction with the restoration of the railway workers' wage cuts, which ought not to be denied. It still remains true, as Mr Wedgwood pointed out in 1922, that a procedure is wanted for linking the decisions of the Railway Rates Tribunal with the findings of the National Wages Board. They are both based on two aspects of the same situation.

* * *

Mining Royalties.—The long-standing controversy surrounding the nationalisation of coal-mining royalties has at last been finally settled this week by Mr Baldwin's announcement that the Government had accepted the award of the special tribunal set up in March to determine the capital value of the royalties. The tribunal, consisting of Lord Justice Greene (the chairman), Mr Justice Clauson and Lord Plender, decided, without much delay, that the appropriate number of years' purchase to be applied to the agreed royalty income of £4,430,000 per annum was fifteen years. The total amount payable as compensation to the royalty owners thus amounts to £66,450,000, which is substantially below the figure which the owners hoped to receive or the Government expected to have to pay. Mr R. F. Pawsey, secretary of the Mineral Owners' Joint Committee, has indicated the Committee's acceptance of the award, though they had hoped to receive £110 millions. So far, so good. But the establishment of a single landlord is not sufficient, in itself, to bring about the speedy reorganisation of the industry. As we pointed out in a survey of the coal industry in *The Economist* of January 9th on page 54, the Government should reinforce its Bill for the unification of royalties with provisions designed to bring about compulsory reorganisation after only a short period of grace. Moreover, there is much to be said for vesting the administration of royalties in the same body which is charged with the reorganisation of the industry. To shelve reorganisation now, simply because demand is good and business profitable, would be inexcusable.

* * *

The Activity of Industry.—Despite unabated apprehension about the proposed profits tax, shown in a number of speeches at company meetings this week, industry with few exceptions continues its upward progress. The main disturbances, none of which has been substantial, have been felt in the textile trades. Both cotton and woollen cloth manufacturers appear to have taken up a cautious attitude until the position becomes clearer, despite the continued expansion of exports. Our Cardiff correspondent comments on page 317 on the coal industry's determination to keep contract prices under control in the face of the continued increase in demand. A marked shortage of some grades consumed by heavy

industry, and particularly of large coal and bunker coal, is being experienced. South Wales exports have risen nearly 20 per cent. this year from the corresponding period last year. The pressure on iron and steel supplies is becoming increasingly acute, firms are booked up for many months ahead, further furnaces are being put into blast, and others are held up through lack of raw materials. The new price list may be published earlier than was originally intended, and is expected to show some large increases. As a result of the improvement in demand, tinplate manufacturers have suspended their restriction on production, while retaining other parts of the pooling scheme. Prices are very firm, and exports continue much above the figures for 1936. There are so far no indications whatsoever of an early decline in industrial activity.

* * *

World Trade in Raw Materials.—The League's Economic Intelligence Service has recently published a volume* giving some valuable information about international trade in 1935. It presents, as a result of special enquiries from the countries concerned, tables giving with more detail and more accuracy than any other source, the exact imports and exports of 35 raw materials for 42 countries. From these we have extracted data, shown in the following table, about important commodities which throw some light on the problem of raw materials. Where possible, an estimate giving the percentage of world production which enters international trade has been added:—

RAW MATERIALS TRADE IN 1935

Commodity	Total Imports of 42 Countries '000 metric tons	As a percentage of World Production	Percentage taken by United Kingdom	Percentage taken by Germany	Percentage taken by Japan	Largest Importer or next largest after U.K., Germany or Japan	
						Country	Percentage
Butter	584	...	82.5	1.2	0	U.S.A.	7.6
Wheat	12,474	10.1	41.0	1.3	3.6	Belgium	8.5
Sugar, unrefined	5,453	31.1	35.6	.02	0	U.S.A.	42.4
Tobacco, unmanufactured	378	18.9	28.8	2.3	0	France	8.9
Nitrates	1,938	(100)	2.0	4.3	3.3	Egypt	23.8
Rubber	1,136	(100)	11.4	5.8	5.4	U.S.A.	42.5
Wood, sawn or squared	10,161	...	34.1	9.5	0	Holland	8.7
Wood pulp	6,078	33.9	37.0	2.3	4.5	U.S.A.	32.2
Sheep's and lambs' wool	1,035	21.8	24.3	11.9	10.6	France	16.9
Raw cotton	2,783	14.7	20.6	7.6	26.5	France	8.4
Motor spirit	11,259	5.0	35.5	10.9	4.7	Australia	6.3
Pig iron, etc.	2,219	3.0	5.8	4.4	43.4	Belgium	9.2
Iron and steel	1,059	...	25.6	5.5	21.2	Egypt	12.2
Copper	1,323	...	21.9	17.0	5.4	U.S.A.	16.5

If any clear conclusion is possible from these statistics it is that the problem is complex. Comparable data are lacking for other years, but it would seem that, with few exceptions, and after making full allowance for the fact that the figures refer to a year of depressed trade, the two "dissatisfied powers" play only a very small part in the world's import trade. The main exceptions only reveal the dependence of Japan upon imported cotton and metals. In no case does Germany take as much as a fifth of the world trade in any commodity. But in eleven of the fourteen materials, Great Britain's trade is the

* International Trade in Certain Raw Materials and Foodstuffs 1935. Geneva, 1936. London: Allen and Unwin, 4/-.

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largest or a close second to the largest; in ten we take more than a fifth; and in five more than a third. The facts bring out very clearly the importance of British policy in the whole problem, for in at least five of these markets we are almost in a position to dictate prices. The remaining Powers, apart from the United States in the case of sugar and rubber, compete in markets in which each is individually unimportant.

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Further Decline in Prices.—The reaction in wholesale prices continued during the past fortnight. *The Economist's* complete British index number has fallen by 1.1 per cent., and the British primary products index by 2.9 per cent. Parallel declines have occurred in the United States, where primary products have fallen by 3.3 per cent., and the complete Irving Fisher index by 0.7 per cent. A downward trend is also noticeable in France and Germany. The total fall is still very limited in comparison with the year's previous increase.

SEPTEMBER 18, 1931 = 100

Date	The Economist Indices		Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)					
1932							
July 27th 1933	99.5	103.5	84.1	136.9	88.3	91.3	88.5
July 28th 1934	108.1	120.6	124.7	145.7	100.9	89.7	86.2
July 18th 1935	109.5	124.8	136.7	162.4	113.2	81.4	83.2
July 31st 1936	112.7	128.7	146.2	165.6	120.2	75.9	98.2
Jan. 29th 1937	118.1	131.7	145.7	165.6	121.8	82.3	95.1
Feb. 28th 1937	117.4	132.8	145.0	166.0	120.7	85.2	95.2
Mar. 25th 1937	117.4	133.9	144.3	165.8	119.6	85.2	95.3
Apr. 29th 1937	117.3	132.8	143.2	165.8	119.2	85.0	95.3
May 27th 1937	115.5	130.1	140.5	164.8	117.7	85.2	95.4
June 24th 1937	116.2	133.2	147.0	164.8	117.7	85.2	95.5
July 22nd 1937	118.7	140.4	157.2	163.4	120.6	86.6	95.7
Aug. 19th 1937	119.4	141.9	163.2	162.7	121.9	88.8	96.1
Sept. 30th 1937	121.8	144.5	159.6	165.0	121.8	96.4	95.9
Oct. 28th 1937	123.6	145.7	161.1	167.1	122.5	102.1	95.9
Nov. 11th 1937	125.0	148.9	167.8	167.7	123.7	105.3	95.9
Nov. 25th 1937	126.3	150.9	172.0	167.2	124.8	106.9	95.9
Dec. 9th 1937	128.2	157.0	179.5	166.7	125.6	108.9	96.3
Dec. 30th 1937	131.3	163.9	187.3	166.7	128.8	115.0	95.4
1937							
Jan. 13th	133.6	165.1	190.2	166.6	131.5	115.5	96.7
Jan. 27th	134.2	164.2	184.5	167.0	131.0	115.9	95.7
Feb. 10th	135.0	166.3	184.3	167.2	131.5	116.2	97.0
Feb. 24th	136.3	168.2	185.5	167.4	131.8	116.8	96.2
Mar. 10th	140.8	178.2	197.4	167.4	134.7	120.5	97.5
Mar. 31st	144.3	181.9	199.7	167.4	137.3	121.8	97.5
Apr. 14th	143.6	175.0	189.8	166.6	137.0	121.8	97.3
Apr. 28th	142.0	169.9	183.5	165.4	136.0	121.4	97.0

* These figures refer to April 21st.

The decline in the fortnight has been general, for the miscellaneous group index has been the only one to resist the downward trend. The fall was heaviest in the case of the cereals and meat and minerals groups.

The Economist INDEX
(1927 = 100)

	Sept. 18, 1931	Mar. 31, 1937	Apr. 14, 1937	Apr. 28, 1937
Cereals and meat	64.5	93.0	95.0	92.2
Other foods	62.2	70.4	70.2	69.7
Textiles	43.7	74.2	74.6	74.3
Minerals	67.4	113.2	107.4	105.5
Miscellaneous	65.8	87.0	87.0	87.1
Complete index	60.4	87.2	86.8	85.7
1913 = 100	83.1	119.9	119.3	118.0
1924 = 100	52.2	75.3	75.0	74.1

There has been a sharp drop in wheat, which restores the prices of early March. Maize and rice are also cheaper. Meat prices were irregular, and bacon was unchanged. Among other foods there were increases in tea and cheese, and reductions in butter and coco-oil. In the textiles group wool and flax were firmer, but there was a reaction in jute and a fresh drop in cotton. Non-ferrous metals are again lower, but the fall was less than in the previous fortnight. In the miscellaneous groups there were advances in Swedish timber, hides, petrol, petroleum, and linseed oil, and a further reduction in rubber.

An Important World Survey.—Yet again the Director of the International Labour Office, Mr Harold Butler, has provided the world with grounds for both thought and action in his Annual Report.* He states the facts of recovery: the revival of production, employment, and trade all over the world. But he points out that large pools of unemployment still persist, and that the restoration of world trade has been unsatisfactory. Recovery is still unevenly based on narrowly national policies and on the uneconomic activity of armament—on large-scale outlay on public works without return, competing with real recovery and popular needs, sacrificing the standard of living to the standard of arms, and laying up deep depression or war for the not far distant future. "It is hardly the kind of recovery for which most people have been watching and waiting." Nevertheless he finds three hopeful signs. The agreement of September, 1936, between Britain, France, and the United States showed a realisation that peace and prosperity can only be based on sound economics; that progress can only be achieved by international co-operation; and that constant co-operation between countries to manage their monetary systems is vitally necessary. Secondly, he points to the improved purchasing power of the great agricultural countries. Thirdly, he suggests that the experience of the recent slump has given us enough data to frame a policy to control our economic destiny. The traditional view of unemployment has been revolutionised; and the *conditio sine qua non* of depression policy is no longer the reduction of wages or the lengthening of hours. "The depression has led to increasing recognition of the value of the minimum wage"; and a new standard has been set for the future by the introduction in many countries of the forty-hour week.

Mr Butler observes that the outstanding lesson of the slump has been in monetary policy. Governments have learned that traditional deflation cannot arrest depression; the revitalising effects of monetary expansion have been experienced the world over—here Mr Butler is perhaps dangerously laudatory of monetary devices which might be unsound as permanent practices. It is thus "an ill wind that blows nobody any good." Mr Butler is not, however, very optimistic. The world and prosperity are distorted by the drive for greater self-sufficiency. The future is doubtful: the dangers of a slump are seen as never before; but the beginnings of freer trade, the basic need, are tenuous and all but stifled. The plan of the future has been drafted. But "the clearance of the paths of trade will be a slow and laborious process." To judge from the British Government's attitude the last observation is the surest.

Marketing in South Africa.—A group of professors and lecturers in the University of Cape Town has publicly denounced the Marketing Bill now before the South African Parliament. In a statement to the Press they claim that the Bill is against the interests of the community; that it provides no safeguard against a serious increase in the cost of living; and that the alleged protection of consumers' interests will prove completely ineffective. The Marketing Bill is designed to regulate the production and sale of agricultural products and will set up a National Marketing Council, a Producers' Advisory Committee, and a Consumers' Advisory Committee. The Council will draft schemes, investigate marketing conditions, and recommend the regulation of imports and exports. The two Committees will be advisory to the Minister of Agriculture and the Council. Each approved scheme will be administered by a board on which producers' representatives must be in a majority. The boards will be empowered to register producers and dealers; to limit the amounts of

* Report of the Director. International Labour Conference at Geneva. International Labour Office, 82 pages, 1s. 6d.

products moved and sold; to impose levies for export subsidy; to advise on the control of exports and imports; to conduct pooling operations; to inspect producers' premises and books; and to buy and sell outright. Schemes approved by the Minister must be accepted by the Governor-General, or voted upon by the producers concerned; opportunity will be given for any class of producers or consumers to lodge objections, and the final decision in deadlock will rest with both Houses of Parliament, although boards will normally come into being without Parliamentary approval. The boards will be able to borrow from the Land Bank, and will be assisted also by loans from an Agricultural Marketing Fund. The critics of the measure argue that it will place the power of monopoly in the hands of agricultural producers, and destroy the free market to the detriment of consumers. The rival contentions will be tested in the further developments of the controversy.

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Sustained Recovery in Shipping.—The latest returns of idle mercantile tonnage, prepared by the Chamber of Shipping, reveal the marked recovery in shipping during the first quarter of this year. The tonnage of vessels laid up at British and Irish ports declined from 473,900 net tons on April 1, 1936, to 212,400 tons at the end of last year and 90,300 tons at the beginning of last month. As these figures include eight foreign vessels of 15,300 net tons, the British tonnage laid up on April 1st was only 75,000 net tons, comprising 69 vessels. The tonnage on the United Kingdom Shipping Register declined by 98,000 gross tons during the first quarter of this year. And, since idle capacity decreased by 197,000 gross tons during this period, the tonnage of vessels in commission increased by about 99,000 gross tons. The problem of unemployed shipping capacity has thus been solved. Moreover, in view of the elimination of almost the whole of the idle tonnage still in existence at the end of last year, the 8 per cent. rise in *The Economist* index of freight rates is scarcely surprising. This quick reversal of the shipping industry's position is one of the most remarkable evidences of world recovery.

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Expanding Retail Trade.—Retail turnover is expanding steadily with the increase in employment, wage rates and profits. During March, business was exceptionally brisk, for the returns published in this week's *Board of Trade Journal* show a 15.2 per cent. increase in the value of sales between March, 1936 and March, 1937. The improvement was fairly well spread geographically, the increase during the year being most marked in Suburban London (+ 17.8 per cent.) and least in Central and West End London (+ 9.8 per cent.). In Scotland, the value of sales rose by 13.2 per cent. and all other districts showed increases of more than 15 per cent. over the figures for March, 1936. This latter movement is a particularly welcome sign of recovery in earnings and purchasing power in the provinces which include the Distressed Areas. With the exception of piece goods, sales of all the items shown separately in the returns were higher than a year ago. Sales of women's wear in March, for example, were 14.8 per cent. higher than last year. The marked increase in the value of sales last March over the figures for the corresponding month in 1936 was due, to some extent, to the early date of Easter, while preparations for the Coronation may also have influenced business. In the absence of information about changes in prices, it is impossible to estimate how far the growth of sales represents an increase in the volume of turnover. Meanwhile, the indications point to a further improvement in retail trade.

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Fifth Census of Production.—More of the results of the Fifth Census of Production relating to 1935 are now available. Details of the Census and of the other sources

of statistical information used in the reports were given in *The Economist* of February 27th, page 463; but the following table, giving the general summary of the textile trades, shows the gross value of production, the net output (gross value minus costs of materials and work given out), the number of employees, and net output per employee for 1930 and 1935 (Census years) and 1934 (from the Import Duties Act Inquiry):—

TEXTILES				
Industry (and Year)	Gross Output	Net Output	Average number of persons employed	Net output per person employed
Cotton (spinning and doubling) { 1935 1934 1930*	Thous. £ 74,073 71,371 78,624	Thous. £ 20,147 20,554 19,828	182,153 183,750 190,736	£ 111 112 104
Cotton (weaving) { 1935 1934 1930*	68,809 67,593 73,913	20,334 20,558 22,065	165,791 171,352 188,699	123 120 117
Woolen and worsted { 1935 1934 1930	129,385 106,857 114,883	43,048 38,689 37,552	241,140 236,889 230,342	179 163 163
Silk and artificial silk { 1935 1934 1930	36,056 32,812 28,730	14,052 12,856 10,644	81,690† 72,946† 69,830†	172 176 152
Linen and hemp { 1935 1934 1930	23,948 22,686 22,673	7,044 7,159 6,715	69,136 70,301 71,537	102 102 94
Jute { 1935 1934 1930	8,079 7,623 9,605	2,906 2,966 2,640	24,190 13,535 28,727	120 126 92
Hosiery { 1935 1934 1930*	39,385 39,528 39,444	17,206 16,922 16,354	114,814 114,294 105,410	150 148 155
Textile finishing { 1935 1934 1930	30,382 29,774 30,379	18,285 17,892 19,247	99,941 98,905 105,254	183 181 183
Lace { 1935 1934 1930	6,917 4,604 7,449	2,752 2,142 2,742	15,955 12,779 15,635	172 168 175
Rope, canvas, sack, etc. { 1935 1934 1930	10,847 9,869 12,345	3,590 3,155 3,726	23,694 21,736 24,758	151 146 150
Asbestos goods and engine and boiler packing { 1935 1934 1930*	4,928 4,510 4,460	2,963 2,800 2,243	9,444 7,929 7,901	314 353 284
Flock, elastic webbing, coir, horsehair, felts and packing { 1935 1934 1930	10,847 4,612 14,831	4,035 2,100 3,821	22,272 11,510 22,125	182 183 173
Total { 1935 1934 1930	443,656 401,822 433,085	156,362 147,893 147,682	1,050,220 1,025,926 1,061,699	149 144 139

* Excludes N. Ireland.

† No figures for flock, rag, or packing.

‡ Excludes excise duty.

It will be noticed that in these years the only large branches of the industry which recorded significant progress were woollen and worsted, and artificial silk. Cotton, linen and hosiery were practically stationary, while perhaps improving slightly in average efficiency. Some of the minor trades directly dependent upon the state of industry made some headway.

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OTTAWA SECTION

In view of the forthcoming Imperial Conference and the expiration of the Ottawa Agreements this year, we have summarised the Agreements of 1932, the development of Imperial preference since that date and the course of trade within and without the Empire, and have briefly indicated the problems that present themselves in considering the renewal or revision of the Agreements. Their relation to trade policy in general and to the political situation is discussed more fully in the first article of this issue.

I—The Agreements of 1932

THE normal term of the trade agreements concluded at Ottawa in 1932, between Great Britain and the Dominions, expires this year. Hence their renewal or amendment forms an obvious topic of negotiation among the statesmen assembling for the Coronation and the Imperial Conference. According to Mr Baldwin's announcement, however, such questions are not to be discussed by the Conference as a whole, but in bilateral conversations. This procedure had been foreshadowed by the actual conclusion of a new Anglo-Canadian trade agreement and by other recent developments. Its advisability was suggested by experience at Ottawa in 1932, when inadequately detailed preparation occasionally involved the whole Conference in stagnation while bilateral bargains were being driven. It may be taken for granted, nevertheless, that the British Government will preserve its policy of allowing the same tariff and preferential terms to all the overseas Empire. This was the main unifying factor in the series of separate agreements concluded at Ottawa. In this Section an attempt is made to trace the working of the agreements, and to draw from our experience since 1932 the lessons it has to teach for the future of Empire trade relations. This task must necessarily be preceded by a recapitulation of the main terms of the agreements themselves.

COMMITMENTS OF THE UNITED KINGDOM

The main undertaking given by the United Kingdom was the stabilisation of the preferential position created by the Import Duties Act, 1932. That Act exempted Empire products both from the 10 per cent. duty and from any additional duties under the Act until November, 1932; this exemption was prolonged for five years by the Ottawa Agreements, save for eggs, poultry and dairy produce, on which the British Government reserved the right after three years either to impose a preferential duty (without reducing the margin of preference) or to apply a quota system. On the foundation of this main undertaking, supplementary concessions to the overseas Empire were erected. These took two forms: the imposition of new or revised duties on certain imports from foreign countries, and the promise to maintain at least the existing margins of preference on a further list of commodities—thus effectively banning any reduction of the general rate of duty. Under the first head, three commodities—wheat, copper and linseed—were removed from the free list, and duties were raised, or made more onerous by a change from an *ad valorem* to a specific basis, on butter and cheese, eggs, preserved milk, fresh, canned and dried fruits, and a few less important articles. The categories affected (excluding wheat and copper) accounted for £118 millions of United Kingdom imports in 1930, of which £68 millions came from foreign countries. Under the second head, the 10 per cent. *ad valorem* duty and preference were stabilised on a long list of commodities that included barley, wheat flour, tinned meat, potatoes, fish, many varieties of timber, leather, lead and zinc. This group of undertakings affected £101 millions of 1930 imports, of which nearly three-quarters came from

foreign countries. Other concessions included the maintenance of the existing preference on tobacco and the widening of the preference on coffee. The general effect of the United Kingdom's Ottawa undertakings is shown by the following table:—

Protective Duties before Ottawa			Protective Duties after Ottawa		
Percentage of Foreign Imports taxed at			Percentage of Foreign Imports taxed at		
10%	11–20%	over 20%	10%	11–20%	over 20%
32.9	15.3	4.6	28.3	21.8	7.7

In addition, a start was made with the system of raising the price of meat and other products by the restriction of supply, under agreement between the United Kingdom and the exporting countries.

DOMINION COMMITMENTS

The undertakings given by the Dominions (except the Irish Free State, with which the British Government declined to make a trade agreement) and India are not easily summarised. Three Dominions—Canada, Australia and New Zealand—signed general clauses promising to protect by tariffs only those industries which were reasonably assured of sound opportunities of success, and to keep protective duties at a level that would allow United Kingdom producers "full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production." Special consideration, it was agreed, might nevertheless be given to infant industries. The formula was to be applied by impartial boards, before whom British manufacturers would have the right to make representations. We shall return to the question of these general clauses later. All the Dominions also undertook to remove as soon as possible the various "crisis" restrictions they had placed upon imports from the United Kingdom; this aspect is also dealt with in a later paragraph. For the rest, the undertakings were widely different as between the several Dominions and India, according to their varying tariff history, the industries that they had chiefly protected, and the different goods for which the United Kingdom was specially anxious to increase the market in each case. It may be noted, however, that generally speaking the Dominions' tariffs on British goods had been rising even faster than foreign tariffs, and that for some years the trend of their share in total British exports had been downward (see Table on page 265).

The Australian Government was handicapped in regard to reducing duties on British goods by a pledge it had given not to reduce the level of protection except on the recommendation of the Tariff Board. Hence its major undertakings (apart from those already referred to) took the form of guaranteeing the maintenance of existing preferences, with certain exceptions, and applying a sliding scale of minimum margins of preference, according to the height of the *ad valorem* tariff. Thus, where the duty on United Kingdom goods was less than 20 per cent., the margin of preference would be 15

per cent.; and so on for higher ranges of duty and preference. At least to begin with, these undertakings necessarily implied a certain raising of general tariffs. Canada's concessions were largely in the form of specific changes in tariff schedules of great length and complexity. It was semi-officially estimated that the preferential tariff was thereby reduced to zero on categories of which the United Kingdom had supplied \$8.3 million in 1931–32, and was lowered on categories of which she had supplied \$37.4 millions, and that the foreign tariff was raised on categories of which she had supplied \$8.8 millions. Roughly half of her total exports to Canada were affected. *The Economist* pointed out at the time, however, that even on some of these items (notably textiles), as well as on many that were untouched, Canada's preferential tariff remained extremely high.

New Zealand undertook at Ottawa to remove the existing surcharge of nine-fortieths of the Customs duty on British goods, to maintain existing margins of preference (except where the margin was over 20 per cent., in which case it might be reduced), and to lower the preferential duty on four classes of goods covering £2.4 millions of British trade in 1930. South Africa undertook to create new or increased preferences on a short list of goods, partly by raising the general tariff; to impose new duties on certain foreign textiles; and to maintain at least existing margins of preference on a long list of manufactured articles. India's main undertaking was to give a 7½ per cent. preference on motor-cars and a 10 per cent. preference on a long series of manufactures. The volume of Indian imports

affected was estimated at £32 millions, of which £12.7 millions came from the United Kingdom. The Indian Government also promised a 10 per cent. preference on a shorter list of imports, including certain cotton and rayon piece-goods, subject to advice from the Tariff Board as to the degree of protection necessary. The low level of their tariffs, and the large proportion of their imports already coming from the Empire, prevented Newfoundland and Southern Rhodesia from granting any big or far-reaching preferential concessions.

SUMMARY

While it is impossible to summarise the Ottawa Agreements precisely, it will be seen that they had the following main features: (a) a pledge of continued freedom of entry for most Empire goods into the United Kingdom; (b) a certain lowering of preferential tariffs by the Dominions; (c) a certain raising of general tariffs, both by the United Kingdom and by the other signatories; (d) pledges on both sides to maintain margins of preference, which were bound to prevent downward movements of general tariffs in the future; (e) pledges to remove crisis restrictions and surcharges; (f) pledges by three Dominions to apply a "scientific" formula to their preferential tariffs; and (g) the thin end of the wedge of restriction of trade in primary products, with the aim of raising their price. They also confirmed the closing of the colonial Open Door by linking it with Dominion preferences for products of the dependent Empire.

II—Imperial Preference Since Ottawa

BEFORE considering the apparent effect of the Ottawa Agreements on the course of imperial and foreign trade, it is necessary to review the changes made since 1932 in United Kingdom and Dominion tariffs and quotas within the framework of the Ottawa Agreements and partly as a consequence of their terms.

CRISIS RESTRICTIONS

First of all, there were the Dominion undertakings to remove crisis restrictions as soon as financial conditions allowed. The Canadian sales tax has actually been raised since Ottawa from 6 to 8 per cent., but there are a large number of exemptions and the tax is not protective, being balanced by an equal Excise. A so-called Special Excise Tax, in fact a tariff surcharge, of 3 per cent. was payable on Canadian imports at the time of Ottawa; as far as British goods are concerned it was halved in 1934 and abolished in 1935. In 1932, Canada's anti-dumping duty was being used as a cloak for extra protection against goods from countries like Great Britain with depreciated currencies; an artificial exchange rate for sterling was fixed for the purpose of calculating "fair market value," with the result that British exporters had to pay the difference—at one time amounting to 58 cents in the pound—between the actual and the theoretical selling prices of their goods. This was set right in March, 1933, but of course the subsequent fall of the dollar has automatically done away with the alleged "exchange dumping" of British goods.

Australia's crisis barriers to imports took the form of primage duty and surtaxes. At the time of Ottawa, primage duty stood at 10 per cent., but most goods used by Australian industries had been exempted. In 1933 the principle of imperial preference was introduced into the primage system. The present position is that most imports under the preferential tariff, and those from countries with which Australia has trade agreements, are exempt from primage, or are subject to a primage duty of only 5 per cent. The general rate of 10 per cent. is still in force, though there are a good many exceptions. A surtax of one-half the duty ordinarily payable was imposed on certain imports,

mostly luxury goods, in 1930, but since 1932 it has gradually been abolished. New Zealand also imposed primage duties and surtaxes, though on a lower scale. Primage duty of 3 per cent. was levied on all imports otherwise free of duty, and this general rate remains in force, though many important articles have been freed from it since 1932. The duty obviously operates more against British than against foreign goods, since fewer of the latter are on the free list. The surtax of nine-fortieths of the total duty payable was abolished on United Kingdom goods under the Ottawa Agreement; the same concession has since been made, under the New Zealand-Belgian trade agreement, to all countries trading on most-favoured-nation terms with the Dominion. In South Africa, the 5 per cent. primage duty and the 7½ per cent. surtax previously imposed were abolished when the Union left the gold standard in January, 1933.

THE GENERAL CLAUSES

The next point to be considered is the working out of the general formula, embodied in the Ottawa Agreements between the United Kingdom and Canada, Australia and New Zealand, determining the maximum height of their preferential tariffs. The results have been disappointing to those who put their faith in the idea of a "scientific tariff" and who believed that Empire trade relations should be governed rather by comprehensive and permanent principles than by limited and temporary bargains. The greatest gain was expected in Canada, but there a judicial Tariff Board has not found itself able to recommend many substantial reductions in the British preferential tariff. Part of the reason has been its inability, in important cases, to ascertain relative national costs of production. More fortunate results, from the point of view of British manufacturers, have emerged in Australia and New Zealand, where no attempt was made at fine judicial interpretation. The Australian Tariff Board, in particular, has made it clear that its estimation of relative costs of production has been based on little more than rule-of-thumb or—perhaps the same thing—common sense, backed by long experience of tariff making.

DOMINION TARIFFS

Dominion tariff schedules are so complicated and dissimilar that there is no compact way of assessing the changes in them as a result of Ottawa and since. The best method appears to be to select certain important items, for each Dominion separately, and to tabulate the rates in force (a) just before the Ottawa Agreements went into operation, (b) just afterwards, and (c) at the latest date for which figures can be obtained. In the tables that follow, P stands for the British preferential tariff, G for the general tariff, and I for the intermediate or most-favoured-nation tariff:—

CANADIAN TARIFF RATES

Article	August, 1932		November, 1932		April, 1937	
	P.	I.	P.	I.	P.	I.
Tableware	Free	27½%	Free	35%	Free	35%
Steel plates (wide)	Free	\$3	Free	\$6	Free	\$6
Tin-coated sheets	7½%	12½%	Free	20%	Free	20%
Cotton fabrics*	17½ to 22½	20 to 27½	17½ to 22½	20 to 27½	15 to 20	20 to 27½
plus per lb.	3c.	3½c.	2c.	3½c.	Nil	3½c.
Cotton clothing	25%	30%	25%	30%	25%	30%
plus per lb.	3c.	3½c.	2c.	3½c.	Nil	3½c.
Woven fabrics of wool, n.o.p.	27½%	35%	27½%	35%	27½%	35%
plus per lb.	25c.	30c.	18½c.	30c.	12c.	30c.
Anthracite coal	Free	40c.	Free	50c.	Free	50c.

* Three categories: Unbleached, bleached or mercerised, and printed or coloured.

The above rates, like those in the tables below for other Dominions, are quoted clear of sales tax, surtax, dumping duty or other special charges. With certain exceptions, the Canadian preferential tariff is subject to a discount of 10 per cent. where the stated rates exceed 15 per cent. *ad valorem*. It should be noted, in connection with the margins of preference over foreign imports, that before the Canadian-American trade agreement of November, 1935, United States goods were subject to the general tariff and after the agreement to the intermediate tariff. The general tariff is substantially higher than the intermediate on the textile group of the items in the table. The lowering of the preferential tariff rates shown in the last column was chiefly the result of the recent Anglo-Canadian agreement replacing Ottawa, not of the operation of the general Ottawa clauses. The new agreement was fully reviewed in *The Economist* for March 6, 1937.

AUSTRALIAN TARIFF RATES

Article	August, 1932		November, 1932		April, 1937	
	P.	G.	P.	G.	P.	G.
Woollen piece-goods, n.e.i.	45%	60%	35%	55%	35%	55%
Apparel	60%	75%	45%	65%	45%	65%
Steel plates and sheets, galvanised and/or corrugated	110s.	150s.	90s.	130s.	90s.	130s.
Machinery, n.e.i.	55%	75%	45%	65%	45%	65%
Rayon piece-goods	25%	35%	20%	40%	1½d.	9d.
Assembled motor chassis	5%	45%	5%	45%	1½d. sq. yd.	7½d. lb.

Most of the reductions in tariff rates shown between August and November, 1932, were the product, not of Ottawa undertakings, but of the adoption of a report of the Tariff Board with effect from September 2, 1932. The sliding-scale formula for preferences enforced an increase in the general rate of duty on machinery from 60 to 65 per cent. The table brings out the enormously high rates still ruling in Australia, even under the preferential tariff.

SOUTH AFRICAN TARIFF RATES

Article	July, 1932		May, 1933		July, 1936	
	P.	G.	P.	G.	P.	I.
Cotton piece-goods	5%	10%	5%	10%	5%	10%
Woollen piece-goods	5%	5%	5%	5%	5%	5%
Socks and stockings	10%	15%	10%	15%	10%	15%
Iron and steel plates and sheets	Free	3%	Free	3%	Free	3%
Motor cars (under 400 value)	20%	20%	20%	20%	20%	20%
Mining machinery	Free	3%	Free	5%	Free	5%
Radio sets	20%	20%	15%	25%	5%	15%

The table demonstrates the relative smallness of the preferential margins accorded by the Union and of the changes made by the Ottawa Agreements. Neither high industrial protection nor big preferences have been part of South Africa's fiscal policy. In 1936 her tariff was reorganised on a triple-decker basis; but the highest level of duties applies only when imposed by proclamation (e.g. on cotton and woollen piece-goods), and then not to goods from the United Kingdom or from a long list of foreign and Empire countries.

NEW ZEALAND TARIFF RATES

Article	August, 1932		April, 1933		April, 1937	
	P.	G.	P.	G.	P.	G.
Motor cars	10%	40%	10%	55%	15%	80%
plus body duty	11½%	16½%	11½%	16½%	Nil	Nil
Woollen piece-goods, n.e.i.	20%	45%	20%	45%	20%	45%
Rayon piece-goods	10%	25%	10%	15%	Free	15%
Clothing and hosiery, n.e.i.	32½%	55%	27½%	50%	25%	50%
Shirts, pyjamas, etc.	32½%	55%	27½%	50%	20%	50%

The reduction of general rates of duty is seen to have been a valuable feature of some of New Zealand's post-Ottawa tariff changes.

INDIAN TARIFF RATES

Article	August, 1932		January, 1933		January, 1937	
	P.	G.	P.	G.	P.	G.
Motor cars	37½%	37½%	30%	37½%	30%	37½%
Galvanised iron or steel sheets:—	Rs. ton	Rs. ton	Rs. ton	Rs. ton	Rs. ton	Rs. ton
(a) If made from Indian sheet bar	83½	83½	30	83	15½ or 10%	45½
(b) Not made from Indian sheet bar	83½	83½	53	83	15½ or 10%	45½
Cotton piece-goods, plain grey	25%	31½%	25%	50%	25%	50%
or per lb.	4½ as.	4½ as.	4½ as.	5½ as.	4½ as.	5½ as.
Rayon piece-goods	50%	50%	50%	50%	30%	50%
or per sq. yd.	...	...	...	...	2½ as.	4 as.

The higher of the alternative duties is applicable. India denounced her Ottawa Agreement last year, and negotiations are still in progress for a new trade treaty.

SUMMARY

This review, incomplete as it has inevitably been, has brought out the significant features of Dominion and Indian tariff changes since Ottawa. They have been a product largely of two factors: changing general economic conditions, and political events such as the substitution of Mr Mackenzie King's Government for that of Mr Bennett in Canada. Up till then, *Canada's* main contribution had been the reduction of crisis imposts. Since 1935, unilaterally and under the recent agreement, she has reduced duties on a number of fairly important United Kingdom exports. Finally, to certain foreign countries whose trade was formerly subject to the general tariff—notably her great southern neighbour—she has conceded the lower duties of her intermediate tariff. *Australia* has also removed certain crisis surcharges, and has generally called a halt to the process of ever higher protection which she was previously pursuing. *South Africa* was enabled by the abandonment of the gold standard to abolish her extraordinary defences against imports. She has otherwise made little change in her system of moderate protection and preference. *New Zealand* has shown a steady tendency towards a somewhat lower tariff, and the present Labour Government is not at present inclined to reverse the tendency. *India's* tariff changes have been mainly related to her textile pacts with Japan and the United Kingdom, and to her long-standing policy of giving special protection to infant industries, like iron, and reducing it once they are established. In brief, the broad tendency in oversea Empire tariffs since Ottawa has been one of stabilisation, with a distinct, though moderate, movement downward as economic conditions have improved.

UNITED KINGDOM POLICY

In the *United Kingdom*, the most important modifications of protectionist and preferential policy have not been in the field of tariffs but in that of quantitative regulation of the trade in primary foodstuffs. This

policy was advanced by the British Government as a means of raising world prices to a profitable level in the interests of producers everywhere. But its purpose as a means of protection for home agriculture could hardly be disguised; and from the first it was regarded by the Dominions with suspicion or even with frank hostility. Their antagonism has been a steady handicap to its enforcement. Soon after the Ottawa Conference (which reached agreement only on the regulation of trade in meat), negotiations were opened for applying a similar system to imports of dairy products into the United Kingdom. Although these efforts came to nothing, British policy towards the home dairying industry was based for a long time on the assumption that some such system would eventually be applied. That this has now apparently been abandoned is mainly due to the strenuous opposition of the Dominions, who see in restriction the frustration of their hopes of continued expansion of their primary industry.

As far as meat was concerned, the Ottawa agreements precluded the British Government from imposing duties on Dominion meat during their currency, and from imposing any quantitative restriction on meat from

Australia or New Zealand until June, 1934. A few months later a pact was reached with Argentina, whereby she cut down her exports of beef to this country by 10 per cent., and of mutton and lamb by 20 per cent. The two Dominions concerned were then prevailed upon to reduce their mutton and lamb exports by 10 per cent., but they refused to agree to any curtailment of their sales of beef. The expiry in 1934 of the British undertaking against such curtailment, and the approaching expiry of the Anglo-Argentine pact and of the Ottawa agreements themselves, led to further discussions in 1935 and 1936. The Dominions steadfastly maintained their opposition of principle, and reinforced it by hard, bargaining arguments. The outcome has been that their meat exports are to be subject neither to compulsory restriction nor to a tariff or levy in the British market. This struggle over restriction has been the most remarkable post-Ottawa development in Empire trade relations. It seems to foreshadow further intense conflict, behind the scenes of the Imperial Conference, between the protagonists of British agricultural protectionism and those who are convinced of the imperative need for wider markets for British manufactures.

III—Empire Trade since 1930

ANYONE who tries to estimate the practical effect of the Ottawa trade agreements must engage the *post hoc ergo propter hoc* fallacy as his mortal enemy. The statistics show plainly enough what has happened since Ottawa, in comparison with what happened before; but a dozen other influences intervened, each as powerful or even more powerful than the Empire commercial treaties. Among such influences were the relative stability of exchanges in an area including most of the British Empire, while other currencies were either overvalued or unstable in relation to sterling, or both; the high price of gold and the consequent prosperity of gold-mining industry, especially in South Africa, but also in Canada, Australia and other parts of the Empire; the internal recovery of the United Kingdom, based on the housing boom and other local capital expenditures; and the rise in commodity prices, which affected raw produce more rapidly than manufactures, and therefore affected United Kingdom imports from the Empire more rapidly than her exports to them or her imports from industrial countries like herself. Other influences of almost equal importance might be added. Hence we must beware of assuming that what happened to Empire trade after Ottawa happened because of Ottawa, and it is in this light that the statistics tabulated below and on other pages of this Section (see pages 269-71) must be examined.

BRITISH TRADE FIGURES

The most general picture is given by the following figures of British imports and exports from the Empire and from foreign countries over a series of years:—

BRITISH IMPORTS

Year	Total	From Foreign Countries		From Whole Empire		Dominions (excluding I.F.S.), India and Southern Rhodesia	
		Amount	%	Amount	%	Amount	%
1925	£'000	£'000	67.5	£'000	32.5	£'000	22.9
1927	1,320,715	881,879	70.0	438,836	30.0	302,591	20.2
1929	1,218,341	851,680	70.0	366,661	29.0	245,888	19.7
1930	1,220,765	861,823	70.6	358,842	29.2	240,590	19.6
1931	1,043,975	736,945	70.6	304,030	28.7	204,576	18.4
1932	861,253	613,836	71.3	247,417	28.7	167,122	19.4
1933	701,670	453,533	64.7	248,137	35.3	175,053	24.9
1934	675,016	425,879	63.0	249,137	36.0	184,826	27.4
1935	781,414	480,129	61.5	271,285	34.5	196,217	25.1
1936	756,041	471,483	62.4	284,558	37.6	205,185	27.1
1937	848,936	516,356	60.9	332,580	39.1	247,900	29.2

BRITISH EXPORTS

Year	Total	To Foreign Countries		To Whole Empire		Dominions (excluding I.F.S.), India and Southern Rhodesia	
		Amount	%	Amount	%	Amount	%
1925	£'000	£'000	58.6	£'000	41.4	£'000	28.8
1927	773,380	438,266	56.7	335,114	43.3	230,055	32.2
1929	709,981	382,431	53.9	327,550	46.1	228,040	32.1
1930	729,349	404,888	55.6	324,461	44.4	224,741	30.9
1931	570,755	322,410	56.5	248,345	43.5	162,228	28.4
1932	390,622	219,949	56.3	170,673	43.7	101,898	26.1
1933	365,024	199,512	54.6	165,512	45.4	100,191	27.2
1934	367,909	204,392	55.6	163,517	44.4	100,540	29.0
1935	395,986	210,413	53.2	185,573	46.8	125,987	31.8
1936	425,813	221,468	52.0	204,345	48.0	137,535	32.3
1937	440,719	223,792	50.8	216,927	49.2	146,544	33.3

Perhaps the most striking feature here is the continuous and rapid advance in United Kingdom imports from the oversea Empire. The big rise in their ratio to imports from foreign countries happened between 1931 and 1932, whereas the big rise in their actual value did not begin until two years later, when home prosperity was getting under way. This is a pretty clear indication of the extent to which the policy of tariffs-cum-preference, adopted at the end of 1931 and the beginning of 1932, restricted trade with foreign countries rather than merely diverted it to the Empire. Leaving out the Irish Free State, the effect of that policy, in round figures, was to raise the proportion of Empire imports to total imports from one-quarter to one-third. In some ways even more remarkable than that proportionate rise was the fact that imports from the overseas Empire were 20 per cent. higher in sterling value in 1936 than they were in 1930—nearly 10 per cent. higher even if the Irish Free State be included. The tables incidentally show up the price we have paid for the luxury of a "tariff war" with our neighbour.

The more violent depression of the purchasing power of the Dominions, in comparison with that of Great Britain, is shown in the relatively slow recovery of their imports of Empire goods to pre-1931 levels. One of them, however, was already buying more British goods in 1934 than in 1930, such was the revivifying effect of gold prosperity in South Africa. In her case, on the other hand, there has been no apparent trend towards a higher proportion of imports from the Empire than before Ottawa, and the proportion of her exports going to the United Kingdom and other parts of the

Empire has definitely declined. The Union has never adopted either high all-round protectionism or wide preferential margins, and the Ottawa arrangements made comparatively little difference to her commercial system. Not only in South Africa, but also in other Dominions, there is an evident slowing-down of the post-1931 rise in the ratio of Empire imports to total imports. This suggests that the major effect of Ottawa and the currency factor on the direction of their purchases has now worked itself out. Furthermore, in no case was the rise in that ratio as great for any of the Dominions, India or the dependent Empire as it has been for the United Kingdom.

This fact has been commonly taken as indicating that the United Kingdom got the worst of the bargain at Ottawa. That is the obvious comment on the far more substantial rise in our imports from the Empire than in our exports to the Empire. Apart, however, from the mercantilist error of regarding imports as inherently an evil, the comment ignores the other influences that have intervened, including those aspects of British protectionism which are quite independent of Imperial preference. From their own point of view the Dominions argue that there was much more room for expansion in United Kingdom imports from the Empire than in their own imports from the United Kingdom.

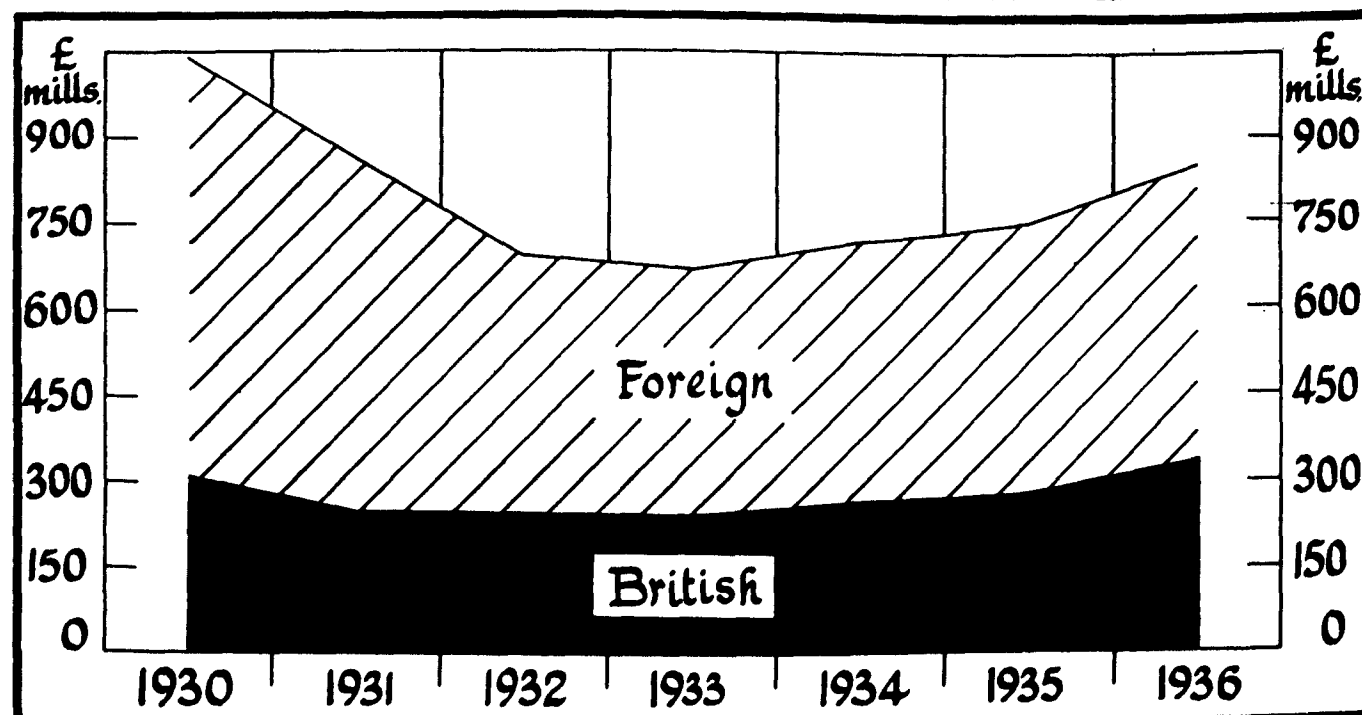
Specially significant, perhaps, is the trend of United

Kingdom re-exports to the overseas Empire shown in the detailed table given on page 269. Ottawa evidently had little or no improving effect in this field. The sacrifice of entrepôt trade, which is usually symptomatic of a protectionist regime, has been one of the more depressing results of the British tariff system. It is noteworthy that not only the absolute value of re-exports to the Empire but also their proportion to total re-exports has declined—a tribute to the choking effect of protection within the Empire as well as beyond it.

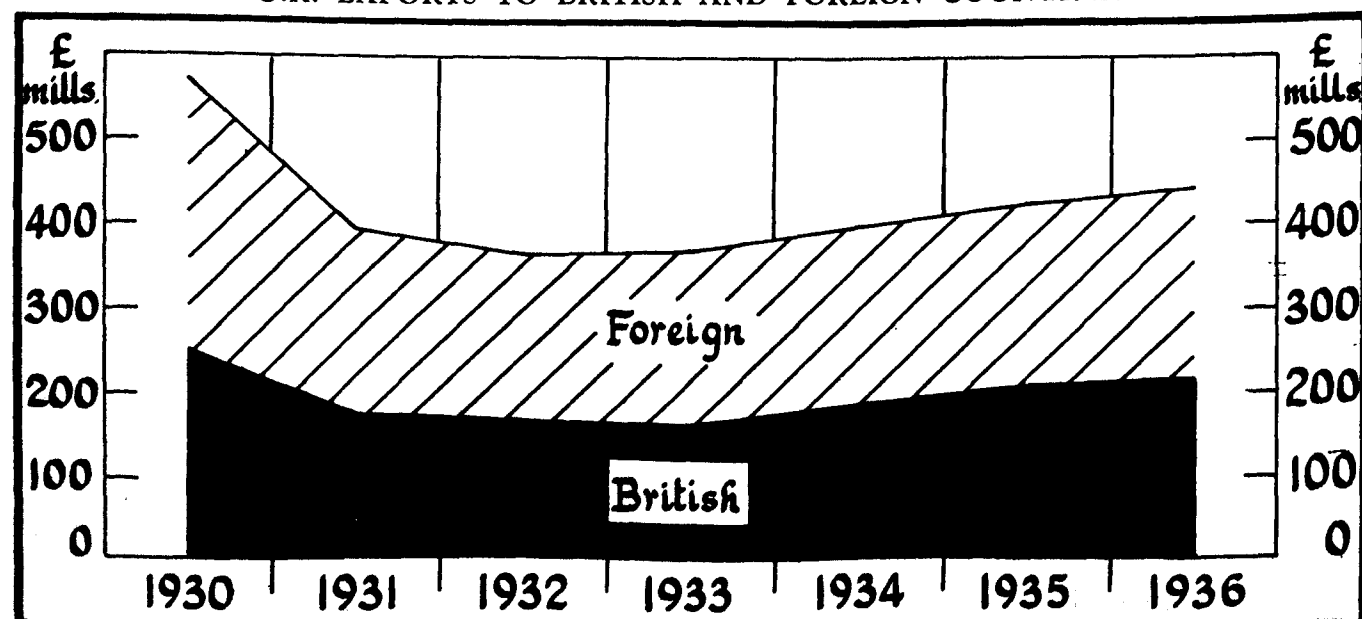
DIVERSION OF TRADE

The most important question about the Ottawa system is not which party got the best bargain, but how far that system succeeded in its ostensible aim of clearing out the channels of Empire trade. How far did it promote trade in the Empire, how far did it dam trade between the Empire and the rest of the world, how far did it simply divert trade from one channel to the other? These are questions that can be answered only by the most intricate and detailed examination of the statistics, item by item, taking all other influences into account. Some clue, however, may perhaps be found in the tables on the next page, showing the changes in the Dominions' imports of textiles and of iron and steel and in the United Kingdom's imports of meat and dairy produce.

U.K. IMPORTS FROM BRITISH AND FOREIGN COUNTRIES



U.K. EXPORTS TO BRITISH AND FOREIGN COUNTRIES



IMPORTS OF TEXTILES AND IRON AND STEEL INTO THE DOMINIONS AND INDIA, 1931 AND 1935

Imports into :—	From British Countries		From Foreign Countries	
	1931-32	1935-36	1931-32	1935-36
Canada—				
Cotton yarn and thread.....	(a) £923	(a) £2,324	(b) £1,452	(b) £221
lbs.	1,769	4,708	2,238	378
Cotton piece goods.....	\$3,284	\$4,744	\$3,418	\$1,776
lbs.	5,701	10,203	8,533	4,279
Woollen yarn and thread...	\$2,453	\$2,587	\$64	\$8
lbs.	3,365	3,364	61	5
Woollen piece goods.....	\$5,433	\$7,326	\$64	\$31
lbs.	4,969	6,980	18	10
Rayon piece goods.....	\$1,665	\$470	\$400	\$248
Total, iron and steel.....	\$13,384	\$20,551	\$81,005	\$88,428
Iron and steel machinery...	\$2,601	\$2,477	\$21,124	\$18,562
Australia (c)—				
Cotton and linen piece goods (d).....	£3,652	£3,995	£548	£1,092
Woollen piece goods.....	£42	£231	£7	£13
Rayon piece goods.....	£439	£733	£694	£1,609
Woollen and worsted yarns	£34	£38	£2	£1
lbs.	184	129	12	3
All other yarns.....	£648	£905	£393	£388
lbs.	8,173	11,871	3,548	4,306
Bar, rod, girders, hoop, ingots, plate and sheet iron and steel.....	£335	£1,012	£63	£180
tons	24.4	58.4	3.9	7.4
Iron and steel pipes and tubes.....	£248	£501	£24	£26
tons	11.0	22.8	1.0	0.9

('000's omitted)

From British Countries

From Foreign Countries

New Zealand (e)—

	1931	1935	1931	1935
Cotton and silk yarn.....	£18	£51	£1	£1
Cotton piece goods.....	£1,063	£1,222	£98	£185
Other yarns.....	£93	£92	...	...
Woollen piece goods.....	£363	£517	£39	£7
Silk and rayon piece goods	£247	£291	£363	£416
Iron and steel manufactures excluding machinery.....	£519	£806	£2	£8
tons	34.6	54.0	0.3	0.6

South Africa (e)—

	1931	1935	1931	1935
Cotton yarn.....	£63	£110	£131	£113
lbs.	1,732	3,160	4,985	5,363
Cotton piece goods.....	£1,660	£2,971	£1,464	£718
Woollen piece goods.....	£881	£1,429	£290	£274
Rayon piece goods.....	£77	£296	£384	£662
Manufactured iron and steel	£1,464	£2,322	£485	£1,037

India (f)—

	1931-32	1934-35	1931-32	1934-35
Cotton twist and yarn.....	£915	£756	£1,327	£1,568
lbs.	11,933	9,827	19,642	24,186
Cotton piece goods.....	£6,000	£8,373	£5,003	£4,324
yds.	384,752	553,322	390,862	390,391
Woollen piece goods (g).....	£187	£571	£329	£791
yds.	1,321	4,214	4,194	9,521
Rayon yarn.....	£90	£52	£527	£830
lbs.	1,151	867	6,812	15,748
Rayon piece goods (g).....	£76	£127	£1,812	£1,620
yds.	1,759	3,886	82,880	76,670
Iron, excluding ore.....	£15	£24	£27	£31
tons	1.0	2.3	3.0	4.0
Steel.....	£197	£342	£469	£387
tons	17.6	35.6	76.3	53.4
Iron and steel manufactures	£2,344	£2,430	£1,688	£1,571
tons	146.7	155.2	126.5	110.6

Notes.—(a) From United Kingdom. (b) From U.S.A. (c) British currency values. (d) Excluding canvas and duck. (e) Including Government stores and imports from South-West Africa. (f) Excluding Govt. stores. (g) Including mixed fabrics.

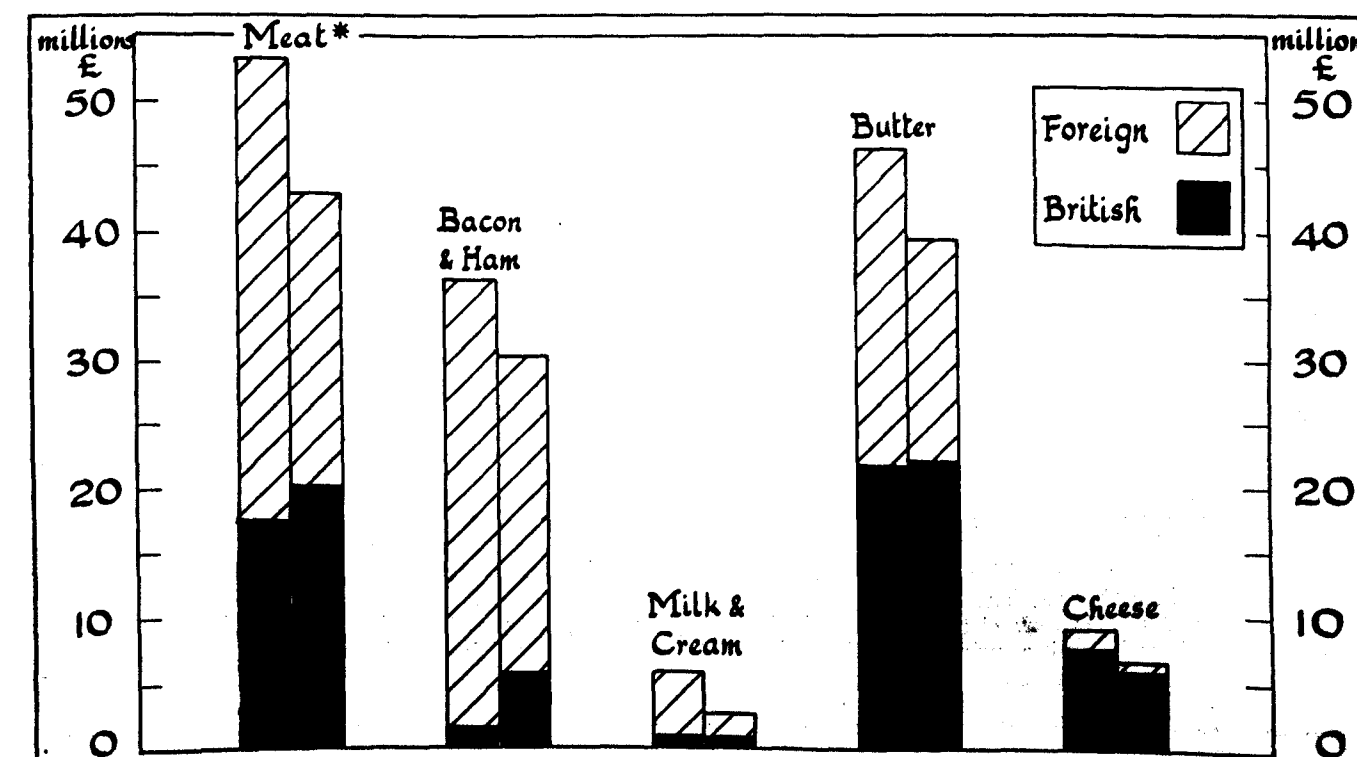
An outstanding feature of the above figures is the diversion that took place in the trade in cotton goods. Thus Canada spent \$4,207,000 on British cotton piece-goods and yarns in 1931-32, and \$7,068,000 in 1935-36, while her imports of American goods in the same groups fell from \$4,870,000 to \$1,997,000—an almost exact balance. In similar categories, South Africa increased her purchases from the Empire by £1,359,000 between 1931 and 1935, while diminishing her purchases from foreign countries by £764,000. India kept the quantity of her imports of foreign cotton piece-goods at a constant level, but their value fell; whereas she so far increased the quantity she bought from Empire countries that the value rose by nearly 40 per cent. Apart from cottons, no very distinct general trends are visible in the Dominion figures. In some cases, increased purchasing power benefited both British and foreign countries; in others, national protectionism cut down purchases from both alike.

Similar figures for certain agricultural imports into the United Kingdom are shown in the following table, and are the basis for the chart at the foot of this page:—

IMPORTS OF MEAT AND DAIRY PRODUCTS INTO UNITED KINGDOM, 1931 AND 1935

	From British Countries		From Foreign Countries	
	1931	1935	1931	1935
Meat other than pig meat.....	£17,695	£20,305	£35,508	£22,622
cwts.	7,267	8,977	14,455	11,549
Bacon and hams.....	£1,697	£5,817	£34,650	£24,645
cwts.	438	1,589	11,527	6,015
Milk and cream.....	£979	£847	£4,917	£1,867
cwts.	394	466	3,033	1,668
Butter.....	£21,892	£22,355	£24,405	£16,973
cwts.	3,990	5,435	4,070	4,173
Cheese.....	£7,513	£5,811	£1,550	£838
cwts.	2,525	2,398	361	316

IMPORTS OF FOODSTUFFS INTO U.K. FOR 1931 AND 1935



* Excluding pig meat.

These figures tell a much plainer story. In all the categories listed, except butter and cheese, a rise in the quantity purchased from the Empire was offset by a much greater fall in the quantity purchased from foreign countries. The slight increase in the *quantity* of foreign butter imported did not prevent the same proposition from being true of the *values* of imports of butter. Both the quantity and the value of cheese imported fell, from the Empire as well as from foreign countries. If all the items are added together, an increase of less than £6,000,000 in imports from the Empire is seen to be out-

IV—Revising Ottawa

A SURVEY of Imperial trade relations reveals two important trends: in the Dominions a determination to protect manufacturing industry; and in the United Kingdom protection for agriculture—especially by quantitative restriction. In both these respects the Ottawa pacts have been a limiting rather than the determining factor. Time and again the need to attune British policy to the interests of the overseas Empire has checked or prevented the quota limitation of imports of foodstuffs. On the other hand, the Ottawa undertakings have been a not very rigid "ceiling" for the protection given by the Dominions to their secondary industries. But while British protectionist policy seems to have chafed against imperial restraints, Dominion protectionist policy has, on the whole, kept comfortably within them since Ottawa.

THE POLITICAL BACKGROUND

This is, in part, due to the fact that some of the Dominion tariffs were already high, whereas that which the United Kingdom introduced in 1932 was moderate. It is, however, also partly the result of political developments in the various countries of the Empire. For example, the British Government seems to be more solidly protectionist now than it was five years ago. Having discarded its free-trade Liberal support, survived a general election, and founded a powerful set of vested interests behind the tariff regime, it has been able to dispense with such compromises as its former pledge against taxes on food. By contrast, the Dominion Governments have, generally speaking, swung in the opposite direction. The United Australia Party has had to take the anti-protectionist Country Party into coalition. The fusion of the parties of General Hertzog and General Smuts diluted the more extreme nationalism of the Union Government. The Labour Party in New Zealand, though as determined as its predecessors to maintain the standard of life in the Dominion's secondary industries, bases its policy on reciprocal trade agreements rather than on tariff protectionism.

The most decisive political change, however, has happened in Canada, where Mr Mackenzie King has replaced Mr Bennett. The practical effect of this upon Empire trade relations was seen in the new Anglo-Canadian commercial pact. A large number of Canadian tariff items were lowered. Moreover, a definite move was made away from guarantees of minimum margins of preference (which prevent the reduction of tariffs on foreign goods) towards guarantees of maximum preferential rates of duty, which leave the path open to a more liberal regime in the future. If this is to be a feature of the revised agreements with other Dominions, it will be a distinct though passive contribution towards freer world trade.

There are signs that this may, indeed, be the outcome of the London discussions. The Dominions, notably Australia, are tending towards the view that they must seek expanding markets outside as well as inside the Empire. It is not inconceivable that the same truth may be driven home upon the British Government in the light of events since Ottawa. The general effect of the Ottawa Agreements, it is now clear, was to stimulate protectionism abroad, and a prime objective of the present negotiations should be to help in reversing that trend.

balanced by a drop of £34 millions in imports from foreign countries.

Thus, in these all-important items of Empire trade, the Empire producer has gained far less than the foreign producer has lost by the new British commercial policy. The exporter who has lost foreign markets, as well as the consumer, has paid for the protection of home agriculture, and Imperial preference has only very partially succeeded in its professed aim of mitigating the barriers to world trade. The real problem has still to be tackled.

The decisive factor in the whole complex is British protective policy, especially towards agriculture. For the purposes of the present conference some degree of protection in Great Britain must be accepted as a postulate in the situation. But not all forms of protection are equally harmful to world trade and prosperity. Even within the framework of the existing system, it would be possible for the Government, in collaboration with the Dominions, India and the colonies, to set its face against a number of dangerous aspects of its previous policy: against the closed door in the dependent Empire, which is compatible neither with economic sanity, nor with imperial trusteeship, nor with international appeasement; against quota restrictions, which penalise the poor consumer and the progressive producer, while encouraging stagnation and inefficiency; against such pledges to the rest of the Empire as inhibit the granting of freer trade to foreign goods; against a pedantic and obstructive insistence upon the most-favoured-nation principle in cases where its own purpose—freer international trade—would be better served by the establishment of low-tariff groups open to all.

EMPIRE AND FOREIGN TRADE

The greatest defect of the Ottawa Agreements was that—except for pious generalisations—they impeded rather than assisted trade between the Empire and the outside world. There were undoubtedly excuses for this defect. The world depression was almost at its greatest severity. British and foreign countries alike, in fear for their financial stability, were preoccupied with the problem of preventing, at almost any price, an adverse balance of trade rather than with the task of expanding their business relations in pursuit of a higher standard of life. It was to the credit of Ottawa that, at least in principle, it renounced "crisis" restrictions on Empire trade.

Now, however, the circumstances of the day provide no such excuse for a restrictive instead of an expansive policy towards trade with foreign countries. A high degree of monetary co-operation has replaced competitive disorder over a wide area. Governments are concerned rather with controlling the boom than with finding bottom in a slump. Many countries, notably the United States, France and the Oslo Powers, have given practical evidence of their anxiety to contribute towards freer conditions of world trade. The time is ripe for a bold gesture by the British Commonwealth nations towards the same end.

The Imperial Conference itself will not discuss detailed questions of tariffs and quotas and bilateral agreements. It can, however, be made the occasion for co-ordinating different branches of Imperial economic policy. The division of official ideas into separate compartments was well illustrated by the contrast between the restrictive trade policy and the expansive monetary policy accepted by the Ottawa Conference at the instance of the United Kingdom Government.

The Imperial Conference of 1937 with its attendant economic difficulties offers an excellent opportunity for co-ordinating the different aspects of Empire co-operation. It can do still greater service, not only to the Empire itself but to the whole world, if it can enlist its members in a common effort to enlarge the trade of the Empire with the nations outside it.

VALUES AND PERCENTAGES OF TRADE OF UNITED KINGDOM,
DOMINIONS, ETC., WITH OTHER EMPIRE COUNTRIES

1930-36

('000,000's omitted)

A.—UNITED KINGDOM

	VALUES							PERCENTAGES						
	1930	1931	1932	1933	1934	1935	1936	1930	1931	1932	1933	1934	1935	1936
1. Imports from—														
Canada	38.1	32.8	43.0	46.2	50.4	56.0	75.0	3.7	3.8	6.1	6.8	6.8	7.4	8.8
Australia	46.4	45.7	46.0	48.6	49.9	54.3	61.4	4.4	5.3	6.5	7.2	6.8	7.2	7.2
New Zealand	44.9	37.8	37.0	37.2	40.4	38.1	43.7	4.3	4.4	5.3	5.5	5.5	5.0	5.1
South Africa	20.2	13.1	15.4	14.4	11.9	13.7	13.5	1.9	1.5	2.2	2.1	1.6	1.8	1.6
Irish Free State	43.0	36.5	26.5	17.8	17.2	18.8	20.4	4.1	4.2	3.8	2.6	2.4	2.5	2.4
India	51.0	36.7	32.3	37.4	42.1	41.2	51.9	4.9	4.3	4.6	5.5	5.8	5.4	6.1
Rest of Empire	60.3	44.7	47.8	47.6	59.3	62.5	66.7	5.8	5.2	6.8	7.1	8.1	8.3	7.9
Total, Empire	303.9	247.4	248.1	249.2	271.2	284.6	332.6	29.1	28.7	35.3	38.0	37.0	37.6	39.1
Total, excluding I.F.S....	260.9	210.8	221.5	231.4	254.0	265.8	312.2	25.0	24.5	31.5	34.2	34.6	35.1	36.7
Total, Foreign Countries	740.0	613.8	453.5	425.9	460.2	471.5	516.3	70.9	71.3	64.7	62.0	63.0	62.4	60.9
Total, World	1044.0	861.3	701.7	675.0	731.4	756.1	848.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2. Exports to—														
Canada	29.1	20.6	16.4	17.4	19.7	21.4	23.2	5.1	5.3	4.5	4.7	5.0	5.0	5.2
Australia	31.7	14.5	20.0	21.3	26.2	29.3	32.3	5.6	3.7	5.5	5.8	6.6	6.9	7.3
New Zealand	17.9	11.2	10.4	9.5	11.4	13.4	17.3	3.1	2.9	2.8	2.6	2.9	3.1	3.9
South Africa	26.5	21.9	18.1	23.4	30.2	33.6	37.5	4.6	5.5	5.0	6.3	7.6	7.9	8.5
Irish Free State	34.5	30.5	25.8	19.0	19.5	20.2	21.0	6.0	7.8	7.1	5.8	4.9	4.8	4.8
India	52.9	32.3	34.1	33.4	36.7	37.8	34.1	9.3	8.4	9.3	9.1	9.3	8.9	7.8
Rest of Empire	55.8	39.7	40.7	39.4	41.7	48.6	51.4	9.8	10.2	11.2	10.7	10.5	11.4	11.4
Total, Empire	248.4	170.7	165.5	163.5	185.6	204.3	216.9	43.5	43.8	45.4	45.0	46.8	48.0	49.2
Total, excluding I.F.S....	213.9	140.2	139.7	144.4	165.9	184.1	195.8	37.5	36.0	38.3	39.2	41.9	43.2	44.4
Total, Foreign Countries	322.4	219.9	199.5	204.4	210.4	221.6	223.8	56.5	56.2	54.6	55.0	53.2	52.0	50.8
Total, World	570.8	390.6	365.0	367.9	396.0	425.9	440.7	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3. Re-Exports to—														
Canada	2.1	1.6	1.0	1.1	1.4	1.2	1.1	2.4	2.5	1.9	2.3	2.7	2.1	1.8
Australia	1.4	0.6	0.6	0.7	0.7	0.7	0.7	1.6	1.0	1.2	1.5	1.2	1.3	1.2
New Zealand	0.8	0.5	0.3	0.3	0.3	0.3	0.3	0.9	0.8	0.6	0.5	0.5	0.5	0.6
South Africa	1.2	1.1	0.5	0.6	0.6	0.7	0.7	1.4	1.7	1.0	1.3	1.2	1.2	1.2
Irish Free State	9.8	8.6	6.1	4.6	5.3	4.9	4.9	11.3	13.1	11.9	9.4	10.3	8.9	8.1
India	1.3	0.8	0.6	0.7	0.5	0.6	0.5	1.5	1.2	1.1	1.4	1.1	1.1	0.8
Rest of Empire	3.9	2.9	2.5	2.4	2.3	2.6	2.5	4.5	4.5	4.9	4.9	4.4	4.7	4.2
Total, Empire	20.5	16.1	11.6	10.4	11.1	11.0	10.7	23.6	25.0	22.6	21.3	21.4	19.8	17.9
Total, excluding I.F.S....	10.7	7.5	5.5	5.8	5.8	6.1	5.8	12.3	11.7	10.7	11.9	11.1	10.9	9.8
Total, Foreign Countries	66.3	47.5	39.5	38.6	40.2	44.3	49.7	76.4	75.0	77.4	78.7	78.6	80.2	82.1
Total, World	86.8	63.9	51.0	49.1	51.2	55.3	60.4	100.0	100.0	100.0	100.0	100.0	100.0	100.0

B.—CANADA

[illegible]

C.—AUSTRALIA

	VALUES							PERCENTAGES						
	1930	1931	1932	1933	1934	1935	1936	1930	1931	1932	1933	1934	1935	1936
1. Imports (1) from—	£ (stg.)	£ (stg.)	£ (stg.)	£ (stg.)	£ (stg.)	£ (stg.)	£ (stg.)							
United Kingdom	54.2	23.3	17.4	23.5	25.1	30.8	...	42.0	39.6	40.6	42.5	43.4	43.6	...
Other Dominions	5.5	2.4	2.2	3.1	4.2	5.6	...	4.2	3.8	4.9	5.7	7.3	7.9	...
India	5.0	3.8	2.8	3.4	2.9	2.5	...	3.9	6.4	6.5	6.2	5.1	3.6	...
Rest of Empire	5.0	2.4	1.8	2.2	2.2	2.7	...	3.9	4.0	4.3	4.0	3.8	3.8	...
Total, Empire	69.7	31.9	24.2	32.2	34.4	41.6	...	54.0	53.8	56.3	58.4	59.6	58.9	...
Total, Foreign Countries	59.6	26.9	18.6	23.1	23.5	28.9	...	46.0	46.2	43.7	41.4	40.4	41.1	...
Total, World	129.3	58.8	42.8	55.3	57.9	70.5	...	100.0	100.0	100.0	100.0	100.0	100.0	...
2. Exports (1) to—														
United Kingdom	42.8	33.5	37.2	36.6	42.4	42.6	...	45.2	44.9	50.3	47.6	47.7	52.8	...
Other Dominions	4.6	3.4	3.4	3.5	3.8	4.3	...	4.9	4.6	4.6	4.6	4.2	5.3	...
India	2.4	1.4	0.4	0.6	0.5	0.5	...	2.5	1.8	0.5	0.8	0.5	0.6	...
Rest of Empire	3.7	2.3	2.6	2.7	2.6	3.0	...	3.9	3.1	3.5	3.5	2.9	3.7	...
Total, Empire	53.5	40.5	43.6	43.4	49.3	50.4	...	56.5	54.4	58.9	56.5	55.3	62.4	...
Total, Foreign Countries	41.4	34.1	30.4	33.3	39.7	30.4	...	43.5	45.6	41.1	43.5	44.7	37.6	...
Total, World	94.9	74.6	74.0	76.7	89.0	80.8	...	100.0	100.0	100.0	100.0	100.0	100.0	...

D.—NEW ZEALAND

	VALUES							PERCENTAGES						
	1930	1931	1932	1933	1934	1935	1936	1930	1931	1932	1933	1934	1935	1936
1. Imports from—	£ (stg.)	£ (stg.)	£ (stg.)	£ (stg.)	£ (stg.)	£ (stg.)	£ (stg.)							
United Kingdom	20.2	12.1	11.4	10.5	12.6	14.7	...	47.4	49.0	49.7	51.3	50.4	50.3	...
Other Dominions	7.1	3.7	3.8	3.1	4.3	5.2	...	16.3	15.0	16.4	15.2	17.2	17.7	...
India	0.7	0.4	0.4	0.5	0.5	0.5	...	1.6	1.6	1.6	2.3	2.2	1.6	...
Rest of Empire	1.3	1.1	0.9	0.9	1.0	1.0	...	3.1	4.4	4.0	4.6	4.1	3.5	...
Total, Empire	29.3	17.3	16.5	15.0	18.4	21.4	...	68.4	70.0	71.7	73.4	73.9	73.1	...
Total, Foreign Countries	13.4	7.5	6.5	5.5	6.7	7.8	...	31.6	30.0	28.3	26.6	26.1	26.9	...
Total, World	42.7	24.8	23.0	20.5	25.1	29.2	...	100.0	100.0	100.0	100.0	100.0	100.0	...
2. Exports to—														
United Kingdom	35.7	27.5	27.7	27.3	29.9	30.2	...	82.1	89.7	90.2	87.3	82.3	84.5	...
Other Dominions	3.6	0.9	0.9	1.1	1.7	1.5	...	8.4	2.8	3.1	3.6	4.6	4.3	...
India	0.1	...	...	...	0.1	...	...	0.2	0.1	0.1	0.1	0.1	0.1	...
Rest of Empire	0.2	0.1	0.2	0.1	0.2	0.2	...	0.4	0.5	0.5	0.5	0.4	0.6	...
Total, Empire	39.6	28.5	28.8	28.5	31.9	31.9	...	91.1	93.1	93.9	91.4	87.4	89.5	...
Total, Foreign Countries	3.9	2.2	1.9	2.7	4.4	3.8	...	8.9	6.9	6.1	8.6	12.6	10.5	...
Total, World	43.5	30.7	30.7	31.2	36.3	35.7	...	100.0	100.0	100.0	100.0	100.0	100.0	...

E.—UNION OF SOUTH AFRICA

	VALUES							PERCENTAGES						
	1930	1931	1932	1933	1934	1935	1936	1930	1931	1932	1933	1934	1935	1936
1. Imports from—	£	£	£	£	£	£	£							
United Kingdom	29.7	23.6	15.1	24.7	32.3	36.6	...	46.1	44.6	46.3	50.4	48.8	48.6	...
Other Dominions	2.6	2.4	1.3	1.5	2.8	2.9	...	4.1	4.4	3.9	3.2	4.3	3.9	...
India	2.2	1.6	1.0	1.2	1.5	1.6	...	3.4	3.0	3.1	2.5	2.2	2.2	...
Rest of Empire	3.3	2.8	1.2	2.2	2.1	2.6	...	5.0	5.3	3.8	4.4	3.3	3.5	...
Total, Empire	37.8	30.4	18.6	29.6	38.7	43.7	...	58.6	57.3	57.1	60.5	58.6	58.2	...
Total, Foreign Countries	26.7	22.5	13.9	19.7	27.6	31.3	...	41.4	42.7	42.9	39.5	41.4	41.8	...
Total, World	64.5	52.9	32.5	49.3	66.3	75.0	...	100.0	100.0	100.0	100.0	100.0	100.0	...
2. Exports (2) to—														
United Kingdom	50.5	48.2	55.4	55.0	44.1	54.1	...	72.6	78.5	83.2	79.4	76.6	77.0	...
Other Dominions	0.7	0.9	1.2	1.1	0.8	0.9	...	0.9	1.4	1.7	1.6	1.4	1.3	...
India	1.6	0.1	0.1	0.1	0.1	0.1	...	2.4	0.2	0.1	0.1	0.2	0.1	...
Rest of Empire	3.0	3.0	1.6	2.1	2.5	2.6	...	4.3	4.9	2.4	3.0	4.3	3.7	...
Total, Empire	55.8	52.2	58.3	58.3	47.5	57.7	...	80.2	85.0	87.4	84.1	82.5	82.1	...
Total, Foreign Countries	12.1	8.1	7.6	11.0	10.1	12.6	...	19.8	15.0	12.6	15.9	17.5	17.9	...
Total, World	67.9	60.3	65.9	69.3	57.6	70.3	...	100.0	100.0	100.0	100.0	100.0	100.0	...

(1) Years ended June 30.

(2) Including bullion but not specie.

F.—IRISH FREE STATE

	VALUES							PERCENTAGES						
	1930	1931	1932	1933	1934	1935	1936	1930	1931	1932	1933	1934	1935	1936
1. Imports from—	£	£	£	£	£	£	£	%	%	%	%	%	%	%
United Kingdom	45.4	40.8	32.6	25.0	26.1	27.0	...	80.0	80.8	76.6	69.9	66.7	72.4	...
Other Dominions	1.0	1.4	3.9	2.6	2.2	2.0	...	1.7	2.8	4.8	7.3	5.7	5.3	...
Rest of Empire	...	0.1	0.1	0.1	0.1	...	...	...	0.1	0.2	0.1	0.1	0.1	...
Total, Empire	46.4	42.3	36.6	27.7	28.4	29.0	...	81.7	83.7	81.7	77.3	72.5	77.8	...
Total, Foreign Countries	10.4	8.2	6.0	8.1	10.7	8.3	...	18.3	16.3	18.3	22.7	27.5	22.2	...
Total, World	56.8	50.5	42.6	35.8	39.1	37.3	...	100.0	100.0	100.0	100.0	100.0	100.0	...
2. Exports to—														
United Kingdom	40.3	34.2	24.2	17.3	16.4	18.0	...	92.1	96.3	96.1	93.9	93.4	91.8	...
Other Dominions	0.2	0.1	0.1	0.1	0.1	0.1	...	0.8	0.2	0.2	0.3	0.4	0.5	...
Rest of Empire	0.2	0.2	0.2	0.2	0.2	0.2	...	0.4	0.4	0.6	0.8	0.9	0.8	...
Total, Empire	40.7	34.5	24.4	17.6	16.7	18.3	...	93.3	96.9	96.9	95.0	94.7	93.1	...
Total, Foreign Countries	3.9	1.8	1.4	1.5	0.9	1.3	...	6.7	3.1	3.1	5.0	5.3	6.9	...
Total, World	44.6	36.3	25.8	19.1	17.6	19.6	...	100.0	100.0	100.0	100.0	100.0	100.0	...

G.—INDIA

	VALUES							PERCENTAGES						
	1930	1931	1932	1933	1934	1935	1936	1930	1931	1932	1933	1934	1935	1936
1. Imports (3) from—														
United Kingdom	50.8	36.0	38.1	36.8	41.5	40.3	...	39.2	36.7	37.6	41.8	41.2	39.3	...
Dominions	3.2	1.8	1.2	1.5	1.7	1.8	...	2.5	1.8	1.1	1.8	1.7	1.8	...
Rest of Empire	7.9	7.2	6.7	6.1	7.1	8.3	...	6.1	7.4	6.6	7.0	7.1	8.1	...
Total, Empire	61.9	45.0	46.0	44.4	50.3	50.4	...	47.8	45.9	45.3	50.6	50.0	49.2	...
Total, Foreign Countries	67.9	53.0	55.3	43.6	56.6	52.2	...	52.2	54.1	54.7	49.6	50.0	50.8	...
Total, World	129.8	98.0	101.3	88.0	100.9	102.6	...	100.0	100.0	100.0	100.0	100.0	100.0	...
2. Exports (3) to—	(4)													
United Kingdom	38.9	32.2	27.6	35.5	36.1	37.8	...	23.4	27.4	27.8	32.1	31.7	31.4	...
Dominions	6.7	4.7	5.3	4.9	4.8	5.0	...	4.0	3.9	5.3	4.5	4.1	4.1	...
Rest of Empire	19.7	14.8	12.0	10.9	11.0	12.8	...	11.9	12.6	12.1	9.9	9.6	10.6	...
Total, Empire	65.3	51.7	44.9	51.3	51.9	55.6	...	39.3	43.9	45.2	46.5	45.4	46.1	...
Total, Foreign Countries	100.6	65.7	54.6	59.5	62.0	64.9	...	60.7	56.1	54.8	53.5	54.6	53.9	...
Total, World	165.9	117.4	99.5	110.8	113.9	120.5	...	100.0	100.0	100.0	100.0	100.0	100.0	...

H.—COLONIES AND PROTECTORATES

	VALUES							PERCENTAGES						
	1930	1931	1932	1933	1934	1935	1936	1930	1931	1932	1933	1934	1935	1936
1. Imports (4) from—														
United Kingdom	51.0	39.2	38.7	34.9	35.5	42.6	...	26.6	22.7	24.5	24.2	22.2	24.2	...
Rest of Empire	45.2	35.1	32.1	30.4	32.2	36.4	...	23.6	20.4	20.4	21.0	20.2	20.7	...
Total, Empire	96.2	74.3	70.8	65.3	67.7	79.0	...	50.2	43.1	44.9	45.2	42.4	44.9	...
Total, Foreign Countries	95.3	98.2	86.8	79.1	92.0	97.2	...	49.8	56.9	55.1	54.8	57.6	55.1	...</

Overseas Correspondence

From Our Special Correspondents

United States

The Problem of Prices

NEW YORK, April 20.—In the past two months organised markets have experienced recessions of sufficient magnitude to require some consideration of their significance. High-grade corporate bonds began to decline about the middle of February; long-term Government bonds began to decline early in March; common stocks began to decline about the middle of March; and primary commodities about the end of March. In the past week or so, bonds, both corporate and Government, have shown steadiness, with some tendency to recover. The result is that the $2\frac{3}{4}$ per cent. long Governments are back to par, while just before the decline the $2\frac{1}{2}$ per cents. commanded a small premium. The increase in reserve requirements may have been a factor in unsettling the rate, and the buying of about \$55 millions by the Reserve Banks, plus some Treasury purchases, perhaps helped to check the decline and to stimulate the rally. But taking things as they are, it would appear that the long-term rate of interest has risen by perhaps $\frac{1}{4}$ per cent.; and that the rather wider movement in yields on corporate bonds represented a re-alignment on the Government market, rather than an increase in the interest rate.

The decline in commodities, like the previous rise, has been most extreme in the items in which London speculation had been active—copper, lead, zinc, rubber and, to a lesser degree, cereal grains and cotton.

Moody's index of primary commodities rose from about 160 in June, 1936, to about 230 nine months later—almost 50 per cent. This remarkable move occurred in three distinct phases—one in the early summer, featuring agricultural crops, and clearly associated with drought; the second towards the end of the year, and including metals. The third came from about mid-February, and ran raggedly into April. Most commodities, except perhaps cotton, had figured in the movement up to the end of the year. Although the highest point of the index was reached in early April, the markets had lost their unity by the end of the year. Lard, cotton oil, sugar, and cocoa receded after reaching peak prices in late December or early January; the non-ferrous metals reached their best prices in early March; rubber, grains, hides and cotton continued to rise in April. Of the three reactions—bonds, commodities and shares—that in shares has been relatively the

smallest; the decline in the average from early March has been about 10 per cent.—about the same as that which occurred at this time last year; it has been most marked, as would be expected, in shares affected by commodity prices.

This succession of market declines—moderate though they are—has rather dampened the inflation-mindedness that was emphatically the mood of Wall Street early in the year. The weakness in the corporate bond market has limited new financing; and the decline in commodity prices, combined with the fact that inventories are pretty high, and dealers have liberally bought forward, has apparently terminated the heterogeneous sellers' market of mid-winter. In short, the boom psychology has been considerably abated; but the two questions which were raised by the sellers' market are still unanswered. The increase in basic costs, whether of primary commodities or labour, is gradually reaching the public in the form of retail prices. It is a matter of controversy whether or not incomes have been increased as much as costs, especially since an appreciable fraction of the increased costs is the consequence of the shortened week. Secondly, in the sellers' market there was a good deal of stocking up in one form or another; which may or may not have created inventories to be worked off. Few persons are ready to predict a readjustment of sufficient magnitude to be termed a recession; but an increasing number are persuaded that there are a price question and an inventory question to be answered.

The Future of Gold

Although the official statements were accepted as reassuring, the gold question remains one of the most lively themes of New York conversation. The inactive gold fund has reached \$472 millions in approximately four months, and the rate of inflow has been accelerated in the past month. Not a day passes without a rumour or a proposal; the rumour that the price of gold would be reduced to \$30 an ounce was followed by a rumour that a free gold market would be established to encourage hoarding by individuals; and this in turn was followed by suggestions for a complete embargo, for a quota system for imports, for an import tariff, for the return of gold to the Reserve System (combined with flexible reserve requirements to sterilise the gold in the System); and for putting gold coin into circulation. So numerous and so varied is this stream of suggestions that it is impossible to give more credence to one than to another; they are significant because they show that the gold question has assumed major importance and is pressing for an answer that has not yet been found.

This gold question is, of course, both a monetary and a fiscal problem. The purchase of \$472 millions of gold in four months has increased the Budget deficit by that amount; and there can be no doubt that the country is becoming more deficit-conscious and more debt-conscious than it has been. If the increase of the inactive gold fund is continued into the future at the rate of the past four months, it would perhaps become the major element in the deficit. The President's Budget Message, expected last week, is awaited with keener interest because it has been postponed. It is realised that the expectations of January have been disappointed, both in expenditure and in revenue; it is still persistently rumoured, however, that new taxes are not immediately contemplated.

The familiar controversy about the number of unemployed was revived by an estimate of Senator Vandenberg, who computes the number of industrially employed at 38 millions, exclusive of persons in agriculture or on relief work, against an official estimate by the Bureau of Labour for last December of 32 millions. Senator

Vandenberg derives his figure from the 26 millions registered by the Social Security Board, plus 12 millions (estimated by the National Industrial Conference Board) gainfully employed but not eligible for registration. As the estimated number of employables, exclusive of agriculture, is put at about 41 millions, this calculation would leave a figure of about 3 millions for the unemployed, against estimates ranging from 6 millions to 10 millions.

After the Wagner Ruling

WASHINGTON, April 20.—The Supreme Court, in sustaining the Wagner Labour Relations Act, put the seal of law upon the profound change in the status of organised labour expressed in the General Motors and Chrysler settlements and the steel agreement. Collective bargaining is not only here to stay, but it is here with the full compulsion of executive government behind it. When steel made its voluntary peace with John L. Lewis, industrialism in the United States entered a new phase, and the ultimate acceptance of labour organisation was assured. But no one thought it would follow within a few weeks, or that opposition to it would be outlawed. Even the subtlest case of discrimination against unions appears hopeless in an American court, since even the plea of freedom of the press did not win the appeal of the Associated Press. The South, where prejudice against unions is almost as strong as against negroes, will find it hard to adjust itself to the new legislation. Harlan County, Kentucky, where a union organiser's life was never safe, will have to put up its shot-guns. Even California's vegetable and fruit industry will have to forego the protection of vigilantes.

But the Wagner decision did not solve America's labour problems. The sit-down strike must be appraised, and either legalised or rejected as standard practice. It brought industrial regions into a dangerous humour. In Michigan a powerful movement was under way to organise vigilantes to deal independently with sit-down strikers. Governor Murphy's insistence on settling the General Motors strike, without executing a court order to oust sit-downers, created bitterness among both employers and non-union workers. One saw here the first symptoms, east of California's Imperial Valley, of the growth of an unofficial army with a wide popular support, one of the pre-requisites of Fascism. John L. Lewis sensed the danger and withdrew sit-downers in the Chrysler plants before proceeding to negotiations. His action was probably the turning point in a labour crisis which might have been quickly out of hand with serious consequences. Mr Lewis undoubtedly recognised that the morality of the sit-down strike in the General Motors plants was on a higher plane than in the Chrysler plants. General Motors had kept unions out; Chrysler in a feeble but real way had been sympathetic with them. And the steel agreement had brought the unions into the industrial stronghold as equals, so that blasting tactics no longer were called for.

But the effect of the sit-down epidemic is still here. Employers now demand protection against it, with an insistence sharpened by their amazement at the Supreme Court's Wagner ruling. They wish to require of labour the strict observance of the law of trespass, and to balance the Court's finding with new legislation to impose responsibilities on unions commensurate with their new power. Employers look longingly at the legislation passed in Great Britain after the General Strike. They are asking for the incorporation of unions, supervision of union finances, and union liability for damages if contracts are violated. The United States Supreme Court, in a unanimous decision in 1922 in the Coronado coal cases involving the United Mine Workers, ruled that unions are suable in the Federal courts both for injunctions and money damages; and in the Coronado case damages of over £5,500 were paid. In many States unions are suable for damages under codes relating to voluntary unincorporated associations. Since in a damage suit the employer must be able to prove his case or foot the bill, injunction suits against unions have been more popular.

Amendment of the Wagner Act is also being pressed by the American Federation of Labour, to permit representation in collective bargaining by crafts as well as by industries. As the Act stands it favours the Lewis unions to an extent which makes any great growth by the A.F. of L. difficult, if not impossible. The Administration, however, is not inclined to favour amendment either on behalf of employers or the Federation, on the plausible ground that the Wagner law is entitled to a period of experience before it is rewritten.

Unionism at the Cross Roads

It is noteworthy that the cause of unionism should have made historic gains in a period when the labour movement is split wide open, beyond possible healing. Embarked on its course of ejecting the Lewis unions, the A.F. of L. cannot draw back, and this year is almost certain to make irrevocable the suspensions imposed on the Lewis organisations at the last annual convention. The personal bitterness between John L. Lewis and William Green has grown worse as Lewis has swept to further successes. It reached its climax in Green's public attack on his rival as one aspiring to a political dictatorship. Lewis did not answer, but his friends know that he will not compromise with the Federation so long as Green is its chairman.

But it would be a mistake to expect the Lewis movement to maintain the velocity of this year's successes. While Lewis has been absorbed with major negotiations, almost nothing has been done to consolidate the gains made. The Labour movement needs a corps of officers comparable to a government's civil service, men who are versed in labour practices, the law, and routine strategy. It was a fatal weakness of the American Federation of Labour that it did not train such a corps, and so was not able to take over the task of organising

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industrial unions in the mass production industries. Now Mr Lewis must issue charters. He must recruit officers on a national scale, install them and try as best he may to teach them overnight how to run their formidable affairs. It may be, as Mr Lewis predicts, that he will have a larger membership by the end of the year than the Federation itself. But it will be a callow organisation, likely at any time to get out of hand, and injure itself seriously. The real influence of the Wagner decision will not be felt much before next year, and only then if the Lewis unions can satisfy their rank and file while getting down to the serious task of perfecting organisation. Membership drives will be continued, particularly in the textile mills of the South, and the oil fields and refineries of the Rockefeller empire. They will be prosecuted in the plants of Mr Ford, despite any ingenuity he can show in bribing his workers to remain unorganised.

The day when espionage can bore into the unions so as to permit wholesale discharges of new members is over. The great "detective" corporations, with their industrial spies and their professional strike-breakers, must either dissolve or find new fields for their employees. Their doings have been adequately aired for the first time in the hearing before the Senate Committee on Civil Liberties under Senator La Follette. It has been a belated chapter to unfold to the public, but now that these practices have been exposed, the satisfaction of the public over the Wagner decision is all the greater. It puts an end to them.

France

Extremists Resisted

PARIS, April 29.—The Popular Front Government, which enjoys a comfortable majority in the Chamber, has been for three or four weeks pressed by the extremist elements of the Trade Unions and the Communists to issue a new 10,000 million franc loan for public works, and to charge the Budget with several billions of new expenditure for pensions for aged workers and for a national unemployment fund. All these claims are, however, contradictory to the promises which were made by M. Auriol, the Minister of Finance, at the eve of the last Security Loan; and their first effect was to provoke a new fall in the franc and the Rentes. The end of the Parliamentary recess was, however, marked by two significant events: (1) the success at Sète of the Socialist Jules Moch, the Blum candidate, against a coalition of moderates; and (2) an open letter by M. Campinchi, the President of the Radical-Socialist group in the Chamber, addressed to the moderates, in which the writer not only denounced social disorder, but also the want of a spirit of social justice which the governing classes have shown during the last century.

M. Blum, who had conducted lengthy negotiations with the leaders of the republican parties and with the Socialists, then declared in a Cabinet Council that the "breathing space" would be continued; and that there was no question of a new loan or any new expenditure for the time being. These concessions to Capital seem to have been endorsed by the Trade Unions and by the Communists; and the Cabinet has once more gained time. But it is by no means certain that Parliament has asserted its authority against "the dictatorship of the masses" without offering some compensation. It is believed that the new programme which is being prepared by M. Blum will entail basic reforms, which the Government will present, not as inspired by the wish "to take money where it is," but by a sense of social justice. M. Blum may define his project further when answering his critics on May 7th.

On the other hand, it is not certain that the Prime Minister intends to embark immediately on this new policy. His next aim is to ensure that the Exhibition will be opened at the time arranged, on May 27; to increase meanwhile the purchasing power of the masses by a rise in wheat prices; and to reabsorb the unem-

ployed by such measures as compelling landowners to make certain repairs to keep the workers employed after the Exhibition has been constructed and opened.

Prices and Business Fears

Such a policy will undoubtedly help to maintain the social equilibrium—at least, if this equilibrium is not again menaced by new economic difficulties. Business reports show that there has been a slowing down of activity in many industries after the revival. The rise in prices which followed the social laws, the devaluation and the rise in the price of imported raw materials, have lifted prices above the purchasing power of the public. The resistance of consumers has brought about some stability, and even a slight decline in wholesale prices, as the following table shows:—

	MARCH			APRIL		
	20th	27th	3rd	10th	17th	24th
General index	533	536	540	542	539	537
National products	549	553	559	561	562	559
Imported products.....	504	507	505	507	498	497
Foodstuffs	518	518	527	533	532	526
Industrial products	547	552	551	550	546	547

It remains to be seen whether or not industry and business men will be squeezed between the rise in cost prices and the decline in purchasing power. M. Simon, the President of the Société Générale, declared at the annual meeting of this bank that the "outlook is not encouraging."

After the decision to maintain the "pause" had been taken, the Government and the banks agreed to issue a 2,000 million or 3,000 million franc loan for the new War Pension Fund, in one-year 4 per cent. bills, similar to the National Defence Bonds. Fiscal receipts in March were 3,065 millions, of which 2,493 million francs were ordinary receipts. The total for the first quarter of 1937 is thus 8,184 million francs, against 7,400 million francs in the first quarter of 1936.

Germany

Creating Capital

BERLIN, April 28.—The Bourse was influenced last week by reports of further public borrowing. One measure mentioned was a possible Reich motor roads loan of Rm. 350 millions. At the opening of the recent Automobile Exhibition, Herr Hitler intimated that the Motor Roads Company from 1937 onwards would finance itself, which means that it must borrow in the capital market on its own security, but possibly with a Reich guarantee. It also seems certain that other flotations of Reich consolidation loans are impending. The *Deutscher Volkswirt*, which is certainly an official mouthpiece in this matter, declares that in the present condition of the capital market the Reich could easily borrow for consolidation Rm. 2,000 millions or 3,000 millions in the coming financial year.

The money market has of late been extraordinarily liquid. There are numerous indications of this: an increased demand for short-term investments; heavy sales of G.D. Bank promissory notes; and a decline in the rate for day loans during last week to below 2 per cent., a depth not reached since the war. The circulation of credit instruments has greatly increased, though, according to official returns, the familiar story of the astronomical circulation of Reich work-creation and armaments bills is untrue. It is nevertheless necessary, the *Deutscher Volkswirt* points out, that this should not lead to an increase in the currency circulation "above the quantity necessary for coping with the increased turnover of goods," an increase naturally threatened if the longish-term Reich special bills should be rediscounted. The liquidity of the money market is itself due to Reich short-term advance financing. The *Deutscher Volkswirt* continues: "The money resources with which the Reich, for the covering of its expenditure, supplied itself, not by taxation but by contracting short-term debts, and which it pumped into private

business, must be sucked up again if an inflationary effect is to be avoided."

It is officially affirmed on all sides that the shortage of capital has ceased; to prove this the easy flotations in the past two years of Reich loans and of Four-Year Plan company debentures are cited. But, according to the passage quoted, which is identical with earlier official utterances, the Reich has created capital, and can continue to create it, by contracting short-term debts and pumping the yield into industry. Then it can borrow back the capital and pay off an equivalent sum of short-term debt already contracted for capital investment. Obviously, there is no limit to this process.

The economic meaning and the consequences of this system are not quite clear. It seems that no distinction is made between capital and credit. The Reich creates capital by pumping bill-raised money into private business; and anyone, public or private, who wants capital can get the same money. He can get it, as in the case of the proposed motor roads loan, for genuine capital investment. But, also, a private concern which does not want capital at all for investment in its own works, can sell bonds or shares in the capital market in order that it may have cash for the purchase of Reich bills; and it is under-capitalised if it has not cash for such purposes.

Farming, Manufacture—and High Prices

The cultivation of vegetables has been subjected to a rigid system of registration and permits. To increase the cultivated area of certain vegetables without permission is made a penal offence. The ordinance recently issued to prevent inefficient farming has been amplified. It is made a penal offence to farm inefficiently; alternatively, badly run farm land may be transferred to a trustee, or compulsorily leased to an experienced farmer. Farmers may be required to cultivate waste land, or again to lease it to an experienced person.

Herr Wagner has recently delivered a long address on price-regulation and foreign trade. He denied that absolute autarky is aimed at, but he emphasised the need for increasing exports. He remarked that whereas Germany had freed herself from the so-called economic law of Supply and Demand, that was not so abroad; and from foreign customers such prices must be demanded as they were willing to pay. He implied that the heavy iron and steel export (which has been stable of late) ought not to be increased merely because prices have risen considerably while the prices of finished goods based on steel have not advanced correspondingly. The main object must be to export articles into which a great deal of labour has gone. Herr Wagner announced that new price regulations would be issued. The interests of exporters would be taken into account, but traders' profit margins on imported goods would not be allowed to increase merely because of the rise in world prices.

The industrial employment index (1936 = 100) stood at 103.7 in March, against 100.7 in February. This increase is mainly due to the seasonal recovery of building, the index number of which rose from 65.7 to 84.1, but the other recorded trades also improved, except foodstuffs. Production goods (probably also because of the building revival) improved much more than consumption goods. The average daily time worked in all industry rose from 7.56 to 7.70 hours. Coal output in the first quarter of 1937 was 44,240,000 tons against 39,180,000 tons in the same period of 1936. The production of ingot steel in March was 1,581,800 tons, the daily output being practically the same as in February. The first quarter of the year shows a slight decline, output being 4,635,200 tons, against 4,638,200 tons in 1936. Taken with the quarterly return of pig iron, this shows that the great expansion of iron and steel output has ceased, after lasting since the late summer of 1932. The steel syndicate reports speak of an unchanged heavy demand; and Herr Wagner has spoken of the substitution of stone and brick for steel in building. The export of motor cars in the first quarter of the year was 5,639 against 2,988 and 1,181 in the same quarters of 1936 and 1933 respectively. A detailed return of machinery exports (which reached a total of 336,000 tons in 1936 against 255,000 tons in

1935) shows an increase in machine tools for the working of metals from 43,547 to 73,217 tons; deliveries to Russia rose from 3,775 to 21,573 tons, and to Great Britain from 6,168 to 10,461 tons. A great deal has been heard of late about British purchases of German machine tools.

Austria

Slight Recovery

VIENNA, April 19.—While the economic situation in most countries appears to be considerably improving, conditions in Austria are but slightly altered. Even here, however, the upward trend is unmistakable. The recently floated internal loan, amounting to 180 million schilling, has been offered at the comparatively low percentage of 4½ per cent. without any of the usual inducements. It has been fully subscribed, and private investors have participated as well as the banks, saving institutions and insurance companies. Money was withdrawn from the Stock Exchange to pay for the loan, which caused the general Stock Exchange index for shares to rise by only 2.7 per cent. compared with February. Nevertheless, foreign shares and all shares connected with the armament industries maintained their upward movement during March, rising on the average by 8.3 per cent. and 10.4 per cent. respectively compared with the February figure. Industrial materials profited from higher metal prices, and in March the index improved from 134.9 to 136.7, while retail prices and the cost of living remained unaltered. Employment was slightly improved. The production of iron and steel increased considerably. Foreign trade is steadily improving; imports of foodstuffs and raw materials, and exports of timber, pig iron, paper pulp, finished goods and livestock are the most important items. Tourist traffic in February exceeded the figures for February 1936 by 5.4 per cent. Austrian winters sports centres were visited by 23.4 per cent. more tourists from abroad than in February 1936. Austrian tourists apparently travelled less: their numbers fell by 4.3 per cent.

Thus, Austria in 1937 is continuing the return to economic normality which began in 1936. The general index of industrial production (1929 = 100) at the end of 1936 stood at 82; it was as low as 60 in 1932 and 77 in 1935, according to the League of Nations index. Thus a recent survey of the economic situation of the world, which classified the present condition of each country, quite rightly placed Austria amongst those countries where the economic situation shows only a slight improvement.

Iron in Politics

Iron and steel are the key products of Austrian industry; and the Alpine Montan Steel Corporation has always been the most powerful unit. This body not only monopolises the production of iron ore and steel, and the trade in these commodities, but also exercises an influence on internal and international politics. Immediately after the war the Austrian Government acquired a considerable share in the company (1919). Shortly afterwards these shares were sold to an Italian group. Very unexpectedly, however, Italian control was short-lived. In 1921 the shares became the property of the German Stinnes group, who (in co-operation with Austrian and—to a small extent—Italian partners) exercised control until 1926. After the collapse of Stinnes, the Vereinigte Stahlwerke of Düsseldorf acquired the majority of the shares in the Corporation, and thus the

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greatest and most important Austrian industry was brought under direct German influence.

Always the centre of resistance against all advanced social reforms, the iron lords strenuously opposed the post-war Governments, which more or less were under the influence of the Left parties. Styria and the Montan Company became the stronghold of "yellow" trade unionism, preparing the ground for the militant Heimwehr, who finally in 1934 overthrew the democratic constitution of Austria. The Nazi putsch of July, 1934, showed that the political reliability of the management and of the employees of the company was very doubtful. The Government therefore placed the company under the control of their own nominee. Since then the board of administration has been newly elected by arrangement between the Government and the German shareholders. Most of the complaints about the political activities of the Montan Company then ceased. But public discussion about the political attitude of the Montan Company has been lately revived. It was rumoured that the company had refused orders from Jugoslavia, Roumania and England.

The Alpine Corporation's Explanation

The company, bitterly criticised, published an interesting memorandum, which they presented to the Government. They do not deny having declined to export iron to Jugoslavia, Roumania and England, but they protest against the allegation that they did so for political reasons. The Vereinigte Stahlwerke do not (they state) exert any influence on decisions about the accepting of commercial orders. The orders were refused for purely industrial and commercial reasons. They say that it is technically impossible to meet all the demands made upon it, because the production of half-finished and rolled products is limited by the capacity of their steel works.

The highest annual production of pig iron from their furnaces amounts to 430,000 tons, and the capacity of the works being limited and at present fully used by the incoming orders, the management has been forced to weigh carefully the commercial and financial advantages of each order. The memorandum is most explicit about the possible export to England. It denies that any serious negotiations have taken place. The subsequent conditions of the market abroad and in Austria did not leave any pig iron over for export to England.

Holland

Recovery and Labour Troubles

AMSTERDAM, April 22.—The company reports for 1936 are being published, and it is evident that the devaluation of the guilder in September, 1936, heralded a new era for the Netherlands. All the annual reports announce higher profits in 1936, some of them very much higher, and in most instances the distribution of dividends can be resumed or raised to a higher percentage. Most of the reports show that already some improvement had set in prior to September, 1936, or at least that the retrograde movement had been brought to a halt; but the effective stimulus to recovery was the depreciation of the guilder, which enabled production, turnover and exports to increase. Holland thereby recovered her power of competing against other countries in the world's markets. In most instances the fourth quarter of 1936 was the decisive period, and the big profits were registered during the three months subsequent to the devaluation. This applies not only to the plantation companies, such as the rubber, fibre and sugar enterprises, but also to the shipping companies and banks, which made their big profits in the fourth quarter. Prospects for 1937 are, on the whole, viewed optimistically.

The situation in the labour market has undergone a considerable change; the number of unemployed at the end of February, 1937, was 439,553, compared with 466,242 at the end of January, 1937, showing a drop of 26,689 persons. At the end of February, 1936, the number of unemployed was 465,463, or nearly 26,000

more than now. Increased employment, especially in the Netherlands shipbuilding yards, has given rise to some labour troubles, and even to a strike in one of the big Amsterdam yards. Demands for enhanced wages are not, however, general, because the rise in the cost of living since the depreciation of the guilder has been only slight in extent, as the Government have counteracted an advance in retail prices as far as possible by reducing their emergency levies on many articles. It is being advocated in many quarters that the emergency levies, the cumbersome bureaucracy of the emergency organisations, and the other obstacles hampering trade and industry should be abolished. Actually, the Government have already made a start by reducing the emergency levy on imported grain, in view of increased world prices. It is only in this way that a decided advance in the prices of the primary necessities of life can be averted.

The course of wholesale prices in the Netherlands since the depreciation of the guilder last autumn can be clearly seen from the following table:—

	Food	Raw materials	Manufactured goods	Total
1926-30	100	100	100	100
1936—September	65.8	48.4	66.1	62.6
October	69.5	58.5	71.0	68.2
November	70.4	60.4	72.3	69.5
December	71.3	65.3	72.9	71.0
1937—January	73.3	69.3	74.2	73.0
February	73.6	69.5	75.7	74.0
March	74.8	73.5	77.4	76.0

The improved situation is also reflected in the increased yield of taxation. State revenue is not only coming in more freely than in 1936, but it even exceeds the estimates for 1937. The financial situation of the country is accordingly improving. On the other hand, however, it is certain that the expenditure on defence will have to be on a larger scale in future.

Improved Banking and Trade

The annual reports so far published of the big Netherlands' banking establishments show that our private banking institutions are thoroughly sound and that their strength has not been impaired by the years of depression. The Minister of Finance has now officially inaugurated the Royal Commission on Banking. On this occasion the Minister stated that the Government were satisfied that direct governmental supervision of the affairs of the private banks was not necessary, because the system of consultation now existing between the private banks and the Central Bank had had the desired result in practice. The Minister admitted that the existing method had come into being during a period of depression, when the private banks were particularly dependent upon co-operation with the Netherlands Bank. Things might become different in times of prosperity.

Satisfactory Balance of Trade

There is every reason for satisfaction at the development of our foreign trade in the first quarter of the current year. January and February showed a decided advance compared with the corresponding months of 1936, while the rise in the value of our exports was relatively higher than that of our imports. In March, this improvement was not only maintained but was even surpassed.

In the first three months of 1937 the value of our exports compared with 1936 advanced by 90.5 million guilders to 246.2 million guilders, and our imports by 103.8 million guilders to 336.5 million guilders.

	Imports (In million guilders)				Exports (In million guilders)			
	1934	1935	1936	1937	1934	1935	1936	1937
1st quarter	276	226	233	336	168	160	156	246
2nd "	261	229	234	...	171	159	163	...
3rd "	251	228	243	...	196	174	194	...
4th "	250	253	307	...	177	182	232	...
Year	1,038	936	1,017	...	712	675	745	...

	Imports (In thousand tons)			Exports		
	1935	1936	1937	1935	1936	1937
1st quarter ...	4,652	5,608	4,858	2,948	3,137	3,789
2nd "	5,068	4,841	...	3,023	3,093	...
3rd "	5,401	5,407	...	3,118	3,347	...
4th "	5,316	5,602	...	3,360	3,961	...
Year	20,437	20,358	...	12,499	13,538	...

Not only the value but also the volume of our imports and exports advanced, and the improvement is not attributable solely to higher prices. One has to go back to 1931 to find a higher figure for the value of exports for the first quarter of the year, and to 1932 for a higher value for imports.

Czechoslovakia

Political Calm

PRAGUE, April 20.—The external situation has improved. The collaboration of the Little Entente States has been strengthened by the visit of the Roumanian Prime Minister, M. Tatarescu, to Czechoslovakia and by the visit of President Benes to Jugoslavia. This collaboration has not been affected in any way by the Italo-Jugoslav agreement. On the contrary, co-operation between the Danubian countries is only possible with the concurrence of Germany and Italy.

The negotiations with the German minorities have greatly eased the tension in internal politics. Municipal elections will shortly take place. The Government's extraordinary powers to cope with the crisis will terminate this year. It is now being discussed whether they should be prolonged or curtailed. New sources of revenue are being investigated to find the Cz.K. 150 millions required to effect the promised abolition of cuts in Civil Service salaries. The agrarian demand for the establishment of an animal produce monopoly is meeting with considerable opposition in many quarters. Other agrarian demands for the removal of the indebtedness of the agricultural classes and for the introduction of a managed economy in other branches of production will be the subject of difficult negotiations. The current prices of corn under the monopoly scheme are to be revised.

The Government has announced that elections will be held this year in the Social Insurance Institutions, Chambers of Commerce and Chambers of Agriculture, where nomination by the Government substituted election during the unsettled post-war period. Frequent discussions are taking place about the duration of the present prosperity, which is bound up with armaments to an exceptional degree in this country.

Revival in Business and Industry

On the money market a spring revival has been apparent, and is reflected in the increased demand for money, the rising prices of raw materials, and the growth of building activity. The Stock Exchange has shown a steadily rising tendency, especially on the share market. At the end of March the Stock Exchange index stood at 163.3, compared with 100 in 1927 and 145.5 at the beginning of January. The index of industrial and transport shares reached 183.1 at the end of March. The wholesale price index (in gold) rose in March to 754, against 691 in August of last year; the index of agricultural prices stood at 696, and that of manufactured goods at 818. Thus the rise in world prices is clearly reflected; and the difference between agricultural prices and those of industrial products is moving against agriculture. There is, therefore, an outcry for the revision of corn prices and for an adjustment of animal production.

The number of unemployed persons declined again at the end of March to 627,333, against 677,947 in February. Compared with March, 1936, there has been a fall of 170,439. Industrial activity is on the increase. The index of industrial production stood in January at 92.1 (1929=100). The production of pig iron in March amounted to 142,144 tons, against 89,732 a year ago,

and that of raw steel 179,130 tons, compared with 120,838 a year ago. Consumption of iron and steel is increasing all the time, not only as the result of armaments, but also because of better employment and increased investment in other industries. There has been a demand that because of the scarcity of iron the export of pig iron should be limited. Engineering is also satisfactorily employed, primarily because various plants are supplementing or replacing their equipment of machinery. The glass and pottery trades have improved and are now exporting more than in past years. Some difficulties are being encountered in the textile industry, where the rising prices of raw materials are increasing costs.

Foreign trade for the first quarter of 1937 (in thousands of Cz.K.) amounted to:—

	1936	1937
Imports	1,662,551	2,332,032
Exports	1,730,265	2,508,705
Export Surplus	67,714	176,673

Railway traffic in the first quarter was 1,173,000 trucks against 1,063,000 a year ago, and 964,000 in 1935. A supplementary commercial agreement has been concluded with Finland. With Italy, negotiations about a new adjustment of trade have also been brought to a satisfactory conclusion. Negotiations are being carried on with Bulgaria, Denmark and Argentina; and preparations are being made for negotiations with Hungary, the Netherlands, the United States, and some South American countries.

Sweden

Baltic Co-operation

STOCKHOLM, April 24.—The Foreign Minister, Mr Sandler, delivered a speech to the Swedish Exporters' Association in which he outlined the programme for intensifying trade relations between countries forming the Oslo group. It is expected, Mr Sandler said, that Holland and Belgium will abolish certain restrictions against the other Oslo countries; that Denmark will grant certain concessions within the frame of her actual currency regulations; and that the three other countries which have so far adopted a liberal trade policy, namely Norway, Sweden and Finland, will pledge themselves not to increase duties on certain goods. Modest as this programme may appear, it may give an impulse to the great trade powers to follow the example of the Oslo states.

A meeting of the Foreign Secretaries of the four Northern countries took place in Helsingfors on April 20th. The main points in the discussion were navigation in Spanish waters, economic co-operation between the Northern states in case of war, and a project providing for mutual information about armaments among the four Northern states. The Foreign Secretaries seemed anxious to point out that the ever-increasing co-operation among the Northern countries was simply the result of community of interests and of traditional friendship and was by no means based upon any kind of alliance or diplomatic instrument limiting their political independence. This affirmation was provoked by the suggestion in foreign papers that the Northern countries intended to form some kind of military bloc to play an active rôle in the Baltic.

The Progress of the Boom

The Swedish boom forges ahead; and the general index of industrial production rose during February by one point to 114, compared with 104 in February, 1936 (100 = the average of 1935). The rise was particularly marked in the production of iron and steel, which jumped from 115 to 120. Market reports are extremely favourable for all the important staple articles. Timber sales were particularly brisk in January and February, but were somewhat slowed down in March. Total sales of timber goods during the first quarter of the year

amounted to about 610,000 standards. Pulp sales were also lively; and at the end of March practically the entire 1937 production of bleached sulphite and sulphate was sold. Of the 1938 production, about three-fifths of the sulphite and three-quarters of the sulphate pulps have already been sold, which is a sales record for Sweden. Of mechanical pulp, practically the entire production of 1937 and half of the production of 1938 were placed at the beginning of April. The iron market continues to be exceptionally lively, and Swedish ironworks are unable to satisfy the continually growing demands on account of the shortage of raw material.

Prices continue to move upward, and the wholesale price index of Professor Silverstolpe (1913 = 100) recorded in March a jump from 134 to 140. The rise was particularly noticeable in metals, from 156 to 184, and in pulp, from 142 to 166. This rise of wholesale prices is now beginning to affect the cost of living. The Swedish cost-of-living index, which had remained almost unchanged in 1936 at 158, rose between January and April from 158 to 161 (100 = July, 1914).

Foreign trade is gradually progressing, particularly in imports, as can be seen from the following table:—

	(In million kronor)	
	1936	1937
	January—	January—
	March	March
Imports	374.5	435.7
Exports	290.7	351.6
Import surplus	83.8	84.1

Unemployment stood at 31,500 on February 28th, which is an exceptionally low February figure, compared with 58,000 a year ago and 90,000 in February, 1935. There is an increasing demand, not only for skilled labour, but also for agricultural workers and for labour in the timber industry.

The money market remained easy, and the cash holdings of the joint-stock banks reached new records. As a result of the general rise in prices, bank advances, particularly home bills, showed a noticeable growth in March. Profiting by the exceptional cheapness of money, industrial concerns continue to convert their funded liabilities into loans at lower rates. In fact, the more accentuated the boom becomes, the more apparent are fears of a forthcoming break in the present position; and the more anxious company directors are beginning to strengthen the position of their concerns.

U.S.S.R.

Moscow and Spain

Moscow, April 12.—Moscow has naturally been pleased with the course of events in Spain, but official newspapers have been careful not to picture Madrid's victories as a triumph for Communism. No Soviet official or newspaper has ever admitted that Russian armaments or soldiers have played any part in the Spanish conflict. Popular sympathy in this country has been with the Madrid Government from the beginning, but Moscow has consistently described the conflict to its own people as one between Fascists and a democratic Government. It remains to be seen whether this policy would be maintained in event of a final victory for Madrid.

Impartial observers here are generally agreed that Moscow has moved with commendable caution in Spain. Geography may partly account for this, but the Soviets naturally desire, if possible, to prevent General Franco from conquering Spain, because they believe a German-Italian foothold in Spain would tend to confine French and British attention to Western Europe and thus give Germany a free hand in the East. The part the Soviets have thus far played in Spain could be justified entirely on the grounds of national self-interest.

Economic Disorganisation

The demoralisation of Soviet industry caused by the elimination of hundreds of executives alleged to be Trotskyists is reflected in the first quarter's production figures. Official statistics show that production fell below the State plan in the first three months of 1937 by the following amounts:—Coal, 4,188,000 tons; pig iron, 479,500 tons; steel ingots, 452,400 tons; rolled steel, 395,900 tons; and car-loadings, 758,626. The most severe slump occurred in the coal mines of the Don Basin; while car-loadings dropped about 8,000 daily below the estimates. Weakness in transport, combined with shortage of coal, held up production in hundreds of factories, which were unable to get raw materials and fuel. Spring sowing also was delayed in southern European Russia by the non-delivery of agricultural machinery and spare parts for tractors. Collectivised peasants, having become dependent upon machinery, were slow in making good the shortage by hand labour.

The authorities are making vigorous efforts to recover lost ground, but it is difficult to find seasoned managers to replace those arrested or dismissed. It has been announced that the standard wages will be increased again in May, and that piece-rates below these norms will be reduced. This action is intended to stimulate more intensive work. It is now apparent that Trotskyism has been more costly to Soviet economy through the disorganisation of industry than through actual sabotage. The prospects were not improved by Mr Stalin's warning that many Trotskyists have escaped detection, and that competent executives are not immune from suspicion, since they may be awaiting a more favourable opportunity, such as war, to undermine the present regime.

Communist Control to End

The Communists, who have for years closely supervised industry and agriculture, have been bewildered by contradictory orders from the party's higher command. In February the Communists were told that they had spent too much time on economic questions, neglecting political leadership, thus permitting Trotskyists to penetrate the party. This reprimand apparently was interpreted too literally, and official newspapers later blamed the Communists for the delay in spring sowing. The peasants, accustomed to await orders from local Communists, hesitated to take the initiative in sowing. Now the Communists have been ordered to resume leadership in industry and agriculture, but meanwhile to relinquish their authority gradually to technicians, to the non-party bureaucracy.

The higher party organs apparently believe that centralised Communist control has been carried too far, and are preparing to turn over the direction of industry and agriculture to non-Communists. It is explained that the new electoral system will compel Communists to devote much of their time to the political education of the masses, to make sure that enemy elements are not elected to office.

While official newspapers admit widespread confusion in industry and agriculture, it is possible that their reports are exaggerated. The Kremlin often overstates defects in its system in order to stimulate activity among its officials and workers. Inexperienced observers, reading the Soviet Press, might well conclude that conditions are worse than they actually are.

China

The Island of Hainan

HONGKONG, March 31.—The enthusiastic reception accorded to Mr Lin, Prime Minister of the Nanking Government, when he visited South China, suggests that the unification of the South with the Central Government has the approval of the populace. It is, however, apparent that business interests are far from pleased. The currency situation is yet to be solved, and there is an unfortunate deadlock between traders and the local

administration about taxation. The present officials have, in most cases, come from Government offices in Nanking and are influenced by Western theories about the raising of revenue. The Canton business man strongly resents any prying into his affairs and has revolted against a turnover tax. Through his Chamber of Commerce he has offered to bargain in time-honoured oriental fashion, and a total contribution of \$2,000,000 has been tendered in lieu of the business tax. The Revenue Department appears to have abandoned the idea of collecting the tax from individual firms and is reported to have replied to the Chamber's offer by demanding \$4,000,000. Presumably the difference will be eventually narrowed down until an agreed figure is arrived at.

Attention has recently become focused on the island of Hainan, which lies off the south-west coast of Kwangtung, about 250 miles from Hongkong. The island, although wild and sparsely populated in the interior, supports a fair population, and supplies a constant stream of emigrants to Malaya. For some years past various schemes for the economic development of Hainan have been put forward without going beyond the preliminary steps, but since the suppression of the revolt of the southern provinces last autumn, the Nanking Government has begun to take an interest in the island. Various visits have been paid by investigators and one party of industrialists from Shanghai has examined the possibilities of growing cotton for their textile mills. The American Commercial Attaché has visited the island to inquire into the sugar production, and a British mining concern is said to be carrying out an exploratory survey. When some few months ago a Japanese subject was murdered at the port of Pakhoi on the mainland nearby, Japanese vessels visited Hainan and, for the moment, there was some fear that the island might be occupied. If it had been, political complications would have ensued, for the French Government some forty years ago extracted a promise from China that the island should not be alienated, in view of the proximity of French Indo-China; while Great Britain would regard the presence of Japanese in Hainan as a menace to Malaya on one hand and to Hongkong on the other. Fortunately, the excuse for Japan to seize the island passed, but the Japanese Press is watching Hainan closely.

Boom Optimism and Rising Prices

The Hongkong Government has been fortunate in ending 1936 with a surplus of over \$500,000 instead of an anticipated deficit of \$3,000,000. Economic recovery is evident in the returns of revenue of every kind and the total collected amounts to over \$30,000,000. The surplus of assets over liabilities on December 31, 1936, was just under \$13,000,000. Since the end of the year trade has shown steady expansion. For the first two months imports showed an increase of over 20 per cent., and exports a rise of 34 per cent. compared with the corresponding period of 1936. Commercial travellers who have been here during the past six or eight weeks in large numbers report better business than for many years past. While the recent rapid rise in manufacturing costs has brought in orders which might normally have been deferred till later in the year, there is a much more hopeful feeling among retailers and dealers who appear confident that demand is steadily expanding. With the tremendous rise in world prices it is feared that business in metals here will be affected unfavourably before long. The demand for scrap metal is leading to a considerable amount of pilfering, and every day the police courts are occupied with cases about the theft of water meter covers, iron railings, door and window fasteners, telephone cables, and in one instance a short section of the Kowloon-Canton railway.

It is many a long day since the Stock Exchange was in such a cheerful mood as it is at present. Shares which have been neglected for years past are in demand at rising prices, and the various company meetings held at this time of year reveal good results for 1936 and a promising outlook for the current year. The Hongkong and Whampoa Dock Company, whose shares were

under their par value of \$10 less than three months ago, astonished the public by declaring a dividend of 60 cents, the first since 1924. The shares now stand at \$32 despite a warning note from the chairman in his annual speech. Other shares such as Hongkong Hotels, Green Island Cements, Hongkong Trams and Hongkong Telephones, have improved in value at a very rapid rate during the past few weeks, while the shares of the Hongkong Bank and the Insurance Companies, which do not normally attract the attention of the speculator, have also advanced.

Canada

Tariff Controversies

OTTAWA, April 9.—The most controversial measure of the present session of Parliament, the Government's Transportation Bill, which sought to replace the present Railway Commission by a Transport Board, armed with much wider powers, was rejected by the Conservative majority in the Senate, assisted by two Liberals. The Budget, with the tariff changes necessitated by the revision of the Anglo-Canadian trade agreement, has now been passed. Conservative criticism was largely confined to details like the arrangements about vegetable oils and the provision whereby, if the British Government complains that certain Canadian firms are dumping their products on the British market, the Canadian Government undertakes to deprive these interests of their local dumping protection.

During the debate the operations of the International Glass Cartel, in which a well-known Lancashire firm is reputed to be the controlling force, were severely criticised by both Mr Bennett and Mr Dunning; and they are also the subject of unfavourable comment in a report of the Canadian Tariff Board which has recently been published. This report finds that there has been exacted by this British firm an inordinately high price for plate and safety glass from the Canadian interests which need it; and that, through the Cartel's control of the Belgian output of glass, the cheaper Belgian glass cannot be profitably imported. The intermediate tariff rate on glass has been reduced by 5 per cent.; but a preferential margin of 15 per cent. in favour of British glass has still to be maintained, and the alteration seems to offer no prospect of relief for the Canadian consumers.

Further troubles have arisen from certain tariff changes announced after the Budget was passed. These changes provide for a certain reduction in the duties on some parts of motors but for increases in the duties on furniture and hats. The latter have aroused the wrath of the Liberal Party, who contend that these increases represent a capitulation to protectionist interests wholly inconsistent with the Liberal programme, and are threatening to hold up business unless the Government drops its proposals. Mr Dunning defended the changes on the ground that the furniture and hat industries were suffering from unfair foreign competition.

The House of Commons has passed a Bill amending the Customs Act, and some of its provisions arm the Government with broad powers to control the export, import and transportation of implements and materials of war, foodstuffs being included within the scope of the regulation proposed. The Government has also secured endorsement of its new trade arrangements with Germany. As a corollary it has taken authority to set the value for Custom duty purposes of all goods imported into Canada from countries with depreciated currencies, a power which has hitherto only been applicable to countries with depreciated currencies. The measure eliminates the "gold clause" from existing trade agreements and has also passed the Commons in face of strong objections on the part of Mr Bennett.

The Government recently introduced its Bill to establish a Trans-Canada air service. For its operation a semi-public corporation will be set up in which the Canadian National Railways will hold 51 per cent. of the capital of \$5,000,000, and the balance will be allocated between different aviation interests, who will be allowed

to pay for their stock with equipment in lieu of cash. The Canadian Pacific Railway was apparently dissatisfied with the proposed arrangements, and has withdrawn from participation.

Mr Lewis Acts in Canada

Serious labour troubles have developed as a result of a well-planned campaign by Mr John Lewis's Committee of Industrial Organisation to extend its sway into Canada. Its agents have been busy organising unions in the motor, steel and textile industries of Canada, and Canadian employers dislike the prospect of the Trades and Labour Congress of Canada (which has been closely linked with the American Federation of Labour and proved an equally tame organisation) being supplanted by the C.I.O. as the bargaining agency of the Canadian working classes. When a dispute about wages arose between the Canadian branch of the General Motors Corporation and its workers at Oshawa, Ontario, who have joined the Automobile Workers' Union of America, an affiliate of the C.I.O., the officials of the Corporation refused to negotiate with these employees as long as they kept Hugh Thompson, a C.I.O. agent, as their spokesman. As a result, 3,700 of the workers in the G.M. plants at Oshawa walked out on strike on April 8th; and the company has closed down its other plant at Windsor. There was no attempt at a sit-down strike because Mr Lapointe, the Minister of Justice, had declared that such action was illegal in Canada and would not be tolerated. The Liberal Government of Ontario has

ranged itself on the side of the Corporation; and at its request a detachment of mounted police has been sent to Ottawa. But the Federal Government is taking a neutral stand. The strikers are behaving in orderly fashion, and their leaders assert that they will be backed by the C.I.O. in the United States until the Corporation agrees to recognition of their union.

The King Government has now available the report of the Bank of Canada upon the financial affairs of Alberta, which it investigated with the consent of Mr Aberhart. The gist of the findings is that, as a result of the halving of the interest on the province's bonds in 1936 Alberta is in a substantially better financial position than either of the adjacent prairie provinces of Manitoba and Saskatchewan; that there is a prospect of a balanced Budget for the next fiscal year; that the appropriations made by the Budget will provide for administrative expenses and necessary services on a scale as high as those prevailing in the adjacent provinces; and that, therefore, there is no need for the Federal Treasury to give Alberta the special financial assistance which is now being arranged for Manitoba and Saskatchewan. The report, however, characterises as regrettable the repudiatory measures which have enabled Alberta to reach this comparatively happy financial position; and holds that the ultimate effects of the impairing of provincial credit in frightening away capital and retarding economic development are bound in the long run to outweigh any temporary pecuniary gain which has been secured.

Letters to the Editor

Marketing and Food Prices

TO THE EDITOR OF THE ECONOMIST

SIR,—The Food Council, in its Report, finds that far from reducing prices by "orderly marketing," the result of the agricultural marketing schemes has been to raise food prices. It is not necessary to reiterate the view that the schemes were designed not so much to ensure more "orderly marketing" as to subsidise certain agricultural interests, and, indeed, that "orderly marketing" was merely a euphemism for agricultural protectionism. It is difficult, on this view, to sympathise with the theory implicit in the recommendation that the marketing schemes be reorganised under a more independent and impartial control than at present. Is not the very *raison d'être* of the schemes their ability to squeeze the consumer?

Having satisfied itself that the consumer is being squeezed, the Food Council suggests that the remedy is to have dealers' margins fixed by an independent body, presumably at a level which is more favourable to the consumer. You add: "The consumer must be protected against the ungrateful abuse by producers of a power given to them only to safeguard their livelihood." Agreed: but is this the best, or even a sure, way of protection? Laying aside for the moment the difficulties—statistical and otherwise—involved in investigating middlemen's costs, is such an investigation necessary? Will not the free market ensure that middlemen cover their costs? It seems that there is a logical contradiction in your note of last week. Either it is agreed that middlemen should cover their costs and no more, and go out of business if they cannot (on the doctrine that industry exists for the consumer, and not the consumer for industry), so that margin-fixing bodies are superfluous, or else it is agreed that for a political or aesthetic reason middlemen (and producers) should more than cover costs, in which case it seems to me idle to complain that the marketing schemes have been operated in the interests of the producers.

There remains the broader and more vital problem: How best is the consumer to protect himself? Where competition persists, and to the extent that it persists, the remedy of the consumer is simple: he merely buys elsewhere. But with the growth of State-fostered and "natural" monopolies, the consumer has had to resort to a number of indirect devices—including "Letters to the Editor"—in order at least to make it known that he feels a grievance, even if he cannot obtain a remedy. For these, and more, the absence of a free market is responsible. The protection

of the consumer lies not in independent tribunals; these may be useful in fooling the consumer into believing that his interests are being protected once a monopoly has been created. The protection of the consumer lies in the impersonality of the free market. For some products there are by nature no close substitutes, and here a perfectly free market is a technical impossibility. But it is not necessary to hold that the free market can be restored over the whole field of economic activity to believe that measures designed to increase the freedom of the market and the abstention from measures designed or having the tendency to promote concentration and centralisation of supply will do something to ensure that consumer interests have their appropriate place in the scheme of industry. Certainly in agriculture monopoly has not the sanction of technical necessity.

Yours faithfully,

A. SLABERDAIN.

Stroud Green, N.4.

National Finance

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr D. M. Mason takes the opportunity of his reply to my letter, published in your issue of April 17th, to give a glowing but delightfully irrelevant testimonial to the friendly and pacific intentions of Germany and Herr Hitler. I thought the reason why I suggested that he ought to have addressed his two letters to Herr Hitler instead of to you was fairly obvious. If Mr Mason's conclusions—that "we are spending too high a proportion of our national income on defence expenditure," that we are thereby "unduly reducing our financial resources and therefore dissipating our reserves," and that consequently "it is our bounden duty to reduce the burden of our defence expenditure so as to increase our strength and security"—are correct of this country, how much more true must they be of Germany!

After all, during the last few years Germany has been spending a much larger proportion of her national income on defence expenditure than this country. On the basis of Mr Mason's theory, Germany is becoming weaker and weaker, in spite of the increase—or, to be correct, because of the increase—in the number of her guns and aeroplanes. But somehow I doubt whether he would be able to convince Herr Hitler that this is so. In fact, somehow I doubt whether he would even try to convince him.

Yours faithfully,

S.W.5.

PAUL EINZIG.

Books and Publications

An American Minority Problem

It is generally recognised that most of the twelve million Negroes in the United States live under grave economic and social disabilities; and as the principal political parties have not since the Civil War been able or willing to do much to solve the resulting problems, it is not altogether a matter for surprise that many Negroes are now listening to the Communists. This book* is a statement of the Communist programme for ending the Negro question; and although it contains the usual extravagances of orthodox Marxist dogma, reliance on the dialectical approach has by no means excluded the presentation of some genuine research.

This research is devoted mainly to showing that the present position of the Negro in the Southern States is a residue of feudalism left over from chattel slavery, and in some respects little superior to slavery. Very many Southern Negroes are share-croppers—that is to say, they are nominally tenants, but their actual status is that of labourers for a deferred wage. And it is a deferred wage which by various expedients, such as falsifying the tenant's account or charging him twenty per cent. interest on supplies, is kept down to the level of a bare subsistence. Nor has the tenant much opportunity to resist these terms or move elsewhere.

Roughly this is a correct statement of the position as visitors to the Southern States usually see it, especially in the plantation districts; but it might have been fairer to admit that the monopoly profits yielded by this system of "nigger farming" are seldom commensurate with its apparent rapacity, since the plantations usually lie in a high-cost cotton area. On the other hand, these high costs are partly accounted for by the bad farming and the backwardness of the Negro, which are more or less inseparable from the system.

Mr Allen attributes the origins of the system to the fact that the bourgeois revolution of the Civil War (Northern bourgeoisie versus Southern aristocrats) was not completed by the war: the Negro was left landless and without effective civil rights. Consequently the plantation owner was able to climb back into the saddle by regaining feudal control over the Negroes. This control has always been challenged by Liberals, but in recent years the growth of severe unemployment among the industrial Negroes in the Northern States has made it easier for the Communists to obtain a foothold in the struggle. Perhaps their appeal has also been strengthened by the A.A.A. crop restriction scheme for cotton, in the benefits of which Negro tenants have not shared equally with white landlords.

What the Communists are now proposing, to judge from this book, is that they shall complete the bourgeois revolution of 1860 and secure for the Negro political freedom amounting even to the right of racial self-determination. There would then be established a Negro Republic in the Black Belt, an area in which the Negro population is in a majority. True, such a revolution, if successful, would also produce a Communist United States, but the Negro's special gain would be the creation within the Federal State of an autonomous republic like the Tartar Republic within the Soviet Union.

Such a long-run objective is, of course, hardly worth considering unless a promising strategy can be developed. The strategy at present favoured is collaboration between the white and Negro proletariat, including the Negro peasantry with the latter. Some small successes along these lines have already been achieved, such as the collaboration of whites and Negroes in the Share Croppers' Union. Race prejudice, however, remains a formidable barrier to close collaboration; and in any case

* "The Negro Question in the United States." By James S. Allen. London, Lawrence and Wishart, Ltd. 224 pages. 5s. net.

the allegiance of even the industrial Negro is far from being given to the Communists alone. Much influence is still exercised by the Tuskegee school of opinion, which concentrates on the self-improvement of the Negro; and by Dr Dubois' group, which stands for Negro nationalism irrespective of class differences. But probably the future political affiliation of the Negro worker will be largely decided by the success or failure of Mr John Lewis. The craft unions of the American Federation of Labour had little place for the Negro; but he is welcome in most of the new industrial unions. If, on the basis of these, a Labour Party is created, it may well draw the Negro away from the Communists. It would promise the Negro less, perhaps, but the promise might be worth more.

Shorter Notices

"I Found No Peace." By Webb Miller. Victor Gollancz. 352 pages. 12s. 6d.

"I found no peace," says Mr Miller. He looked for none. "From early boyhood," says Mr Miller, "I steeped myself in the gentle philosophy of Henry D. Thoreau." Yet in no way do Mr Miller's life, thoughts and writings resemble Thoreau's. It is better to take this book on its own merits. Mr Miller's work as foreign correspondent for the United Press news agency carried him to "six wars on four continents, and to numberless riots, rebellions and revolutions in a dozen lands." He is a master of his profession; it is his just pride that more often than not he can beat his competitors at getting the all important facts, on whatever war he is reporting, past the censor and over the cables. The kind of news which is so transmitted is purely factual news, unbiassed by the personality of the news gatherer.

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LONDON: ROBERT HALE & COMPANY

How Landru went to the guillotine, how the police cracked the skulls of Hindus in a civil-disobedience campaign; how the Italians opened their Abyssinia war; wherever the vultures are gathered to the carcass Mr Miller is there, and we are told the facts. Carcasses are important, and Mr Miller makes dead men tell their tales. In modest and attractive style he writes his story. Roy Howard adds the first published account of his reporting of the False Armistice, and its celebration in America four days before November 11, 1918.

Mr Miller gives us the conclusions he draws from his experience. The most important event of his generation is the advance of scientific invention; the people of the world must pay in restriction of personal liberty to secure a beneficent use of scientific powers. Two separate governments, economic and political, cannot continue to exist. The forces that should build up peace in Europe are rushing it to destruction. The one thing about which he is certain is that Europe cannot avoid another Great War. America, he hopes, may succeed in making the necessary economic and political adjustments without conflict.

These conclusions might have been reached without Mr Miller's experience; the evidence upon which he bases them is not to be found in his book. He has reported the appearance of war; he has not examined peace. He shows a surprising lack of curiosity about the meaning of the events he reports. Or is the superficiality of his book the unfortunate result of a self-imposed discipline? The reporter must be certain of his accuracy, and Mr Miller says he has learned that the only way to retain a firm, clear-cut opinion about anything is to know little or nothing about it.

"Studies in the Theory of Economic Expansion." By Erik Lundberg. (Stockholm Economic Studies No. 6.) King. 265 pages.

Mr Lundberg's chief object is to analyse economic development through time, and to examine what modifications must be made in the traditional static economic theory to explain dynamic changes. He argues convincingly that only by examining sequences of economic events can dynamic development be understood, and that these events in their turn depend partly on the events of the past and partly on plans for the future. A large part of the book is taken up by a discussion of problems such as monetary circulation, savings and investment. Mr Lundberg shows the shortcomings for the purpose of dynamic analysis of such concepts as the velocity of circulation and the identity of savings and investment, and of such distinctions as that usually made between saving and hoarding. English readers will be particularly interested in his very acute criticisms of Mr Keynes' recent theories. One of the most admirable features of Mr Lundberg's work is his ability to recognise the good points in the theories of others and to develop them.

In the last two chapters Mr Lundberg works out various "model sequences," and shows how incomes, saving and investment change under various assumptions. It is interesting to notice that small changes in the constants, e.g. the rate of depreciation of capital, may alter the whole character of the sequence. Mr Lundberg indicates that sequences may lead to cyclical variations or to continuous expansion or contraction, but he does not rigorously work out the general conditions which make sequences cyclical in the real world. But he does prove that the causes of contraction after an expansion are many and varied, and that given certain rates of saving, depreciation, etc., cycles are inevitable.

This is undoubtedly one of the most valuable books on monetary and trade cycle theory which has appeared in English in recent years.

"Man's Worldly Goods." By Leo Huberman. Gollancz. 357 pages. 10s. 6d.

An exciting blend of economic history and economic theory. Covers the methods whereby men have sought their living from the twelfth century until to-day, their ideas and ideals, their institutions, and their class conflicts. Gives economics an historical context which is rather arbitrarily put together. Brilliantly and lucidly written with a wealth of scholarly reference and a strong leaven of partiality.

"The Magic of Monarchy." By Kingsley Martin. Nelson. 104 pages. 2s. 6d.

Mr Martin sets out to break, in a decent and orderly way, the taboo against discussion of the Monarchy. The result is not perhaps so bold a departure from modern practice as the author suggests; but the book is vividly written, full of concise arguments and excellent portraits.

Mr Martin discusses the abdication, the bankruptcy of Republicanism, the proper rôle of the sovereign, and the need for common sense to replace "magic" in our view of the throne. An interesting footnote to contemporary history and politics.

Books Received

Analyses of Business Cycles. By A. B. Adams. (London) McGraw Hill Publishing Co. 292 pages. 18s. net.

The Future of Our Population. The Population Investigation Committee, 69 Eccleston Square, London, S.W.1. 30 pages. 6d. net.

The Fight for Our National Intelligence. By R. B. Cattell. (London) P. S. King and Son, Ltd. 166 pages. 8s. 6d. net.

Tea Trade in Central China. By T. H. Chu. (Shanghai) Kelly and Walsh, Ltd. 259 pages. No price stated.

The Pilgrim Trust. Sixth Annual Report, 1936. (London) 10 York Buildings, Adelphi, W.C.2. 71 pages. No price stated.

The Undistributed Profits Tax. By A. G. Buehler. (London) McGraw Hill Publishing Co., Ltd. 281 pages. 15s. net.

Reciprocity. A National Policy for Foreign Trade. By W. S. Culbertson. (London) McGraw Hill Publishing Co., Ltd. 298 pages. 15s. net.

Flexible Budgeting and Control. By D. J. Garden. (London) Macdonald and Evans, 8 John Street, Bedford Row. 244 pages. 7s. 6d. net.

Fact: The New Economic Revolution. By Margaret Cole. (London) 66, Chandos Street, W.C.2. 6d.

Signpost, 1937. An Independent Guide to Pleasant Ports of Call. By W. G. McMinnies. (London) Simpkin Marshall. 340 pages. 3s. 6d. net.

The Institute of Chartered Accountants Library Catalogue. Vol. I. Subjects and Authors. 256 pages. Vol. II. The Bibliography of Bookkeeping. 259 pages. (London) The Institute of Chartered Accountants in England and Wales. No price stated.

The Road to War. Being an Analysis of the National Government's Foreign Policy by a group of writers overlapping, but not identical with, "Vigilantes." Author of the famous "Inquest on Peace." With a preface by C. R. Attlee, M.P. (London) Gollancz for the New Fabian Research Bureau. 207 pages. 3s. 6d. net.

Public Enterprise. By W. A. Robson. (London) Allen and Unwin. 416 pages. 12s. 6d. net.

The Commercial Reciprocity Policy of the United States 1774-1829. By V. G. Setser. (London) H. Milford. 305 pages. 13s. 6d. net.

Keynes contro i classici: una nuova teoria della occupazione, dell'interesse e della moneta. By C. Pagni. (Citta di Castello) Societa Anonima Tipografica "Leonardo da Vinci." 7 pages. No price stated.

1935: Année de la Reprise économique en Hongrie. By A. Sipos. (Budapest) Imprimerie de la S.A. Athenæum. 16 pages. 1 pengő.

The Control of Overheads. Prepared for the Research Committee of the Management Research Groups. Second edition. (London) Manfield House, 376 Strand, W.C.2. 36 pages. 5s. net.

Le Corporatisme Agricole et l'Organisation des Marchés en Allemagne. By R. Bertrand. (Paris) Librairie Générale de Droit et de Jurisprudence, 20 rue Soufflot, 5e Arrt. 349 pages. No price stated.

Die Zeitwende als Wirtschaftswende. By Kurt von Eichborn. (Munich) Verlag von Duncker and Humblot. 99 pages. Rm. 2.80.

Impressions Recueillies dans quelques uns des pays de l'Amerique Latine au point de vue commercial industriel et financier. By S. Rosenthal. (Brussels) H. and M. Schaumanns, 41 Parvis St. Gilles. 157 pages. No price stated.

Official Publications

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

Twenty-third Annual Report of the General Board of Control for Scotland for the year 1936. Cmd. 5408. 1s. 3d. net.

Committee on Locust Control: The Locust Outbreak in Africa and Western Asia in 1935. 3s. net.

Civil Estimates and Estimates for Revenue Departments for year ending 31st March, 1938: Memorandum by the Financial Secretary to the Treasury. 1s. 3d. net.

Statement of the Distribution of Tramp Shipping Subsidy in respect of the year 1936. Cmd. 5420. 3d. net.

An Economic Survey of the Colonial Empire (1935). Colonial No. 126. 41 5s. net.

MONEY AND BANKING

The First Defence Loan

IN his recent treatment of the City the Chancellor has been nothing if not thorough. Having last week shaken markets by his bombshell in the shape of the National Defence Contribution, he has this week invited the investor to provide him with £100 millions for his first Defence Loan. On the whole there is something to be said for getting all these shocks over and done with. The market knew that a Defence Loan was coming some time this year, and, as Mr Chamberlain himself admitted, this uncertainty was retarding the raising of new capital by local authorities and other borrowers. There was much to be said for launching this loan at a time when private capital issues were already being deferred through the immediate reactions of the Budget.

The new loan takes the form of £100 millions of 2½ per cent. National Defence Bonds, issued at 99½ and redeemable at par by means of annual drawings of not less than 20 per cent. of the nominal amount of the bonds. The first drawings will take place on September 15, 1944, so that if 20 per cent. is redeemed each year, the repayment of the loan is dated 1944-48. As regards initial calls, 5 per cent. is payable on application, 19½ per cent. on May 10th, 25 per cent. on June 1st, and 50 per cent. on July 5th. Interest is payable on March 15th and September 15th. There is also a separate Post Office issue to small investors, additional to the main issue of £100 millions, which is made as usual through the Bank of England.

A loan redeemable seven to eleven years ahead is neither "short" nor "long." Theoretically there is a strong argument against long-term borrowing for re-armament, because battleships, aeroplanes and munitions of war have notoriously short lives. From the practical point of view other considerations are of greater importance. Foremost among these are the questions, what class of investors will be attracted by the loan; and will it prove an adequate instrument with which to tap the savings of the nation?

Judged in this way Mr Chamberlain is inflicting a severe test upon the investor. To a certain extent he will respond, partly from patriotic motives, but the new issue in itself possesses limited attractions. It is of too long a date for the discount market, which is rightly unwilling to lock up much of its funds for a minimum of seven years. It appears a little more attractive to the banks, but here the plain truth is that the upward trend of advances—its partial consequence of re-armament—has brought the banks near to the point where in the absence of a further expansion of the credit base they will have to turn sellers rather than buyers of securities. In any case, it is not the proper function of either the banks or the discount market to act as purveyors of medium-term finance to the Government, and the revival in both home and world trade and the rise in commodity prices is restoring to both bankers and bill-brokers their normal function of providing short-term finance for commerce. There remain other institutional investors, such as insurance companies and investment trusts. Here it is only necessary to point out that last Tuesday 2½ per cent. Conversion Loan, 1944-49, a practically identical stock, was quoted at 98½, or over a point cheaper than the issue price of the new bonds.

This suggests that the new loan will follow a familiar course. In accordance with the Government's new technique, the bulk of it will be taken up "inside" by various public departments and in due course peddled out to the market at such prices as, to use a well-known term, bring together a willing buyer and a willing seller. For buyers to be willing that price implies a discount, and the size of that discount will depend upon the authorities' eagerness to clear the decks and also upon the loss they are willing to accept, having regard to the

trend of the gilt-edged market during the remainder of the year. This fact alone raises several important questions. The loss will have to be borne immediately by the various departments which find themselves, *volens volens*, underwriting the new loan. It seems hardly fair to place them in a position where virtually they have to subsidise re-armament to an extent measured by their loss, and it is open to question whether public funds should be diverted in this manner. Perhaps the only case where this procedure is really justifiable is that of the Issue Department of the Bank of England, for as the net profits of the note issue accrue to the revenue, any loss falling upon the Issue Department is automatically transferred to the Exchequer and brought into the year's national accounts.

It is not easy to gauge the effect of this new loan upon the banking system and the money market. Superficially the Government is raising £100 millions against estimated defence requirements during 1937-38 of £80 millions, to be financed out of loans. This implies a margin of £20 millions this year to be applied to the reduction of the floating debt, but there is nothing to prevent the Government from presenting later in the year supplementary defence estimates to be financed out of borrowing. It all depends upon the future trend of the cost of re-armament and upon the degree to which the programme can be accelerated, and no doubt these possibilities lie behind the decision to borrow a margin of £20 millions to-day. Initially there will be a big reduction in the floating debt, because it will be impossible to have spent as much as £80 millions by next September when the final call on the new loan falls due.

Another imponderable is the extent to which the new bonds are taken up and held "inside," for this will determine the extent to which the reduction in the floating debt falls either upon the departments' floating assets or upon the tender issue of Treasury bills. If there are substantial subscriptions by the general public (or alternatively if the departments can re-sell their holdings without undue delay) then there will be a reduction in tender issues of Treasury bills, or rather the seasonal increase due to take place between now and the end of December will be minimised. If, on the other hand, the departments have to hold the bulk of the new loan, then tap Treasury bills will be reduced while tender Treasury bills will be unaffected. In either event we must envisage an appreciable drop in the total floating debt between now and next September, followed by an increase, supplementary to the year's seasonal increase, during subsequent months. This latter movement will be because the money will continue to be spent upon re-armament after the final call on the new bonds has been collected.

Assuming that a substantial part but not all of the new bonds have to be held "inside," it is reasonable to envisage a retardation of the seasonal increase in tender issues of Treasury bills between now and September 15th, followed by an acceleration from then onwards to the end of the calendar year. The seasonal contraction during the following three months may in turn be retarded by the continued expenditure of the proceeds of the Defence Loan. Thus, discount rates may be weak during the summer, firm during the late autumn and early winter, and not quite so weak as usual in the late winter and early spring. Throughout the whole of this period, however, much can happen to upset these very tentative calculations. Meanwhile the new loan will be an additional factor tending to raise the long-term rate of interest and increasingly divorce it from the short-term rate.

Finally, it is necessary to look ahead. We have already pointed out that the date of redemption of the

new loan coincides very closely with that of the 2½ per cent. Conversion Loan. Of the latter, £206 millions is outstanding, so that during the five years 1944-49 the authorities will have to deal with over £300 millions of maturing debt. Moreover, by that date the remainder of the authorised £400 millions of defence borrowing will be outstanding. Thus the whole perspective of future Government financing is being changed, and if the intention is to redeem the various defence loans out of revenue the outlook for the taxpayer seven years hence is indeed bleak. A cynic will reply that whoever is Chancellor of the Exchequer during those years will no doubt find good reason for re-borrowing or converting instead of repaying out of revenue, and no doubt the cynic will prove right. This does not alter the fact that the problem of our maturing debt is now undergoing drastic modification.

As we foresaw from the start, the issue of the Defence Loans is not proving too easy a job. Probably the Government is making the best of it, and it is certainly to the advantage of the financial world to have the first Defence Loan out of the way. Yet the basic truth remains. Granted that re-armament is a necessity, the country has to pay for it, whether by taxation or by subscriptions to loans. Both last week's Budget and this week's Defence Loan show that payment is a process which may or may not be salutary, but is certainly far from pleasant.

Financial Notes

The French Financial Outlook.—M. Vincent-Auriol's statement this week to the Finance Committee of the Chamber was very opportune, in view of the renewed feelings of uncertainty and the fall of rentes to a new record low level. In general terms he gave the assurance that the promise of a "pause" made last March, when the Defence Loan was launched, was being kept, and he pointed out that the original estimate of Frs. 17,715 millions for the Extraordinary Budget had been considerably reduced by the decisions taken on March 5. The ordinary budget deficit, originally estimated at Frs. 4,600 millions, is now placed by him at not more than Frs. 5,000 millions, this new estimate being based on the results for the first quarter of the year. Total "loan expenditure" for the year, including the ordinary budget deficit and loans of Frs. 2,792 millions made to local authorities and repayable in due course, was estimated by him at Frs. 10,117 millions. He stressed the need for stopping these automatic Treasury advances to local authorities, and hoped to introduce a Bill to enable the Departments and municipalities to obtain money without recourse to the Treasury. On the cash outlook for the Government he was much less reassuring. For the remaining three-quarters of the current year he has to find Frs. 1,400 millions for the ordinary budget deficit, Frs. 7,900 millions for extraordinary expenditure, and about Frs. 3,000 millions for the Post Office, Pensions Fund, and advances to Poland. His total need is thus Frs. 12,300 millions. To meet this he has Frs. 3,600 millions, representing the Government's balance at the Banque de France on April 15, the authority to issue the remaining Frs. 2,500 millions of the National Defence Loan, the right to borrow a further Frs. 2,200 millions from the Banque de France, and the option to call for repayments of Frs. 700 millions from the town of Paris. These last sums only add up to Frs. 9,000 millions, so that he is apparently Frs. 3,300 millions short. M. Vincent-Auriol gave no indication of how he proposed to fill this gap, but he admitted that current market conditions were too unfavourable to permit of the early issue of the remainder of the Defence Loan, and he also ruled out another long-term loan this year. Thus, by April 15th the Government had spent the major part of the proceeds of the March Defence Loans which yielded Frs. 8,011 millions. It is now faced with a prospective cash deficit of Frs. 3,300 millions.

M. Vincent-Auriol attributed the recent weakness of the franc largely to technical reasons, but he called attention to the growth in France's passive trade balance. The French trade returns for the first quarter of this year show an import surplus of Frs. 4,022 millions against one of only Frs. 2,344 millions for the first quarter of 1936. The main cause of this increase is the expansion from Frs. 3,357 millions to Frs. 6,043 millions in French imports of raw materials. M. Vincent-Auriol said that abnormally large quantities of raw materials were being imported, but he did not make any attempt to link this up with French rearmament. He admitted that a certain efflux of capital might be in progress for purely psychological reasons. He said that the Exchange Equalisation Fund had restored its holdings of foreign exchange, and that with the gold reserve of the Banque de France they had all the resources necessary to protect the franc. These resources would not be wasted on counteracting day-to-day movements, but would be used when effective resistance seemed necessary. The Government were also calling a conference to discuss the growth in the passive trade balance. On the whole M. Vincent-Auriol made the best of a very difficult job, but his explanation is far from reassuring. The Government's whole outlook is dubious, and the reactions of French re-armament and social legislation upon her trade balance and the stability of the franc are still very difficult to assess.

The Foreign Exchanges.—The main influence this week has been the break in the London and New York stock markets. In contrast to the recent trend, the general tendency on the continent is for the moment to get out of foreign securities and into home currencies, regardless of the degree of confidence normally felt in the latter. In consequence of this movement, the French franc has strengthened against sterling from Frs. 111½ last week to Frs. 110½ on Tuesday, and later to Frs. 110½. For the same reason the dollar has weakened not only against Continental currencies, but also against sterling. At one time the spot New York rate rose to \$4.94½. It later came back to \$4.93, and then rose again to \$4.94½. The influx of funds into Holland has now become so great that the Netherlands Bank has lowered its buying rate for dollars from Fl. 1.82½, where it had stood for several months, to Fl. 1.82½. In consequence the pound sterling also fell from Fl. 9.03 to Fl. 9.01. Forward rates have been very steady, but there has been rather more demand for forward guilders. The Stockholm rate remains as high as Kr. 19.40½, against a normal pegged rate of Kr. 19.39½. The reason is that there are still many forward purchases of krona to be covered both this week and in early May, and the Riksbank remains determined to exact a salutary toll from those speculators who sold foreign currencies forward earlier in the year.

The Money Market.—In spite of the beginning of the Coronation currency withdrawals, money has remained comfortable, but there was a fair demand for loans last Monday. This was explained in some quarters by clearing bank calling. Otherwise conditions are unchanged.

	Apr. 8, 1937	Apr. 15, 1937	Apr. 22, 1937	Apr. 29, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	2	2	2	2
Short loan rate :—				
Clearing banks	1½-1*	1½-1*	1½-1*	1½-1*
Others	1½	1½	1½	1½
Discount rates :—				
Treasury bills	1½	1½	1½	1½
Three months' bank bills	1½-1	1½-1	1½-1	1½-1
* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral respectively.				
The clearing banks remain buyers of June and July Treasury bills at ½ per cent., but last week the syndicate secured no more than 18 per cent. of the week's allot-				

ment of Treasury bills, and so the market has not had many bills to sell. The immediate reception of the new Defence Loan, on Thursday, confirms the views expressed on a previous page. The bulk of the issue was almost certainly taken up "inside."

The Bank Return.—This week there has been an increase of £4.8 millions in the note circulation. A small part of the expansion is due to the normal requirements at the end of each month, but the bulk of it is probably currency withdrawals in connection with the approaching Coronation. It is difficult to tell how much additional currency will be withdrawn over the Coronation and Whitsun.

BANK OF ENGLAND					
	Apr. 29, 1936	Apr. 7, 1937	Apr. 14, 1937	Apr. 21, 1937	Apr. 28, 1937
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	202.7	313.7	313.7	313.7	313.7
Note circulation	416.9	469.9	465.7	464.0	468.8
Banking Department :—					
Reserve	46.6	44.6	48.9	50.7	45.8
Public deposits	7.5	24.5	22.4	25.6	26.2
Bankers' deposits	104.7	94.8	96.9	91.2	87.6
Other deposits	39.0	38.3	37.9	38.9	39.6
Government securities	101.3	101.1	96.9	94.1	97.7
Discounts and advances	8.3	7.4	6.9	4.6	5.5
Other securities	12.6	22.3	22.1	24.0	22.0
Proportion	30.8%	28.2%	31.0%	32.5%	29.9%

In the banking department there is an increase of £3.6 millions in Government securities. The expansion in the note circulation has reduced the Reserve by £4.9 millions, and is also responsible for the drop of £3.6 millions in bankers' deposits. It will be interesting to see how the supply of bank cash is affected during the next few weeks by Coronation currency withdrawals.

Insurance Notes

Legal and General Assurance.—Another quinquennial valuation of the assets and liabilities of this Society has been made as at December 31, 1936. Since 1919 the issue of participating policies has been discontinued, and existing with-profit policies are entitled to a maximum compound bonus of 38s. per cent. per annum. For these policies the bonus reserve method of valuation is used, and future bonus at the above rate is treated as a liability, although in no sense guaranteed. For assurances the A1924/29 table is adopted, and for annuities (including deferred annuities under group pension schemes) the a(f) and a(m) table. The interest bases adopted are 3½ per cent. for participating policies and 3½ per cent. for non-participating policies and annuities. Suitable deductions are made from the value of future premiums to allow for expenses. Five years ago the rate of interest used was 4 per cent. in obtaining the liability under both assurance and annuity contracts. The results brought out in the last two valuations are shown below. The amount shown as distributed to policy-holders does not include interim bonuses paid during the quinquennium on death claims and maturities, as the published accounts give no figure for this item :—

	1927-31	1932-36
Trading surplus	1,912,460	1,612,994
Profit on reversions	394,975	485,766
Brought forward	46,157	119,882
	2,353,592	2,218,642
To Bonuses to policyholders	968,850	735,858
" Transfer to profit and loss	800,000	350,000
" Strengthening of reserves	464,860	1,039,690
" Carry forward	119,882	93,094
	2,353,592	2,218,642

New ordinary sums assured—all non-participating in form—increased from £6,381,000 to £7,113,000, and sinking fund assurances from £1,176,000 to £1,355,000. In addition to ordinary assurances, the society transacts a very large amount of decreasing term, group assurance and group pensions business.

Last year decreasing term assurances (largely issued in connection with building society mortgages repayable by instalments) and group assurances were £9,784,000, against £9,383,000, and deferred annuities (under pension schemes) increased from £1,149,000 per annum to £1,601,000 per annum. The net rate of interest earned on the life assurance fund, omitting reversions, fell from 4 2s. 11d. per cent. to 4 0s. 9d. per cent. Annuities paid increased from £369,000 to £401,000. Fire premium income was £315,000 against £323,000 in 1935, and accident premium income £221,000, against £235,000.

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	33,265	10.3	46,549	14.8
Accident	13,320	5.7	4,000	.2
Life			350,000	
Sickness			15,000	
Sinking fund			85,000	
	19,945		500,549	
Less items debited to profit and loss	10,000		130,000	
Net trading surplus ..	9,945		370,549	

Profit on investments realised during 1936 amounts to £370,000, which has been applied to write down investment values. Credit is taken for £290,000, being appreciation in the re-valuation of reversions, and the sum of £150,000 has been transferred to both the general and investment reserves. Total assets increased from £36,690,000 to £39,725,000, of which mortgages on property and loans accounted for over £13½ millions, and reversions and life interests for £4½ millions. British Government securities are smaller by more than £300,000 at £5½ millions, while debenture, preference and ordinary stocks all show marked increases. The aggregate market value as at December 31 1936 "largely exceeded" the aggregate book value. Investment reserve now amounts to £1,000,000 and the general reserve to £500,000. The ordinary dividend is increased from 42½ per cent. to 45 per cent., both free of tax. The usual 10 per cent. bonus, free of tax, is repeated, together with a centenary distribution this year of 25 per cent., free of tax. The total cost of these distributions is £160,000, against £105,000 in the previous year. It is proposed to apply £50,000 from profit-and-loss balance to pay off 5s. per share, making the shares £5 each, with 25s. paid; it is further proposed thereafter to sub-divide each share into five shares of £1 each, with 5s. paid.

World Auxiliary Insurance.—Although established in 1919 under the aegis of the World Marine, which was shortly afterwards transferred to the Northern, the World Auxiliary remains an independent concern. In 1936 premium income increased slightly from £273,000 to £277,000. The underwriting results are shown below:

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	5,350	6.0	£349	—
Accident and general ..	7,338	9.2	7,888	9.7
Marine	15,048		15,356	
	27,736		23,593	
Less items debited to profit and loss account	10,461		10,783	
Net trading surplus ..	17,275		12,810	

Total assets amount to £1,186,000, of which the book value of the Stock Exchange securities accounts for £1,012,000. The market value on December 31, 1936, was £1,085,000. Specific reserve funds amount to £250,000, while profit and loss balance, after deducting the cost of the 1936 dividend, is £144,000. The dividend is at the usual rate of 7½ per cent., free of tax, and costs £22,500 against net interest earnings of £28,000.

The State (including the British Equitable) Assurance.—This company, which was absorbed by the Royal Exchange in 1924, transacts fire, accident and marine insurance, but has not yet commenced the transaction of life business in its own name. The accounts, however, include the figures of its subsidiary, the British Equitable, new life assurances of which amounted to £829,000 in 1936, compared with £806,000 in the previous year. Total fire premium income of the State and its subsidiaries, including the British Equitable, at £836,000 was £7,000 down, but underwriting profit showed a considerable reduction.

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	36,167	6.6	18,537	3.5
Accident	20,326	9.5	12,148	5.3
Marine	9,175	11.0	3,347	4.0
Life	1,814		1,814	
	67,482		35,846	
Less items debited to profit and loss account	40,891		41,080	
Net trading surplus ..	26,591		— 5,234	

The dividend is again at the rate of 25 per cent. and costs £19,000, against net interest earnings of £33,000.

Law Union and Rock.—New sums showed considerable expansion at £2,746,000, compared with £2,455,000 in the previous year, and net interest earnings on the life assurance fund increased by 1s. 7d. per cent. to £3 15s. 11d. per cent. Total fire and accident premiums were £12,000 higher at £703,000; but underwriting results were less favourable:—

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Life	17,078	—	17,078	—
Fire	94,245	21.0	69,669	15.9
Accident and General ..	31,343	13.0	16,073	6.0
	142,666		102,820	
Less items debited to Profit and Loss ..	30,775		40,964	
	111,891		61,856	

Net interest earnings in the miscellaneous branches amounted to £48,000. The dividend is again at the rate of 16s. per cent. per share, and costs £138,000. This sum is considerably in excess of the combined net trading surplus and interest earnings.

World Marine and General Insurance.—This company was transferred to the "Northern" shortly after the war, and was originally founded to transact marine insurance, in which it has a very successful record. The continued fall of recent years in marine premium income has been arrested; last year's total at £110,000 shows an increase on the year of £3,000. Fire and general premium income also increased from £113,000 to £124,000. The results of the last two years are given in the following table:—

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire and accident	4,216	3.7	— 691	— 0.5
Marine	15,000	14.0	15,000	13.6
	19,216		14,309	
Less items debited to profit and loss account	7,500		3,392	
Net trading surplus	11,716		10,917	

Total assets amounted to £982,000 and the market investments on December 31st last exceeded book values

by £163,000. There is a general reserve fund of £300,000 in addition to strong departmental reserves. The dividend is again at the rate of 40 per cent., free of tax, and costs £40,000, compared with interest earnings of £29,600.

London Assurance.—For the fifth successive year new life assurances of this company created a fresh record at £2,824,000 and 3,156 policies, compared with £2,764,000 and 3,608 policies in the previous year. Net rate of interest earned on the life fund was practically unaltered at £3 17s. 8d. per cent. Premium income, including that of the London's associated companies, fell from £2,094,000 to £2,042,000 in the fire branch, but accident premiums increased from £1,253,000 to £1,319,000, and marine premiums from £646,000 to £647,000. Underwriting profits, though very satisfactory, were not quite as good as in 1935. The results of the last two years are given below:—

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	186,164	8.9	172,321	8.4
General Accident ..	120,043	9.6	103,389	7.9
Marine	72,011		74,928	
Life	20,000		22,500	
	398,218		373,138	
Less items debited to Profit and Loss ..	141,739		162,152	
	256,479		210,986	

Net interest earnings, after deducting £32,000 for preference dividends against £12,000 in 1935, were £183,000 compared with £216,000. The rate of dividend is again 45 per cent., and cost £230,000 with tax at 4s. 9d. in the £. Life assurance assets alone amount to £9,599,000, showing an increase in the year of £582,000, and the following were some of the main changes in the investment sub-divisions: loans of all kinds increased by £1,173,000 to £1,573,000, but British Government securities fell by £188,000 to £2,189,000; debenture stocks rose from £2,221,000 to £2,601,000, preference stocks were £226,000 greater at £656,000, and ordinary stocks expanded by £89,000 to £517,000. Total assets of the London Assurance, including its subsidiaries, now amount to £19,443,000; there is a general reserve of £1,640,000, a contingency account of £240,000 and a profit and loss balance, subject to payment of the 1936 dividend, of £823,000.

Equitable Life.—New sums assured of this Society, the oldest of all life assurance offices, rose steeply from £1,337,000 to £1,708,000, while new deferred annuities amounting to £204,000 per annum were issued—no doubt largely in connection with staff pension schemes—against £87,000 per annum in 1935. An increase from £175,000 to £233,000 in consideration for annuities completes a picture of great vitality. The net rate of interest on the funds (including reversions and investments in the Reversionary and Equitable Reversionary Interest Societies) fell by 1s. 2d. to £4 4s. 4d. per cent. As the Society does not employ agents or pay commission for the introduction of business, total expenses are small relative to the size of the funds. Expenses in connection with the considerable annuity business are not separately shown; total expenses, however, amount to only 6.8 per cent. of the premium income. During the year assets increased from £10,235,000 to £10,888,000. Mortgages on property increased by a moderate sum to £1,652,000, and loans on public rates amount to £899,000, against £706,000, but policy loans fell by £28,000 to £344,000. British Government securities at £347,000 fell by £73,000, and holdings of foreign and colonial Government securities were also smaller. On the other hand, marketable debenture, preference and ordinary stocks at £2,404,000, £501,000 and £478,000,

respectively, increased from £2,049,000, £434,000 and £448,000. The book value of stock holdings in subsidiary companies is practically unchanged at £1,608,000.

Caledonian Insurance.—The annual report of this company for 1936 contains the results of the triennial valuation of the life assurance liabilities as at December 31, 1936. For annuity contracts the basis of valuation is identical with that adopted three years ago, namely a(f) and a(m) tables, assuming each life to be "select" at the rate of valuation with interest at 3 per cent. For assurance contracts the rate of interest used was reduced from 3 per cent. to 2½ per cent. and the O^(M) table was replaced by the A^{1924/9} table. The cost of moving to the more stringent basis is not given and has operated to reduce the trading surplus shown below:—

	1931-1933	1933-1936
Trading Surplus	384,214	381,312
Brought forward	100,398	103,174
	484,612	484,486
Allocations:—		
To Bonuses to policyholders	334,294	347,524
Shareholders	37,144	38,614
Strengthening of actuarial reserves ..	10,000	...
Carried forward	103,174	98,348
	484,612	484,486

The rates of bonus declared are the same as on the previous occasion, whole life policies receiving a reversionary bonus of 42s. per cent. on the sum assured and endowment assurances receiving 40s. per cent. on the sum assured. Under the company's present double endowment plan the bonus is at the rate of £2 per cent. per annum on the initial sum assured. New life assurances in 1936 increased from £1,686,000 to £2,039,000, and annuity consideration moneys from £122,000 to £139,000. The net rate of interest on the life assurance fund was 1s. 4d. per cent. higher at £4 0s. 2d. per cent. In the miscellaneous branches fire premiums fell from £733,000 to £715,000, while marine premium income was unchanged at £86,000. On this occasion the somewhat retrograde step is taken of combining the figures of accident, employers' liability, general and motor accounts; under the combined account premium income is £521,000 against the total of £484,000 in the previous year. The underwriting results are shown below:—

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	82,499	11.3	70,289	9.8
Accident	731	7.8		
Employers' liability ..	638	1.6		
General	2,549	2.2	16,415	3.1
Motor	13,396	4.2		
Marine	9,086	10.5	10,000	11.6
Life	...		12,871	
	108,899		109,575	
Less items debited to Profit and Loss (including transfer in both years of £25,000 to general reserve) ..	81,853		69,987	
Net Trading Surplus ..	27,046		39,588	

Total assets in the life balance sheet increased from £7,861,000 to £8,071,000. Policy loans fell by £60,000, but loans on personal security and medical practices increased by £124,000; there was a net increase of £43,000 in the aggregate loans. The assets of the miscellaneous branches amount to £3,311,000, while there is a general reserve of £575,000. Interest income was £76,000, and the cost of the dividend, which is again at the rate of 75 per cent., is £89,000.

London and Lancashire.—Total premium income, excluding premiums of the life department, which is administered by the Law Union and Rock, increased

from £6,042,000 to £6,225,000, a decrease of £66,000 in the fire premiums being more than offset by increases in accident and marine premium income. The underwriting results are given below:—

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	443,789	15.8	357,202	13.0
Accident and General ..	72,716	3.3	107,025	4.6
Marine	185,508	17.8	129,520	11.5
Life	17,078		17,078	
Capital Redemption ..	1,467		1,379	
	720,558		612,204	
Less items debited to Profit and Loss	183,106		198,699	
Net Trading Surplus ..	537,452		413,505	

In addition to the reserves in each account of 40 per cent. of premium income for unexpired risk, reserves are held equal to 87 per cent., 43 per cent. and 89 per cent. respectively of premium income in the fire, accident and marine accounts. Total assets, exclusive of the life assets of the Law Union and Rock, which are incorporated in the consolidated balance sheet, amount to £17,438,000. There is a general reserve of £2,000,000 and a profit and loss balance, after payment of the 1936 dividend, of £2,461,000. The dividend is again at the rate of 50 per cent., costing £573,000, contrasted with interest earnings of £482,000.

Alliance Assurance.—New sums assured in the life department amounted in 1936 to £3,526,000, compared with £3,580,000 in the previous year, but annuity consideration moneys rose from £268,000 to £314,000. The net rate of interest on the combined life assurance and annuity funds was 2s. 9d. per cent. lower at £3 15s. 6d. per cent. Fire insurance premiums were £2,149,000 against £2,103,000, but underwriting results, although still very satisfactory, were not quite up to the usual excellent standard of the company. Accident and miscellaneous premiums expanded by £60,000 to £1,305,000 and marine premiums from £333,000 to £344,000. The 1934 marine account has been closed; £25,000 is set aside for future claims, and £45,000, against £24,000 in 1935, has been transferred to profit and loss. The results of the last two years are shown in the following table:—

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	404,531	19.2	354,652	16.5
Miscellaneous	143,067	11.5	163,430	12.5
Marine	24,179	7.3	45,070	13.1
Life	55,961		51,061	
Transfer fees	18,539		17,844	
	646,277		632,057	
To reserve	150,000		150,000	
	496,277		482,057	
Less items debited to profit and loss ..	274,504		258,468	
Net trading surplus ..	221,773		223,589	

Strong departmental reserves are held; thus in the fire account, in addition to the usual 40 per cent. of premium income for unexpired risk, a reserve of £2,400,000 is held, equal to 112 per cent. of the premium income. In the accident account total reserves amount to 97 per cent. of the premium income, while the marine fund is in excess of three times the premium income. Total assets amount to almost £40 millions, of which £26 millions refer to the life and annuity funds of the Alliance and its subsidiaries. There is a general reserve of £1,650,000 and a profit and loss balance, after payment of the 1936 dividend, of £710,000. No pronounced movement took place during the year in the classification of securities, but an increase is noted in debenture stocks from £6,047,000 to £6,625,000, and a fall of £222,000 in policy loans. The dividend for the tenth successive year is 18s. per share. It costs £482,000, against interest earnings of £350,000.

THE STOCK EXCHANGE

Major Reaction or Turning Point?

A FORTNIGHT ago, the security markets were clearing up—not without success—the weak technical legacy of certain large positions in mining shares and internationals. To-day, their state verges on the pathological. The first fruits of the National Defence Contribution have been bitter in the extreme. Investors have made rough calculations of the effects of the new tax upon their holdings; but such crude estimates are wholly inadequate as investment pointers while the larger uncertainties regarding the new basis of N.D.C. still remain. The Chancellor of the Exchequer's promised concessions regarding the datum period and the rates of interest to be employed for the capital standard have, of course, been welcomed. But the prospect of further uncertainty pending the elaboration of these amendments in the Finance Bill left the remainder of the latest Stock Exchange Account and the whole of the next exposed to shock.

Mr Chamberlain is undoubtedly right in his view that the effects of the National Defence Contribution itself have been exaggerated by the market. Many operators argue that the yield of the new tax may vastly exceed the Chancellor's estimate, and even his reiteration of the £20-£25 millions yield for 1938-39 has not wholly reassured the pessimists. Hence, what may be called the "negative uncertainties" arising from the N.D.C. have been fully—in some cases more than fully—discounted. And while buyers have been non-existent there has been little, if any, panic selling by the public; this week's slump has occurred with a sub-normal volume of actual business. In such circumstances, a technical recovery in the markets would normally follow. Buyers of cheap stock would reappear; jobbers would take stock on their books more freely; and the liquidation of strained positions could be carried out in an orderly fashion.

On this occasion, however, investment sentiment has received a serious shock, following a succession of glancing blows during the earlier weeks of the year. During the latter part of January, it will be recalled, the gilt-edged market began to anticipate the possibility of the Defence Loans, which culminated in the publication of the Government's White Paper on February 16th. The satellites of the gilt-edged market—fixed-interest securities and the sound industrial issues (whose prices include an appreciable interest element)—immediately fell in sympathy. A considerable period of irregularity in industrial shares followed. Increased dividends were no longer seized as a pretext for marking prices higher; anticipations of the adverse effects of rising prices on industrial costs were magnified by the commodity boom which followed the White Paper; and many investors began to examine their portfolios with a view to reducing their holdings of stable equities, and of shares which appeared especially vulnerable to rising costs.

In every period of prosperity, such adjustments are ultimately called for. On this occasion, however, their effects were supplemented by the effects of the "shake-out" in commodities which followed President Roosevelt's declaration early in April, and by the gold scare which followed immediately after. The latter revealed a certain amount of weakness in Johannesburg, which had its repercussions in the London market, while the determination of the authorities on both sides of the Atlantic to bring the bull position in international stocks under control necessitated further adjustments.

Thus, N.D.C. fell upon a market which was already nursing its bruises, and its effects have, therefore, been the more serious. At times this week markets have seemed on the verge of panic, and although forced liquidation has been stemmed—at least for the time being—

the uneasy poise of the market pyramid would be upset by any shifting of the sands. It appears that the majority of vulnerable positions are now safeguarded, provided that no further disturbance occurs. But since these accounts cannot finally be cleared up until market conditions permit their orderly liquidation, the prospect of an immediate recovery is not very bright. It may, indeed, take several weeks to repair the violent movements of the last few days, and the Stock Exchange must remain a prey to rumour while weak bull positions remain.

Under present conditions, quotations for many sound shares are more the result of fear than of the careful weighing of investment factors. Indeed, N.D.C. for the time being has denied the market one of its essential functions—that of estimating the prospects of earnings and dividends in the future. Precise calculations of the incidence of N.D.C., indeed, will be impossible until the Finance Bill is finally enacted and, if a Board of Referees is instituted, perhaps even longer. In the meantime, abnormally wide quotations are being made in leading industrials, normally called with a "turn" of a few pence. The table which follows, indeed, exhibits all the signs of disorder. It depicts the course of selected gilt-edged stocks (chosen for their variations in life) and of leading industrial and commodity shares, since the end of last year. The dates have been selected to show the market reactions to the White Paper, to the gold scare, and to the Budget. In the two right-hand columns the corresponding yield figures are given for December 31st and April 29th—the latter taking account of increases in dividends which have been declared since the end of last year:—

	Quotations					Yields (%)	
	Dec. 31, 1936	Feb. 17, 1937	Apr. 8, 1937	Apr. 19, 1937	Apr. 29, 1937	Dec. 31, 1936	Apr. 29, 1937
Gilt Edged						£ s. d.	£ s. d.
2½% Consols	84½	79½	76½	76½	76½	2 19 2	3 5 3
3½% War Loan	105½	102	103	103½	101½	3 2 6	3 9 0
5% Conversion	117½	115	113½	113½	111½	2 15 3	2 18 6
2½% Funding	92½	89½	88½	88½	87½	2 17 6	3 5 0
2½% Conversion	101½	98½	97½	97½	98½	2 8 0	2 13 6
Industrials							
Dorman Long (£1)	52/6	55/-	57/-	52/6	47/6	2 4 0	2 10 6
Vickers (10s.)	34/6	36/10½	31/3	31/3	28/6	2 7 0	3 10 0*
Hadfields (10s.)	33/1½	40/7½	38/-xd	34/-	32/3	2 5 3	4 5 0*
I.C.I. (£1)	41/9	40/6	38/-xd	39/6	36/9	3 16 0	4 6 0
Imperial Tobacco (£1)	181/3	155/-	152/6	151/3	147/6	2 13 6*	3 8 0†
Ind Coops (£1)	126/-	120/-	123/6	123/-	121/3	4 6 0	4 13 0
Distillers (£1)	124/3	113/9	110/6	115/-	110/-	3 5 0	3 12 6
Ass. P. Cement (£1)	108/1½	105/-	96/9	95/-	90/7½	4 1 0	4 18 0*
British Oxygen (£1)	120/-	127/6	117/6	116/3	99/3	2 10 0	2 18 0
Courtaulds (£1)	57/6	54/4½	51/6	54/4½	51/-	2 12 0†	4 0 0*
Standard Motor (£1)	150/-	166/3	155/7½	145/-	139/9	3 6 6	3 14 0
Turner & Newall (£1)	111/3	103/9	103/3	103/1½	95/-	3 2 6	3 13 3
Clan Lines (£1)	170/-	180/-	192/6	200/-	170/-	2 7 0	2 7 0
P. & O. def. (£1)	30/-	31/6	36/6	36/-	31/3	2 13 3	2 11 3
Shell (£1)	130/-	144/4½	113/1½	115/-	105/-	2 14 0†	3 7 0†
Trinidad Leaseholds (£1)	124/4½	165/7½	153/9	148/9	127/6	4 0 0	3 16 0
United Siam Betong (£1)	80/7½	87/6	82/-	77/6	65/-	2 10 0	3 1 0
Anglo-American Corp. (10s.)	89/4½	96/3	92/6	77/6	66/3	2 4 0	4 14 0*
Crown Mines (10s.)	330/-	325/-	280/-	270/-	245/-	6 0 0	7 16 0
West. Wits. (10s.)	367/6	377/6	307/6	276/9	185/-	Nil	Nil
Rhokana (£1)	257/6	305/-	310/-	276/9	245/-	1 6 9	2 9 0*
Roan Antelope (5s.)	75/6	81/-	73/6	67/6xd	60/-xd	1 19 0	5 0 0*
Int. Nickel (no par)	\$65½	\$67	\$66½	\$64½	\$55	2 9 3	3 12 9
U.S. Steel (\$100)	\$80½	\$108½	\$115½	\$113½	\$100½	Nil	Nil

* In these cases increased dividends have been declared this year.
† Free of income tax.

(n) Based on a dividend of 60 per cent.

Examining these falls, the investor may well ask himself whether the time has come for a wholesale revision

of investment policy. The cynic might observe that, under present conditions, the best investment policy is to have no policy at all. But certain broad considerations may be laid down, even amid the prevailing uncertainty. The first is that the effects of N.D.C., by themselves, have now been carried far enough. Some alleviation is promised, and that has already assisted market confidence, to a moderate extent. Any scare selling of sound industrials at this moment, therefore, is likely to be singularly ill-advised. Undue exaggeration of the extent of technical weakness may also be discounted, subject to the strict proviso that no further blows are experienced by the market. Is there any reason why the investor's confidence in the future of equity investments as a whole should be shaken? The suggestion that the Chancellor devised N.D.C. as an alternative to other forms of taxation, in order to preserve the existing level of gilt-edged securities, is very far-fetched. Yet the feeling that the authorities might not be averse to checking any undue symptoms of prosperity, including a rapid advance in equities, is undoubtedly obtaining currency. This view may have but small basis in fact; but, if it becomes widespread, the recovery of the industrial markets must be delayed the longer.

Our table, however, suggests another feature of recent security movements which is brought out even more clearly in the figures of the Actuaries' Investment Index, which appear on page 290. Whereas, four months ago, the investor was still content with a yield of 3½ per cent. on first-class industrial shares, the current figure is now well over 4 per cent., despite the increased dividends which have been paid since the turn of the year. Prospective dividend increases, if this trend continues, will need to be greater than in recent years if the general level of industrial equities is to be raised or even maintained. And it is inescapable that the scope for a further all-round advance in earnings, on the scale to which investors have become accustomed during the last four years, is becoming narrower. Costs are rising; in many industries a restive labour situation is disclosed; while in others operations are now close to physical capacity. Undoubtedly, industry as a whole can count on the maintenance of highly satisfactory total profits for some time to come. But the advance of industrial equities during the past four years has been based upon expectations of continued progress, rather than the attainment of any given level of absolute earnings. In some developing industries opportunities for increasing profits are still to be found, yet it would not be surprising if the major rise in equity prices, based on anticipations of increased earnings, has now been seen.

The investor is left, therefore, with rather negative conclusions regarding the present state and future trend of the markets. It is too early to say that the major reaction marks a turning point. Until the dust has settled on the N.D.C. controversy, and until current technical difficulties are appeased, the most careful prediction may easily be falsified. Yet of one thing the investor may be quite certain. It will take some time before the Stock Exchange is able to report "Business as usual." The present may not be a sensible time for selling; but rational investors will probably prefer to wait until the present uncertainty has subsided before tackling the long-range problems associated with the continuance of industrial recovery, which N.D.C. has thrown into such high relief.

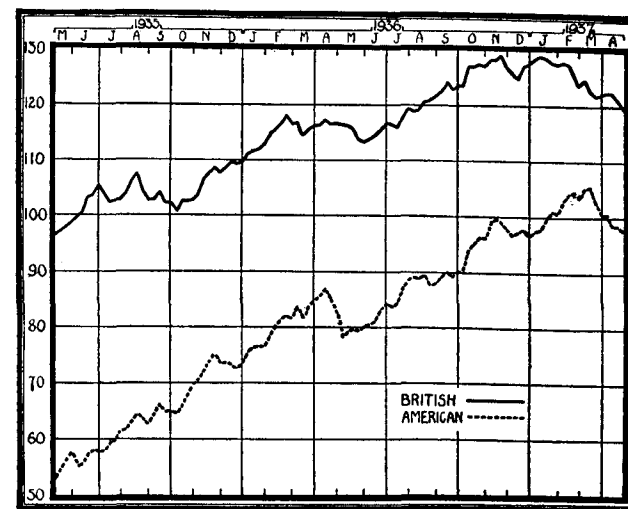
Investment Notes

Course of Share Values.—Our monthly chart of British and American equity share movements substantiates, in part, Mr Chamberlain's contention that the prevailing condition of the markets is not solely due to the impact of N.D.C. For the past two months the trend, both in London and New York, has been downward. The process of technical correction which commenced in the London market in January has been continued almost without interruption since, and the shock administered by N.D.C. has laid bare rather considerable weaknesses in the market position. As these

words are written it seems probable that the façade will be repaired temporarily, until the prevailing abnormality has been overcome. Our chart, however, shows that, at the end of Budget week, London was retreating faster

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

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



than New York. The latter centre has difficulties of its own; the labour situation is far from clear; and the Administration pursues its anti-boom propaganda. Lately, Wall Street has shown itself vulnerable to London's influence, although the scale of this week's falls suggests speculative selling on exaggerated ideas of

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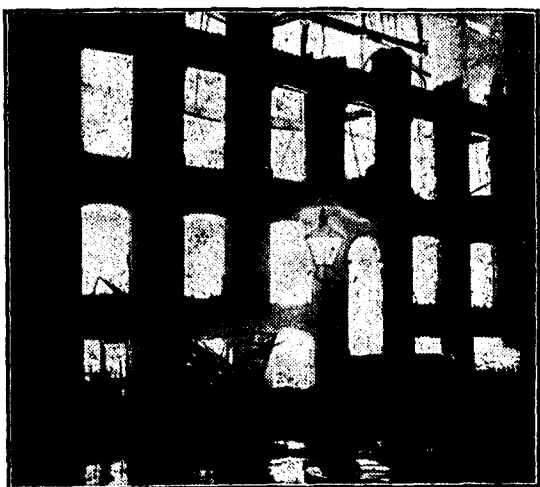
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London's difficulties. April, indeed, has produced more showers than sunshine in the markets. It began with President Roosevelt's bearish declaration on commodity prices, proceeded with the gold scare, and ended with acute technical strain after the Budget. And at this moment, the prospect of immediate recovery cannot be ranked very high.

Meanwhile, the Actuaries' Index of equity shares shows the effect of the gold scare and Budget blows by a fall from 86.5 to 84.2 during the past month (December 31, 1928 = 100). Details of certain fixed and variable dividend security indices are given below:—

Group (and No. of securities)	Price (Dec. 31, 1928 = 100)			Yield (%)		
	Year ago (Apr. 28, 1936)	Month ago (Mar. 30, 1937)	This week (Apr. 27, 1937)	Year ago (Apr. 28, 1936)	Month ago (Mar. 30, 1937)	This week (Apr. 27, 1937)
Fixed Interest:						
2½% Consols	151.7	136.3	136.6	29.4	3.27	3.27
4% Victory Bonds	122.4	115.8	116.6	...	...	...
4% Consols and 3½% Conversion Loan	134.3	128.4	127.4	...	...	...
Misc. Industrial Debts (20)	125.8	120.5	120.8	3.92	4.12	4.11
Misc. Indust. Prefcs. (47)	120.7	114.2	115.8	4.27	4.55	4.48
Ordinary:						
Building Materials (5) ...	101.7	97.1	92.6	4.75	5.47	5.72
Coal (7)	98.7	119.9	112.5	4.13	3.18	3.42
Electric Lt. & Power (16)	136.4	125.4	128.1	3.74	4.23	4.15
Iron and Steel (12)	70.7	79.3	72.2	3.14	4.25	4.75
Motors (5)	59.1	54.5	59.4	3.99	4.46	4.71
Oil (5)	84.8	103.5	92.6	2.61	4.56	5.28
Electric Supplies (10) ...	137.9	150.7	142.0	3.59	4.04	4.11

The general industrial index, it will be seen, conceals some striking falls in certain groups. The process of adjusting equities to a higher yield basis continues for the 177 industrials included in the Index show an overall return of 4.20 per cent. compared with 4.09 per cent.



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Branch Office: 3 Laurence Pountney Hill, LONDON, E.C.4

a month ago and 3.64 per cent. a year ago. Conversely, the past month's events have diverted attention to gilt-edged and stable dividend securities. It is now somewhat difficult to obtain free supplies of sound industrial preference shares to yield 4½ per cent.

National Defence Bonds.—On Monday, Mr Chamberlain announced the terms of the first re-armament loan—£100 millions of 2½ per cent. National Defence Bonds, issued on Thursday at 99½, and repayable from September 15, 1944 to 1948, by annual drawings of not less than 20 per cent. of the nominal amount of bonds created. On the day of the announcement, 2½ per cent. Conversion Loan, redeemable 1944-49, stood fully one point lower than the issue price of the new bonds. Although sensational notions of a City "boycott" of the new bonds owing to N.D.C. can be dismissed, it cannot be said that the reception of the terms was auspicious. In principle, a short-life issue with a heavy sinking fund is desirable for financing re-armament, and the terms arranged in this instance completely refute the idea that, because the charge for re-armament loans on the Defence Votes is to run for thirty years at 3 per cent., identical terms must be slavishly adopted in floating the issues in the market. The former, indeed, is merely a matter of budget book keeping, while the latter is scarcely practicable. For all their desirability in principle, however, institutional investors have not taken kindly to the issue terms of the Defence Bonds, as we show on page 283. For the private investor they offer a slender yield, which largely offsets their comparative immunity from serious capital depreciation. The anticipation that the Public Departments would be called upon to take a substantial part of the Bonds was coupled, on Thursday, with the suggestion that dealings might commence at, say, two points discount. The market recalls, moreover, that the 2½ per cent. Funding Loan issued in December, 1935, at 96½, now stands 9 points lower than the issue price, while the 2½ per cent. Funding issue of last November, made at 98½, is now 93½. The technique of pitching the terms of new Treasury issues slightly above the market, in fact, bears some signs of a bluff which has now been called.

N.D.C. Revision.—The market's relief at Mr Chamberlain's promise to revise the basis of the National Defence Contribution has been tempered by the fact that substantial damage to the market had already been done, and that uncertainty will remain until the revised terms are published in the Finance Bill and approved by Parliament. As the market interprets the Chancellor's intentions, the base period will be drastically revised; the definition of "capital" is to be re-examined; and the datum rate of profit of 6 per cent. for companies is to be replaced by variable rates for different industries. During the next few weeks, therefore, investors must content themselves with the general assurance that anomalies and inequities will be alleviated. They find it difficult, however, to understand the Chancellor's reference to a "premature conception of what the proposals were," for their reaction has been based solely on the Chancellor's Budget speech, the examples set out in the White Paper, and upon subsequent explanations by Government spokesmen. The revival of market confidence which greeted the Chancellor's statement has quickly evaporated, under the pressure of renewed technical weakness. The revision of N.D.C. clearly promises to be so considerable that a firm investment policy in the interim will remain out of the question. If re-armament profits only are to be subject to the new impost, and the datum year is shifted to, say, 1936, the growth of profits will accordingly be smaller. The consequence, the market infers, is that the Chancellor's problem of raising revenue will be increased, and that the rate of levy upon the growth of profits will need to be revised or a

fresh source of revenue unearthed. Meanwhile, the adoption of the main feature of the Corporation Profits Duty is found further advocates. The maximum rate of impost contemplated under C.P.T. for any company as 10 per cent. on its ordinary capital. A similar provision incorporated in N.D.C. would reduce the arbitrary incidence of the new tax which must otherwise rise from geared capital structures, and, in addition, the relatively stable profit-earning companies would so make their contribution.

Statutory Percentages under E.P.D.—The Chancellor's suggestion of variable percentages for the N.D.C. capital standard in different industries recalls the problem which arose under the Excess Profits Duty. The Board of Referees, which was set up under the second Finance Act of 1915, was given power to fix rates for the percentage standard for different industries, provided that the maximum tax liability imposed by the act upon any subject was not thereby increased. The Board gave 176 decisions, of which 66 referred to asses of business carried on in the United Kingdom, and as many as 110 classes carried on abroad but conducted from this country. The average percentage granted was slightly below 10 per cent. for home companies (compared with the original statutory rate of 6 per cent.), and 11.3 per cent. for concerns operating overseas. In the table which follows we set out a selection of percentage rates awarded for calculating the capital standard under E.P.D. for certain industries:—

Trade or Industry	Percentages for Companies	Trade or Industry	Percentages for Companies
Aeronautical Instruments.....	6	Gold Mining (Rhodesia and W. Africa).....	22½
Aircraft Engines.....	15	Lead Mining (W. Australia).....	14
Aircraft Manufacture.....	19	Manganese Mining (Gt. Brit.).....	16
Artificial Tin Mining (Nigeria).....	13	Manganese Mining (India).....	10
Asbestos Mining (Mexico).....	17	Metals and Alloys (for high-speed steel).....	12
Asbestos Smelting.....	16	Motor Manufacture.....	7
Asbestos Mining (Rhodesia).....	16	Oil (Persia).....	11
Capt. Manufacture.....	6	Oil (Trinidad).....	14
Cane Sugar (Brit. W. Indies).....	7	Oil (Burmah).....	8½
Chemical.....	6½	Omibuses.....	8
Copper Ore Mining (New Caledonia).....	22½	Paint and Varnish.....	6
Colemanograph Industry.....	11	Pig Iron.....	7
Coal Mining.....	9	Road Materials.....	8½
Coke Manufacture.....	8	Rubber Manufacture.....	6
Copper Mining (Chile).....	10	Rubber Growing.....	10
Copper Mining (Rhodesia).....	12	Ships.....	8
Dates (Sudan).....	8	Steel Manufacture.....	9
Electric Cables.....	7	Synthetic Dyes.....	8
Electric Supply (London).....	7½	Tea Growing.....	8
Electric Supply (Provinces).....	7	Theatres (West End).....	15
Electric Supply (Hankow).....	9	Theatres (other).....	11
Explosives.....	8	Tin Dredging (Malay).....	13
Glass Preparation.....	10	Tramways.....	7½
Gold Mining (Brazil).....	13	Tungsten and Molybdenum.....	12
Gold Mining (Columbia).....	15	Wire.....	9
Gold Mining (India).....	27½	Typewriters.....	9

These rates applied to companies, and an additional 1 per cent. was allowed for firms and sole proprietors. For accounting periods after 1916 an additional 1 per cent. allowance was made to firms and sole proprietors, and for all concerns an additional 3 per cent. was allowed for increased capital. The table discloses a considerable degree of differentiation between home industry and mining and other speculative concerns, whose claims the Chancellor was at pains to stress in Tuesday's debate.

Wall Street in Retreat.—Apart from Tuesday's partial recovery, prices on Wall Street have been falling rapidly throughout the past week. The causes of this setback include the familiar fear of inflation in America as a result of unbalanced budgets; but this hardly seems adequate since the administration is apparently more economically minded at the present than at any time previously. Mr Eccles' opinions on the subject are not being ignored in Washington. A second argument seeks to explain the reverse as due to the recent regulations on in-and-out trading which have operated to make the market react more violently to small impulses than previously. But by far the most important influence has been the collapse of prices in London, as a result of the widespread fears of investors over the effects of Mr Chamberlain's new tax. The tax proposed to collect

a relatively moderate revenue, and the precipitate fall in many prices here suggests that there was a very heavy speculative position in London. The weakness of Wall Street may have been due to some extent directly to sales by London holders wishing to cover their London losses. But a larger part must have been the result of sympathetic nervousness, which found the ground well prepared by the President's recent attacks on high commodity and security prices. It seems clear that in recent days speculators in New York and in London have been made to realise that profits are not to be made so easily. But there seems little reason to anticipate a long continuation of Wall Street's state of nerves. American economic recovery has a long way to go, and business reports continue to justify good expectations. The labour situation, undoubtedly, will remain a bearish influence, and the usual seasonal recession during the summer may be expected. But these factors do not justify gloomy pictures of a return to 1929 conditions; a reasoned but discriminating optimism still appears justified for the investor.

Insurance Share Index.—After rising continuously during each quarter of 1936, our insurance share index (1913=1,000) fell somewhat sharply from 5,111 for December, 1936, to 4,800 at the end of March last. The index was thus actually a little below the level of 4,952 for the same date in 1936. The following table shows the 24 component indices, and also the general average for the last three years and for each of the last four quarters:

	1934	1935	1936	June 30, 1936	Sept. 30, 1936	Dec. 31, 1936	Mar. 31, 1937
Alliance	2,208	2,316	2,525	2,478	2,520	2,562	2,310
Atlas.....	3,452	3,667	3,968	3,905	3,936	3,968	3,682
Caledonian.....	4,820	5,032	5,464	5,221	5,535	5,787	5,535
Commercial Union.....	4,449	4,694	4,870	4,789	4,789	4,680	4,354
Employers Liability.....	2,355	2,405	2,540	2,658	2,522	2,613	2,477
Equity and Law.....	3,733	4,670	5,909	6,160	6,205	6,339	5,785
General Accident.....	10,165	12,089	14,716	14,132	14,932	15,199	15,332
Gresham Fire.....	4,651	5,166	5,016	4,381	4,762	4,667	4,381
Guardian.....	3,272	3,487	3,793	3,737	3,763	3,846	3,487
Legal and General.....	10,068	11,735	13,716	13,552	14,098	14,754	12,678
Life Assoc. of Scotland.....	3,186	3,667	3,932	3,923	3,994	3,994	3,994
London and Lancashire.....	4,673	5,039	5,676	5,539	5,577	5,462	5,077
London Assurance.....	2,687	2,996	3,293	3,493	3,493	3,348	3,202
North British and Mercantile.....	4,984	5,995	6,975	6,879	7,134	7,134	6,497
Northern.....	2,149	2,364	2,597	2,686	2,567	2,537	2,448
Phoenix.....	1,970	2,089	2,177	2,199	2,148	2,080	1,996
Prudential.....	3,195	3,387	3,669	3,597	3,597	3,597	3,357
Royal Exchange.....	4,204	4,805	5,499	5,606	5,606	5,545	5,114
Royal.....	2,828	3,129	3,366	3,333	3,419	3,398	3,097
Scottish Life.....	3,708	4,382	4,761	4,494	4,494	4,494	4,382
Scottish Union and National.....	4,732	4,996	5,490	5,620	5,620	5,768	5,176
Sun Fire.....	3,088	3,271	3,316	3,333	3,333	3,289	3,067
Sun Life.....	2,632	2,972	3,375	3,426	3,325	3,577	3,022
Yorkshire.....	3,401	3,575	4,091	4,020	4,071	4,020	3,762
Average	4,025	4,497	5,031	4,965	5,080	5,111	4,800

Whereas the movements during the last three months of 1936 were irregular in tendency (the movements of two shares being mainly responsible for the net increase), the most recent indices show a decline almost throughout. Two shares only, those of Equity and Law and General Accident, have risen, while the index for Life Association of Scotland was unchanged.

WHITE DRUMMOND & COMPANY LTD.

(ESTABLISHED 1900)

CAPITAL ISSUES

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Company Notes

Imperial Chemical Industries Meeting.—Lord McGowan's speech at the I.C.I. meeting on Thursday agreeably balanced retrospect against prospect. Imperial Chemical Industries has reached its tenth anniversary, having passed through the greatest depression of modern times, and can rightly claim to have consolidated its position in a manner worthy of the greatest British industrial undertaking. If the original hopes of the founders have not been realised to the full—they formed the basis of the issue of the deferred shares which have now disappeared—the company's record as a fusion of diverse industrial interests into an administrative entity is none the less satisfactory. Lord McGowan's speech endorsed at many points the view which has been consistently taken in these columns of the merits of I.C.I. ordinary stock. Responsibilities to workers, stockholders and customers were recognised. Research and installation of the most up-to-date equipment must continue if the future progress of the undertaking is to be assured. The consistent results which the company has shown during the last decade substantiate these viewpoints. During that period, in fact, some £9,000,000 have been expended upon research and some £7,000,000 upon reorganisation and concentration of the group's factories. The review of the past year's results again emphasises that I.C.I. is an industrial equity which itself provides an important element of diversification, through the wide range of industries which the company serves. But the board justifies its conservative dividend policy on the double ground that the course of industrial activity is not for ever upwards, and that, in the present context of rising costs, it does not follow that the course of profits will necessarily match the curve of economic activity. Indeed, the company may shortly be forced to review its existing selling prices—a reversal of the policy of reduction which has been pursued in recent years. Nor despite a fairly favourable review of overseas conditions last year, did the chairman contemplate the export markets with equal confidence, and his conclusion regarding the current year's prospects was in decidedly cautious vein. As a relatively stable earnings stock, I.C.I. ordinary has not been unduly affected by N.D.C. At 37s. 3d., it yields £4 6s. in keeping with its stable return.

Ford Motor Results.—Since its prosperity was re-established in 1934 the Ford Motor Company has introduced several new models into its Dagenham-manufactured range; has brought into operation its iron and steel plant; and has made a bold reduction in the price of the 8 h.p. model. The trend of profits testifies to the board's sound judgment in achieving these changes. Before the special charges for works adaptation in 1934 and 1935, trading profits were £1,440,908 and £1,513,450 respectively; in 1936 they amounted to £1,558,990. These figures include no credit for dividends paid to the wholly-owned Luxembourg holding company in respect of the company's 60 per cent. interest in most of the European Ford concerns (outside France and Germany). In total, these dividends would represent a substantial additional revenue. Of the profits actually brought in, the directors set aside nearly half (£749,571) for depreciation and obsolescence, and provide a much larger sum (£174,209, against £59,903) for tax. The employees' benefit contribution of £108,500 is also materially larger than in any previous year. The follow-

ing table shows that the 6 per cent. dividend requires £495,000 out of earnings, which, after deducting the substantial tax reserve of £174,209, amount to £511,767:

	1934	1935	1936
Gross profits, less fees	1,407,256	1,392,787	1,549,524
Employees' and boys' school	5,771	75,517	116,212
Depreciation, etc.	619,301	714,370	749,571
Tax	25,000	59,903	174,209
Earnings for Ordinary	636,118	597,153	511,767
Paid	348,750	348,750	405,000
Earnings %	9.1	8.6	7.6
Dividend %	5	5	6
Carry forward	523,083*	771,486	864,179*

* After adjustments.

The balance sheet shows that generous depreciation provisions have not been allowed to accumulate as idle cash. Surplus liquid assets are down from £1,737,000 to £1,140,000, while land and buildings are up from £3,762,000 to £3,972,000, and plant is up from £4,453,000 to £4,603,000. In the report the directors refer to new models which are expected to widen demand. The latest of these (the new 10 h.p.) will have to encounter a special form of competition from the corresponding German-made Opel, whose introduction appears to be designed, in part at least, for the provision of free sterling exchange for General Motors, who must otherwise forgo revenue from their German investment. At 27s. 6d. cum dividend, Ford shares yield £4 11s. 6d. per cent.

Morris Motors Report.—The first report to be issued since the marketing of Morris Motors ordinary shares last October would, under normal market conditions, be well received by the new holders of the equity. It shows an increase in trading profits from £1,650,636 to no less than £2,372,082, while net profits, after providing for maintenance, depreciation, and taxation, and crediting other income, have increased from £1,167,736 to £1,703,306. The 45 per cent. dividend, therefore, is covered by earnings of as much as 74.4 per cent., so that, for 1936, the company has set aside almost the same sums to internal reserves as in the previous year. The following table analyses these impressive results:—

	1934	1935	1936
Gross profit	1,044,595	1,650,636	2,372,082
Maintenance	336,929	271,832	311,030
Depreciation	156,698	176,154	182,017
Net profits*	552,858	1,167,736	1,703,306
Preference dividend	225,000	225,000	225,000
Ordinary shares:—			
Earnings	327,858	942,736	1,478,306
Paid	200,000	340,350	894,375
Earnings (%)	16.4†	41.5†	74.4
Paid (%)	10†	15†	45
Reserves	150,000	600,000	550,000†
Carried forward	236,145	238,531	272,462

Ordinary capital..... 2,000,000 2,269,000 2,650,000
 * Including other income, after charging taxation and staff funds.
 † £500,000 reserve fund and £50,000 for staff pensions reserve.
 ‡ Tax Free.

The latest profits must, in the directors' words, be considered eminently satisfactory. They are accompanied, moreover, by a consolidated balance sheet which exhibits massive strength. Out of total assets amounting to £14,109,430, current assets represent no less than £9,947,193, and of the latter sum cash stands at over £2,500,000, and Government and other securities at nearly £4,250,000. Against these totals, such amounts as £1,296,327 for trade creditors, £362,187 for income tax and the final dividend of £894,375 are almost trivial. The consolidated and legal balance sheets and the profit and loss account adopt the sensible practice of showing the effect of the directors' proposed appropriation of profits. On the prospect for the current year the report is silent. The recent feeling in the motor industry

reveals some concern at the rise in costs of materials and labour, reflected in the case of some manufacturers by a slight upward revision of prices for their new models. It seems at least reasonable to suppose that even the Morris undertaking may find it more difficult to match the past year's increase of profits under prevailing conditions, and on this assumption the present price of 39s. 1½d. and the yield of £6 2s. for the 5s. ordinary stock units appears justified.

Union Castle Report.—Although Union Castle ordinary stock is not at present publicly dealt in, the accounts are, of course, of peculiar interest to the shareholders in both R.M. and E.D. Realisation, who between them hold nearly all the ordinary stock. It so happens that each 100 shares of the Realisation companies represent roughly £127 ordinary stock in Union Castle. Under the 1936 settlement of the dispute on the question of voting rights between Union Castle ordinary and preference shareholders, the former undertook to secure a wide distribution of the ordinary stock among the general public, i.e. not to sell existing blocks held by the Realisation companies in such a way as to transfer control to any other group. It is generally assumed that the method for carrying this undertaking into effect will be the ultimate distribution in specie of the Union Castle stock now held by the Realisation companies among their shareholders. The process of realising the respective R.M. and E.D. positions has now achieved an advanced stage and it may well be that the present Union Castle report will be the last before the actual split-up occurs. It shows an increased profit on voyages of £473,450—an advance of £122,331 or nearly 35 per cent. over 1935. The net profit, after provision for tax amounts to £435,828 (an increase of £105,913 on the year) which represents earnings of 14.7 per cent. on the ordinary capital after allowing for a normal year's preference dividend.

The Board hopes that the final stage of clearing up the preference arrears will be accomplished out of profits for the current year. The balance sheet has also been put into thoroughly sound shape by utilising £1,290,323 of available reserves to write down investments. A special depreciation provision of £200,000 is made out of income in respect of vessels being re-engined, in addition to the provision of normal depreciation, calculated at the customary rate of 5 per cent. The decks are thus almost cleared for resumption of ordinary dividends, but the Board, evidently desiring to check undue optimism, warn shareholders of the heavy commitments in respect of the shipbuilding and re-engining programme. This will involve annual payments in future years which may have to be dealt with on a more permanent basis. Having regard to the conservative financial policy, the strong balance sheet position and upward secular trend of earnings, the units are likely to be a popular market when introduced on the Stock Exchange.

American Railroads' Recovery.—The New York Central Railroad in 1936 made the biggest advance in gross revenue since the period of recovery began, receipts being within hailing distance of those earned in the 'twenties. Total revenue of \$361 millions compared with \$310 millions for 1935, and despite the inevitable rise in expenses, a net profit of \$8,933,000 resulted, against a mere \$115,000. Thus although no dividends are being paid, \$1.79 per share has been earned. Considerable attention has been given to the improvement of equipment. Over half the increase in operating expenses is due to maintenance, while the profit and loss account has been debited with no less than \$14 millions for the writing-off of properties and equipment—this for the writing-off of properties and equipment—this sum considerably exceeding the largest amount so applied in any of the last ten years. The Pennsylvania Railroad is another undertaking which has enjoyed substantial recovery. Its total operating revenue of \$441 millions is 20 per cent. higher, though compared with

pre-depression years results are still considered sub-normal. The distribution of \$1 per share in respect of 1936 is unchanged, but the available earnings have risen from \$1.81 to \$2.94 per share. On this system also large sums have been spent on the retirement of property, though the \$25 millions debited includes expenses arising from flood damage. Traffics for both railway systems for the early months of 1937 shows marked improvement over those of 1936.

Babcock and Wilcox Recovery.—This company's efforts to restore normal profit levels are meeting with success, although the earnings of ten years ago are not yet restored. The improvement of 18 per cent. in trading profits for the latest year, however, is a very satisfactory achievement, and it results from a growing volume of trade at home and abroad. Ordinary shareholders at once benefit by an addition of 2 per cent. to their dividend, but almost the whole excess of earnings over the higher distribution is again retained for their future benefit in the dividend equalisation fund.

	1934	1935	1936
Total profits	424,590	525,657	619,300
Rents, rates, taxes	9,134	7,633	28,585
Other expenses	40,075	41,019	45,038
Preference dividends ...	14,952	14,952	14,952
Ordinary shares—			
Earnings	360,972	462,053	530,725
Paid	343,972	343,972	429,966
Earnings %	8.5	11.5	13.1
Paid %	8	8	10
Div. equalisation	25,000	100,000	100,000
Carry forward	44,406†	65,893†	66,652

† After bringing in from Income Tax Account, £29,561 in 1934, and £3,406 in 1935.

The company's fame as boiler and marine engineering specialists is world-wide. Yet its wide interests justify the directors' reference to the need for a conservative distribution policy in view of the prevailing international trade situation. Despite the recovery in profits since 1933, the company has not been treated by the market as an obvious target for N.D.C., for the shares have fallen only from 49s. to 47s. The balance sheet shows its customary financial strength. Securities represent nearly 30 per cent. of the total assets, but their level of £2,316,308 is appreciably higher than the 1935 figure of £1,606,264. On the other hand, cash and shares in other companies have fallen. Though under the present trend of prices stock valuations provide only a rough indication of the volume of trade, the rise in stock from £915,266 to £1,203,029 is of some importance. At the present price the ordinary shares yield £4 5s. 3d.

Boomlet in Tea.—With most commodities temporarily in eclipse and some still undergoing the ordeal of the speculative "shake-out," tea has come more prominently to the fore in the past few weeks. Although tea shares have been unable to withstand this week's panic in the markets, losses have by no means wiped out all recent gains. A minor boomlet at the Mincing Lane auctions has carried average prices up by fully 2d. a lb. since the beginning of March, while, even more significantly, quotations for all grades are now 2½d. a lb. higher than the corresponding figure last year. Genuine trade demand is entirely responsible for the advance; there has been no incursion of outside speculators in search of untapped opportunities. This demand has been accompanied by an exceptionally big reduction in London warehouse stocks of tea. Between February

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and March alone, stocks fell by over 28,000,000 lbs. to a total of 161,065,000 lbs., compared with 231,978,000 lbs. a year ago. This reduction can only be due either to an increase in consumers' demand or to a substantial accumulation of hidden reserves in the hands of distributors. In this country, part of the increased buying was almost certainly carried out in anticipation of the Budget. Merchants abroad may also have safeguarded their supplies of a commodity which, almost alone, has so far shown little disposition to follow the general trend.

* * *

If this explanation serves for the rise in prices, the future must be viewed with considerable caution. Some setback, of possibly substantial dimensions, may conceivably occur as soon as distributors' requirements have been satisfied. Though it seems fair to assume that a moderate increase in consumers' demand is taking place and that some part of the advance will be held, investors should be slow to base their valuation of tea company prospects on current tea prices alone. Any advance in demand for tea is likely to be extremely gradual. More significant from the long-term standpoint is the readiness with which higher prices evoke larger supplies. The potent forces of Japan, China and Formosa still remain outside the restriction scheme. In general, therefore, though the outlook for tea companies has undoubtedly improved, an advance in profits comparable with that of some other commodity groups appears improbable. Moreover, the prospective gains are likely to be somewhat unevenly distributed. In periods of rising prices the gap between common and high-grade teas tends to narrow. On the current showing, low-grade producers will probably enjoy a larger relative improvement in profits than producers of finer quality teas. Companies in the low and low-medium categories, such as Chubwa, Chulsa, Deundi, Brahmapootra in India, and Sumatra Tea and Tjiwangie in the Dutch East Indies appear, on this reckoning, to offer the more attractive possibilities.

* * *

Rand Leases.—The Rand Leases report for 1936, writes our mining correspondent, is of special interest, since it covers the first period of productive operations. Milling commenced in the middle of April, apparently without any difficulty. The output expanded progressively until in December it reached 71,000 tons. Costs, naturally, were somewhat high at 23s. although this figure includes 5s. 4d. per ton on account of development expenditure. After allowing for debenture interest and expenses, and taking into account sundry revenue, a balance of £107,200 remained. Of this sum, £75,000 was absorbed in payment of a maiden dividend of 5 per cent. The Union Government's share of the profits amounted to £8,000 leaving £24,200 to be carried forward. The fully-developed ore reserves amount to 3,041,000 tons—an increase of 581,000 tons on the year—averaging 4.8 dwts. over a stoping width of 43 inches. The quotation of the ros. shares at 37s. 6d., although well below the recent best seems to discount the prospect of increased profits.

* * *

Selection Trust.—Although the greater part of the increase in profits from £119,050 to £434,400 was due to realisation of investments, the Selection Trust holdings in Consolidated African Selection Trust, Roan Antelope and Trepeca yielded a larger revenue. The past year, of course, was favourable for market transactions in base metal and diamond shares. Quoted investments appear at £2,733,170, compared with £2,867,660 on December 31, 1935, and their market valuation considerably exceeded the balance sheet figure. In addition to its holdings in the above concerns already named, the Trust has a substantial interest in the American Metal Company, through which it obtains an indirect interest in several Northern Rhodesian copper concerns, as well as in numerous base metal mines, treatment and

marketing undertakings in North America. This concern has now overtaken its preference dividend arrears and should make distributions on its ordinary capital in the fairly near future. On the basis of last year's dividend of 1s. 6d., Selection Trust 5s. shares at 31s. yield approximately 4½ per cent.

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Other Company Results.—Our usual analysis of profit and loss accounts appears on page 316, while on page 314 the results are discussed under the heading "Shorter Company Comments." The reports, which continue to be numerous, again include a large number of industrial and rubber companies.

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Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—San Paulo (Brazilian) Railway, Imperial Chemical Industries, Barry and Staines Linoleum, Army and Navy Stores, Bignells, Oxendale and Company (Proprietors), General Accident Fire and Life Assurance, London Assurance, Royal London Mutual Insurance, Scottish Union and National Insurance, Anglo-American Debenture Corporation, Rio Tinto Company, Oriental Telephone and Electric Company, and Nirmala (Java) Plantations and Lands. At the San Paulo (Brazilian) Railway meeting the chairman pointed out that gross receipts, goods tonnage, and the number of passengers carried, all created a record in the company's history. Lord McGowan's address to Imperial Chemical Industries stockholders is discussed in a Note on page 292. It was explained by Brigadier-General Sir Frederick Gascoigne at the Army and Navy Stores meeting that the increased profit was due not only to a greater turnover, but also largely to economies. At the statutory meeting of Bignells, Limited, Mr Arthur J. Bignell expressed satisfaction, in view of rising commodity prices, that forward contracts covered raw material requirements up to August, 1938. Contracts had been received to keep the business fully occupied until that time. The chairman of Oxendale and Company (Proprietors), Ltd., disclosed to shareholders that a deferred dividend might be declared shortly. Sir Francis Norie-Miller, addressing General Accident Fire and Life Assurance Corporation shareholders, was able to report that, in spite of the fall in money values, interest earnings had once more increased substantially. At the London Assurance meeting the Governor referred to underwriting problems in the accident department, due to increasing claims and legislation in connection with motor insurance and workmen's compensation. Mr J. K. Wiseman told his hearers at the Royal London Mutual Insurance Society meeting that new business in the ordinary life branch had been a record, exceeding £6,000,000 for the first time. At the Scottish Union and National Insurance Company meeting Mr James L. Mounsey drew attention to the satisfactory fire account statement. Premiums were less than in 1935, but claims had likewise fallen in amount. Sir A. Henry MacMahon explained to Oriental Telephone and Electric Company shareholders the obstacle to development that existed in present methods of charging in Singapore. The chairman of Nirmala (Java) Plantations and Lands Company pointed out at the annual meeting that the average selling price for tea was 10½d. London equivalent, and for rubber 8d.—this being better than the average in London for the year. Sir Auckland Geddes, reviewing for Rio Tinto stockholders the company's manifold difficulties, estimated that the war in Spain had cost them a quarter of a million pounds and perhaps more. Mr Richard Guinness pointed out to Anglo-American Debenture Corporation shareholders, that the usual estimates made for the coming year suggested that the 12 per cent. dividend could be maintained. Speaking of rising costs, Mr William Sutton, at the Barry and Staines Linoleum meeting mentioned that apart from higher raw material prices, a wage increase had been given in the last 12 months, and another was being asked for.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: MAY 4

ACCOUNT: MAY 6

THE market collapse of the past week almost suggests that the Chancellor proposed to tax away all profits for evermore. That the Stock Exchange should have reacted so violently to a proposal to collect some £2 millions in the present year and £20 millions in a full year indicates that the technical condition of the market was already dangerously weak. To talk of a parallel with 1929 conditions, and of the danger of general depression, indicates hysteria rather than reason. But the violent movements of the past week reflect an extremely weak speculative position which will take a considerable time to mend.

Gilt-edged securities were steady early in the week and held their own immediately after announcement of the new defence loan, but prices became weaker later, particularly for undated issues. Greater stability returned on the Chancellor's willingness to consider modifications to N.D.C. India stocks and Dominion issues were steady, except for further speculative selling of New Zealand issues. Foreign bonds, including European, Japanese and South American issues, were generally lower throughout the week. Talk of higher freight and passenger rates stimulated home rails early in the week, but dullness developed later, despite satisfactory traffics. Argentine rails were depressed throughout.

The break in the markets, therefore, has been largely concentrated on the industrial and speculative mining sections. Equity prices have crumbled under the pressure of forced liquidation, and although the markets found a rallying point in Mr Chamberlain's promise to revise the basis of N.D.C., the widening circle of selling has since produced extreme conditions. Dealing conditions have at times been almost impossible, and in leading industrials it has not been uncommon to find shares quoted with a half-crown turn, or "sellers only." Rumours of further market difficulty both in London and Paris have added to the extreme uncertainty, and there has been little sign of the supporting orders which normally accompany a setback of more modest dimensions. Heavy selling of leading international counters has added to London's

discomfiture, and the prevailing condition of the markets is one of extreme depression and no inconsiderable fear of what next week's settlement may bring.

Steel shares opened weak, and falls of 2s. 6d. in Dorman Long and 1s. 6d. in Vickers were immediately recorded. Prices moved uncertainly on Tuesday, closing with a small recovery, but renewed weakness developed on Wednesday and for a time on Thursday. The appearance of small bargain hunting orders, however, gave a slightly firmer impression at the close. Sharp falls were recorded in the motor group. Standard again proved vulnerable to selling, and after considerable fluctuations closed as low as 6½ in mid-week. Among the many nominal quotations, that of Rolls-Royce showed a fall of 6s. 3d. on Monday to 106s. 3d., although the volume of business was extremely small. Wide movements were reported in Bristol Aeroplane, but the remaining shares did not enjoy much attention.

An erratic feature in the brewery market was Distillers, which rose and fell by shillings at a time, and closed on Thursday at 111s., after being as low as 107s. An attempt to support brewery shares met with little success, and as the general market situation deteriorated, the leading tobacco shares met with selling. The stores group, however, enjoyed some support after the first impact of Monday's selling. Marks and Spencer and Woolworth leading a moderate mid-week rally. Shipping shares met with the full brunt of liquidation, and the absence of a P. and O. interim dividend proved the signal for further selling.

Among the miscellaneous leaders, Murex, British Oxygen and Turner and Newall have at times rivalled the erratic movements of mining counters. Even Imperial Chemical Industries, which had hitherto resisted the worst effects of the weakness, closed with an altogether unusual loss of 1s. 6d. on Wednesday. Conversely, Salt Union provided one of the few bright features of the week on the terms of acquisition by I.C.I.

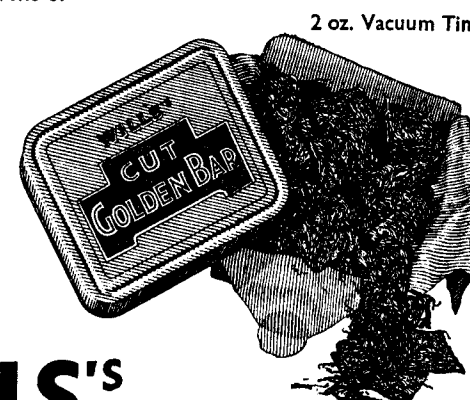
Prices moved erratically downward in the oil share market, a temporary improvement succeeding the rise in petrol prices and the higher mid-week prices for leading American stocks, but heavy selling on Continental account increased London's depression. Rubber shares suffered with the rest of the markets, and the fall was emphasised by the weak commodity price. Tea shares were dull without any large amount of business.

The Kaffir market was most gloomy, for it has its own

GOLDEN MOMENTS

The Cup Final

Just on time he takes the ball in his stride and slams it into the net—the winning goal. What a Golden Moment for him as he receives the coveted Cup. But even he cannot buy a better tobacco than "Cut Golden Bar" at a shilling an ounce. But it must be Wills's.



WILLS'S

CUT GOLDEN BAR

READY RUBBED

In 2 oz. Pocket Vacuum Tins and 1 oz. Airtight Tins

FLAKE FORM

In 2 oz. Vacuum Tins and 1 oz. Packets

1½ AN OUNCE

C. 2. 9. 4.

Issued by the Imperial Tobacco Co. (of Great Britain and Ireland), Ltd.

special difficulties which, it is feared, may develop at the settlement. The latter, in any event, will involve some very wide differences. Shares which were most affected were those in which a heavy speculative position had been built up; West Witwatersrand in particular broke badly. Finance, development and operating shares were none of them spared. West Africans attracted a little support after opened weakness, but they were not able to withstand for long the general trend. Rhodesian copper issues were subjected to wide fluctuations and remained dull, although not so badly depressed as the other mining markets. Tin shares were weaker in limited trading.

"FINANCIAL NEWS" MARKET INDICATORS

	Apr. 22	Apr. 23	Apr. 26	Apr. 27	Apr. 28	Apr. 29
Approximate total of bar-gains recorded in S.E. List	7,825	7,700	9,310	10,810	9,335	11,700
Corres. day 1936.....	9,678	8,347	10,370	9,752	8,751	9,335
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100).....	114.2	113.9	111.7	112.0	110.9	110.9
Index of 20 Fixed Interest Securities (1928=100).....	129.8	129.8	129.9	129.7	129.7	129.7

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 110.9 (Apr. 28); Fixed Interest 126.5 (Feb. 28).

OVERSEAS STOCK EXCHANGES NEW YORK

VERY nervous conditions have prevailed during the past week, and the general level of share prices has slumped badly. The fall of last week-end was continued when business opened on Monday, with all groups affected. Steel, railroad and copper issues were particularly weak. Away from Wall Street business reports were all favourable, but in the Street there were exaggerated fears of a business recession during the summer. The condition of the London market was a major influence in depressing prices, and there was renewed talk of action by the Washington administration to lower the price of gold. This has been steadily denied officially and unofficially,

but Wall Street does not easily give up its fears. Tuesday saw a sizable recovery, and many who had sold short were reported to be pinched. Steel shares were in the lead, followed by oils and rails. In mid-week there was renewed slump of considerable dimensions, with U.S. Steel particularly heavy. Additional cause for nervousness was found in the desire of the Attorney-General to revive the anti-trust laws. Later in the week prices recovered from their worst levels. Business reports are good; floods have affected steel mills in the Pittsburgh area, but *Iron Age* estimates activity at 90.5 per cent. of capacity against 92 per cent. for last week. Electricity output for the week of April 24th was 14.3 per cent. up on last year.

	Apr. 21, 1937 (Close)	Apr. 28, 1937 (Close)	Apr. 29, 1937 (Latest)	Apr. 21, 1937 (Close)	Apr. 28, 1937 (Close)	Apr. 29, 1937 (Latest)
1. Rails & Transport						
Atchafalaya.....	85	82½	85½	49½	45½	45½
Balt. and Ohio.....	36½	32½	34	121½	111	113½
B.M.T.....	35	32½	32½	39½	35	36
Can. Pacific.....	14	12½	12½	61½	55½	56½
Ches. and Ohio.....	61½	57½	58½	21½	18½	18
Gt. Nthn. Ry. P.E.....	54	49½	50½	16½	13½	14½
Illinois Central.....	34	29	29½	22½	19½	19½
N.Y. Central.....	50½	45½	46½	10½	9½	9½
Nor. Pac.....	34½	30½	32	22½	20½	21½
Pennsylvania R.R.....	46	43	43½	41	34½	35½
Southern Pac.....	61½	53½	55	60½	51½	53
Southern Ry.....	41	35½	37	29½	25	25½
Union Pac.....	148	141	144	77½	72½	73½
Greyhound Cp. New	15½	13½	13½	121	115	115
4. Manufacturing						
Briggs.....	49½	45½	45½	121½	111	113½
Chrysler.....	121½	111	113½	39½	35	36
Electric Autolite.....	39½	35	36	21½	18½	18
General Motors.....	61½	55½	56½	16½	13½	14½
Hudson Motor Car.....	21½	18½	18	22½	19½	19½
Murray Corp.....	16½	13½	14½	10½	9½	9½
Nash Kelvintor.....	22½	19½	19½	41	34½	35½
Packard Motor Car.....	10½	9½	9½	60½	51½	53
Bendix Aviation.....	22½	20½	21½	29½	25	25½
Boeing Airplane.....	41	34½	35½	77½	72½	73½
Douglas Aircraft.....	60½	51½	53	121	115	115
United Aircraft.....	29½	25	25½	16½	13½	14½
Air Reduction.....	25½	23½	23½	150	152½	152½
Allied Cheml. xid.....	121	115	115	100	96	97
Col. Carbon.....	16½	13½	14½	39½	34½	35½
Comm. Solvents.....	16½	13½	14½	50	44½	45½
Dupont.....	164½	150	152½	76	61½	65½
Union Carbide.....	100	96	97	143½	131½	136
U.S. Ind. Alcohol.....	39½	34½	35½	104½	100	100
Allis Chalmers.....	70	64½	65½	32½	32½	32½
General Electric.....	56½	51½	52½	93½	85½	86
Westinghouse.....	143½	131½	136	57½	50½	52½
American Can. xid.....	104½	100	100	130	125	125
Addressograph.....	32½	32½	32½	108½	104½	105½
Caterpillar.....	93½	85½	86	135	126	129
Cont. Can. xid.....	57½	50½	52½	21½	22	22
Ingersoll Rand.....	130	125	125	61½	58	57½
Intl. Harvester.....	108½	104½	105½	167½	155	159
Johns Manville.....	135	126	129	46½	41	42½
Am. Radiator.....	21½	22	22	28	24	24
Corn Products.....	61½	58	57½	72½	68	68
J. I. Case and Co.....	167½	155	159	28	24	24
Glidden.....	45	42½	42½	38½	34½	35
Gen. Am. Transp.....	72½	68	68	41	42½	42½
Allied Mills.....	28	24	24	19½	19	19
Celanese of America.....	38½	34½	35	83½	77	77½
Ind. Rayon New.....	46½	41	42½	39½	37	38
Colgate Palmolive.....	23	19½	20	160	152	152
Eastman Kodak xid.....	160	152	152	17½	15½	15½
Gillette xid.....	17½	15½	15½	19	16½	17
United Air Lines.....	21½	19	19	21½	19	19
Lambert Co.....	21½	19	19	83½	77	77½
Loews xid.....	83½	77	77½	39½	37	38
20th Century Fox.....	39½	37	38			
5. Retail Trade and Food						
Montgomery Ward.....	60½	54	54	98	94½	95
J. C. Penney Co.....	98	94½	95	130	124	124
Sears Roebuck xid.....	90½	84½	86½	13	13	13
United Drug.....	13	12½	12½	83	81	80½
Walgreen xid.....	30	28½	28	98½	97	97
Woolworth.....	53	48½	49	23	21½	21½
Borden.....	28	25	24	50½	50	50
Gen. Foods.....	41½	39½	39	45	42½	43
Kroger Grocery.....	23	22½	22½	63	59½	59
Nat. Biscuit xid.....	28	25½	26	17½	16½	16½
Nat. Dairy.....	24	22½	22½	68½	63½	64½
Standard Brands.....	14	13½	13			
Am. Tobacco B.....	83	81	80½			
Liggett Myers B.....	98½	97	97			
Lorillard.....	23	21½	21½			
Reynolds Tob. B.....	50½	50	50			
National Distillers.....	32	29½	30			
Schenley Distillers.....	45	42½	43			
6. Finance						
Commercial Credit.....	63	59½	59			
Atlas Corp.....	17½	16½	16½			
Com. Invest. Trust.....	68½	63½	64½			

	Apr. 21, 1937 (Close)	Apr. 28, 1937 (Close)	Apr. 29, 1937 (Latest)	Apr. 21, 1937 (Close)	Apr. 28, 1937 (Close)	Apr. 29, 1937 (Latest)
2. Utilities and Communications						
Am. Waterworks.....	21½	18½	19½	100	96	97
Crescent & Sthm.....	2½	2½	2½	39½	34½	35½
(Cons. Gas of N.Y.)				50	44½	45½
now Cons. Edison.....	39½	37½	37½	143½	131½	136
Col. Gas & Electric.....	14½	12½	12½	104½	100	100
Elec. Bond & Share.....	21½	17	18½	32½	32½	32½
Nat. Pwr. and Lt.....	10½	9½	9½	93½	85½	86
North American.....	26½	24	24½	57½	50½	52½
Pac. Gas & Electric.....	21½	25	30	130	125	125
Pac. Lighting.....	48½	44½	45	108½	104½	105½
Pub. Service N.J.....	43½	42	42½	135	126	129
Stan. Gas & Elec.....	10½	8½	9	21½	22	22
United Corp.....	5½	4½	5	61½	58	57½
United Gas Imp.....	13½	13	13½	167½	155	159
Am. Tel. & Tel.....	69	160½	162	46½	41	42½
Int. Tel. and Tel.....	12½	10½	10½	28	24	24
Western Union.....	72½	69	69	38½	34½	35
Radio.....	10½	8½	9	41	42½	42½
Radio B. Pref. New	72½	69½	69	19½	19	19
3. Extractive and Metal Industries						
Am. Rolling Mills.....	38½	33½	34½	160	152	152
Crescent & Sthm.....	92½	82½	83½	17½	15½	15½
Beth. Steel Pref xid.....	121½	117½	117½	19	16½	17
Republic Steel.....	43½	37	38	21½	19	19
U.S. Steel.....	115½	101	102	83½	77	77½
U.S. Steel Pref.....	145	143	137	39½	37	38
Alaska Juneau xid.....	13½	12½	11½	60½	54	54
American Metal.....	55	46½	47	98	94½	95
American Smelting.....	91½	82½	83½	130	124	124
Anaconda.....	58	49½	49	30	28½	28
Bohn Aluminium.....	46	34½	35	48½	48	49
Cerro de Pasco.....	73½	66½	66	25	24	24
Int. Nickel.....	63½	55½	56½	41	39½	39
Kennecott xid.....	59	52½	52½	23	22½	22½
Patio Mines.....	17½	14½	14½	28	25½	26
Texas Gulf Sulphur.....	39½	36½	36	24	22½	22½
U.S. Smelt xid.....	84	85	85	14	13½	13
Vanadium Corp.....	32½	27	28½	83	81	80½
Atlantic Refining.....	17½	29½	30	98½	97	97
Phillips Petroleum.....	58½	54½	54½	23	21½	21½
Shell Union.....	31½	26	27	50½	50	50
Shell Union Pref.....	104½	102½	102	45	42½	43
Socony Vacuum.....	20	18½	18½			
Stand. Oil Calif.....	47	42½	42½			
Stand. Oil N.J.....	70½	65	65			
Texas Corp.....	65	59½	59½			

	1936	1937	Be- ginning of Year	Apr. 14, 1937	Apr. 21, 1937	Apr. 28, 1937
347 Industrials ...	112.7	145.9	134.7	155.7	143.2	146.0
32 R.R.	42.8	60.2(b)	54.6(d)	64.5(f)	54.8	59.8
40 Utilities	91.2	111.0(a)	93.7	116.4(g)	111.7	100.3
Total, 419 Stocks	97.7	125.4	114.8	132.4	123.5	124.1
Average yield*.....	4.50%	2.65%	3.82%	3.20%	3.53%	3.40%
	High (c)	Low (a)	High	Low (g)		

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

	1936	1937	Be- ginning of Year	Apr. 14, 1937	Apr. 21, 1937	Apr. 28, 1937
347 Industrials ...	112.7	145.9	134.7	155.7	143.2	146.0
32 R.R.	42.8	60.2(b)	54.6(d)	64.5(f)	54.8	59.8
40 Utilities	91.2	111.0(a)	93.7	116.4(g)	111.7	100.3
Total, 419 Stocks	97.7	125.4	114.8	132.4	123.5	124.1
Average yield*.....	4.50%	2.65%	3.82%	3.20%	3.53%	3.40%
	High (c)	Low (a)	High	Low (g)		

* 50 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 23rd. (d) Jan. 6th. (e) December 2nd. (f) March 17th. (g) February 10th. (h) January 13th.

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100)								
Highest*	Lowest†	Apr. 21	Apr. 22	Apr. 23	Apr. 24	Apr. 26	Apr. 27	Apr. 28
180.3	153.7	167.9	165.7	162.2	161.0	155.4	158.1	153.7
* March 6th. † April 28th.								

TOTAL DEALINGS IN NEW YORK

	April 22	April 23	April 24*	April 26	April 27	April 28
Stock Exchange—						
Shares (No. Thous.)	1,180	1,200	810	2,020	1,410	2,530
Bonds (Thous. \$) ...	11,700	10,040	5,490	12,270	8,840	11,870
Curb—						
Shares (Thous.).....	307	323	176	490	373	579

* Two-hour session.

PARIS

THE Bourse has passed an agitated month which saw—as was the case on other Exchanges—a substantial decline over the whole period. It was preoccupied, in turn, with a deteriorating political situation at home, a sharp break in the franc, a difficult technical position and the depressing influences of both Wall Street and London. April opened with some uneasiness concerning domestic politics, and rumours about a change in the price of gold, but apart from this, and largely for technical reasons, prices crumbled in a steady stream of selling. The second week was dull or irregular, but improvement in the franc exchange was a cheering influence later on. A marked rise in Rentes just before the reassembly of the Chamber immediately following a difficult account caused some comment, but only a few days later a setback in Wall Street and deep gloom in London adversely affected Paris, which ended the month under the shadow of a market failure.

	Mar. 31, Apr. 15, Apr. 28,				Mar. 31, Apr. 15, Apr. 28,		
	1937	1937	1937		1937	1937	1937
3% Perp. Rentes..	71.25	66.70	65.10	Royal Dutch	50,800	51,350	48,800
4% Rentes 1917..	71.45	66.70	65.20	Wagons Lits	127	122	104
Banque de France	8,320	7,800	7,025	Mexican Eagle	128	141	118
Crédit Lyonnais..	1,692	1,583	1,510	“Chartered”	233	227	185
Suez Canal	24,320	24,375	23,500	“Orient”	1003	834	73
Chargeurs Réunis.	545	503	416	De Beers	2,380	2,200	1,996
Rio Tinto	2,955	2,655	2,070	“Johnnies”	451	439	379

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1936				Prices, Year 1937 Jan. 1 to April 28, inclusive				Prices, Year 1937 Jan. 1 to April 28, inclusive				Prices, Year 1937 Jan. 1 to April 28, inclusive			
High-est		Low-est		High-est		Low-est		High-est		Low-est		High-est		Low-est	
Name of Security				Name of Security				Name of Security				Name of Security			
Public Funds				Public Funds				Public Funds				Public Funds			
Consols 2 1/2 %				Do. 4 1/2 % Red. at par on or after Feb. 1957 (n)				Do. 3 1/2 % 1954-49				Do. 3 1/2 % 1954-49			
Conversion 2 1/2 % 1944-49				Do. 3 1/2 % 1954-49				Do. 3 1/2 % 1954-49				Do. 3 1/2 % 1954-49			
Do. 3 1/2 % 1954-49				Do. 3 1/2 % 1954-49				Do. 3 1/2 % 1954-49				Do. 3 1/2 % 1954-49			
Do. 3 1/2 % 1954-49				Do. 3 1/2 % 1954-49				Do. 3 1/2 % 1954-49				Do. 3 1/2 % 1954-49			
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(Continued from page 297)

manufacturing company. Profits have risen steadily during the last three years, but an earnings yield level of 8.44 per cent. at the issued price must be regarded as low. Statements "for information only" have been published by *Shelvoke and Drewry, Ramsgate Olympia*, and *Cockburn Trust*.

TOTALS OF CAPITAL ISSUES DURING WEEK

Net Sales of National Savings Certificates, ten days ended April 24, 1937, Dr. £100,000

	Nominal Capital	Conversions	New Money
To the Public	101,432,500	—	101,432,500
To Shareholders only	615,420	—	615,420
By Stock Exchange Introduction	60,000	—	60,000
By Permission to Deal	183,110	—	183,110
Total Capital Raised—			
Including Conversions	269,344,563	237,898,021	507,242,584
Excluding Conversions	192,715,504	153,860,897	346,576,401
1937 (New Basis)...	192,715,504	153,860,897	346,576,401
1936 (New Basis)...	179,611,450	120,323,298	299,934,748
1936 (Old Basis)...	131,548,783	72,160,632	203,709,415
January 1 to date (Old Basis)—			
1935	112,104,603	33,612,517	145,717,120
1934	220,881,952	70,540,554	291,422,506
1933	—	194,583,872	194,583,872

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis)...	198,999,510	37,745,371	1,153,140	237,898,021
1937 (Old Basis)...	145,805,482	8,055,415	Nil	153,860,897

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis)...	130,394,908	14,785,544	92,717,571	237,898,021
1937 (Old Basis)...	117,396,808	9,006,452	27,456,137	153,860,897
1936 (New Basis)...	53,565,651	13,140,858	53,616,879	120,323,298
1936 (Old Basis)...	46,297,330	5,725,710	20,137,592	72,160,632
Whole Year (Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637
1936	160,521,116	24,423,647	70,626,230	255,570,993
Whole Year (New Basis)—				
1935	193,599,713	48,806,822	115,118,905	357,525,440
1936	184,255,833	41,580,731	128,303,201	354,140,765

PUBLIC OFFERS

2½ per cent. National Defence Bonds.—Issue of £100,000,000 at 99½. A trustee stock. Bearer or registered bonds. Redeemable at par by annual drawings of 20 per cent. commencing September 15, 1944. Commission of 1s. 3d. per £100. Separate prospectus for further bonds (multiples of £5 or over) to be issued through savings banks, etc.

Tyne Improvement Commission.—Issue at 99½ of £500,000 Tyne Improvement 3½ per cent. stock, 1957. Redeemable at par 1957. Ranks *pari passu* with other loans. Net revenue after charges and loan debt management: 1934, £102,530; 1935, £92,746; 1936, £96,877. Proceeds to purchase Tyne Dock from L.N.E.R.

Fison, Packard and Prentice, Ltd.—Issue of 500,000 5 per cent. 2nd cumulative £1 preference shares at 20s. 6d. Chemical manufacturers. Owns fertiliser factories and has interests in subsidiaries and associated companies. Profits, after interest and depreciation, years to June 30: 1934, £93,941; 1935, £99,023; 1936, £113,282. Net assets, after deducting debentures, £1,035,009. Company and Imperial Smelting Corporation guarantee capital and dividend of 500,000 4½ per cent. £1 preference shares in National Fertilisers, Ltd. Company purchases interests in Anglo-Continental Guano Works for £580,976.

Dufay-Chromex, Ltd.—Issue at par of 180,000 6 per cent. cum. participating first £1 preference shares and 360,000 5s. ordinary shares. Acquires share capitals of Dufaycolor, Ltd., Chromex, Ltd. (incorporated in Canada), Dufaycolor Corporation, and Spicer-Dufay (British), Ltd., and \$1,465,180 Chromex, Ltd., debentures. Purchase consideration £676,993, payable by 75,000 6 per cent. second preference and 2,407,972 ordinary shares. 312 patents; development assisted in Great Britain by Ilford, Ltd. Assets, excluding stock, patents, etc., valued at £248,680.

Oddenino's Hotel and Restaurant.—Issue of 50,000 5½ per cent. cum. £1 preference shares at par and 50,000 5s. ordinary shares at 6s. Premises valued at £247,460 under 80-year Crown lease from 1926; subject to £160,000 mortgage at 4½ per cent., with collateral of floating charge debenture. Net assets (after deducting mortgage, etc.), £116,673, purchased for £94,500, payable by 149,600 ordinary shares and £57,100 unsecured loan stock repayable from proceeds. Profits, after depreciation and repairs before interest or s.f. premium: 1934, £14,289; 1935, £17,687; 1936, £17,283. Manager receives 5 per cent. or 6 per cent. of net profits. Lists closed 9.5 a.m., April 29th. Oversubscribed.

BY OFFER FOR SALE

Wm. Timpson, Ltd.—Offer for sale of 400,000 5s. ordinary shares at 15s. Bootmakers and retailers; founded 1865. Net assets, £959,141 (stock, £488,908). Profits, after depreciation:

1934, £116,166; 1935, £128,217; 1936, £152,879. Rossall Investment Company pay expenses for 3½d. commission. (Manchester Stock Exchange.)

BY STOCK EXCHANGE INTRODUCTION

Shelvoke and Drewry, Ltd.—Issued capital 500,000 5s. ordinary shares. Acquires from July 31, 1936, business of manufacturing municipal refuse collection vehicles, etc. Total assets, £135,808, purchased for £86,250 (payable by 345,000 shares) and discharge of £45,819 liabilities. Profits, before depreciation, years to July 31, 1934: £10,651; 1935, £16,626; 1936, £17,875. Messrs. Dolphin, Son and Fisher take 154,993 5s. shares at 5s. 3-84d. net.

Cockburn Trust, Ltd.—Issued capital 175,000 £1 ordinary shares and 1,000 £1 management shares. Investment and Trust Company. Total assets, £235,833. (Investments, £189,879). Profit and loss account: £14,206 from general reserve, £13,353 from revenue account; to balance sheet, £13,946. Ordinary dividends: 1936, 8 per cent. Application of profits: 6 per cent. to ordinary, 10 per cent. of balance to management shares, rest to ordinary shares or as company may determine.

Ramsgate Olympia, Ltd.—Issued capital 500,000 2s. ordinary shares. Amusement caterers since 1933. Acquires certain assets from Thanet Amusements, Ltd. Net assets £35,243; combined profits after depreciation, years to September 30: 1935, £7,524; 1936, £9,020. Purchase price for "Arcadia," £15,000, Leasehold property at Ramsgate charged.

BONUS ISSUES

Mufulira Copper Mines.—It is proposed to capitalise £2,134,910, part of credit on shares premium account, and to issue 2,134,910 £1 shares in proportion of five shares for two held.

ISSUES TO SHAREHOLDERS ONLY

Van Dyk Consolidated Mines, Ltd.—Issue of 290,998 10s. shares at par. (Seven new shares for one hundred held.)

Cow and Gate, Ltd.—Issue of a further 1,980,000 1s. ordinary shares at par to holders on April 5th (one new for every three held.)

Gopeng (Perak) Rubber.—Issue of 396,000 2s. shares at 2s. 4½d., to holders on April 14th (one new for every five held.)

Mill Close Mines.—Issue of 73,640 10s. shares at 15s. to holders, April 15th (two for every nine held.)

Murcheson Gold Development.—Issue of £145,000 10 per cent. 5 year notes at par. Redeemable at par on June 30, 1942, or at 110 after June 30, 1939, at three months' notice. Also convertible into shares at par at noteholders' option, to June 30, 1942.

East Kent Road Car.—Issue of 100,000 £1 ordinary shares at par.

A. Reyrolle and Company.—Issue of 195,000 £1 ordinary shares at 25s. to holders on April 12th (one for every three held.)

Joshua Hoyle and Sons.—Issue of 4,000,000 2s. shares at 3s. each, in proportion of four for every one 7 per cent. preference share held, and 1,000,000 2s. shares at 3s. each at the rate of one for every ordinary held.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	April 21, 1937	April 28, 1937
Bridgewater (G. and T.) 4/-	10/-	10/-	9/6-10/-	9/6-10/-
Do. do. 6% Pref. £1 100	20/-	20/-	19/0-19/6	19/3-19/9
Dixor Ord. 1/-	4/-	4/-	3/6-3/9	3/4-3/7½
Francis (F.) Ord. 5/-	5/-	5/-	6/7½-6/10½	6/4-6/7½
Do. 5½% Pref. £1 100	20/-	20/-	9/3-9/9	9/0-9/6
Hammerton (Chas.) Ord. 10/-	20/-	20/-	22/9-23/3	22/3-22/9
Do. 5% Pref. 20/-	20/-	20/-	21/9-21/9½d	21/6-22/0x
Holmes Goodrich 2/-	3/3	3/3	2/10-3/1½	2/6-3/6
Hoover 5½% Pref. £1 100	21/8	11/6	11½-4½d pm	11½-4½dpm
Houndsditch Warehouse 5/-	15/-	15/-	12/0-12/6	11/9-12/3
Lake George Mining 10/-	20/-	20/-	19/4-19/10½	19/4-19/10½
London Electric Transport 2½% Deb.	92½	5½	12-1½ dis	12-1½ dis
Masson Scott 4/-	10/8	10/8	5/10-6/1½	5/7-5/10½
Midland Counties Electric 4½% Pref. £1 100	10/8	10/8	1/5-1/8pm	1/3-1/8pm
Nehanga Consolidated £1 100	5/-	5/-	1-1½ pm	1-2½
Oxley Engineering 5/-	4/-	4/-	3/7½-3/10½	3/7-3/10½
Pullin (R. B.) 2/-	98	65	4½-4½ dis	4½-4½ dis
Rhodesia Railways 4½% Deb.	7/9	7/9	5/0-5/6	5/1-5/4½
Riverview Rubber 2/-	20/-	20/-	19/3-19/9	19/3-19/9
Steel and Company Ord. 5/-	99½	25	6½-5½ dis	7-6 dis
Do. 6% Pref. £1 100	99½	25	6½-5½ dis	7-6 dis
Thomas (Richard) 4% 1st Deb.	99½	25	6½-5½ dis	7-6 dis

OIL OUTPUTS

ANGLO-IRANIAN OIL COMPANY, LTD.—Production in Iran for the month of December, 1936, amounted to 709,000 tons. The total production for the year ending December 31, 1936, is 8,198,119 tons. Production in Iran for the month of January amounted to 750,000 tons; for the month of February 631,000 tons, making a total of 1,381,000 tons for the first two months of 1937.

ATTOCK OIL COMPANY, LTD.—Production for March, 8,935 barrels.

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—A cablegram has been received from Burma reporting the production of crude oil by this company as 43,729 barrels for the month of March, 1937.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended March 20, 1937: 15,741 barrels. March 27, 1937: 15,363 barrels. April 3, 1937: 15,655 barrels. Production for March, 69,487 barrels; deliveries for March, 54,158 barrels. Production for week ended April 10th, 16,107 barrels; April 17th, 15,427 barrels.

COMPANY MEETINGS

IMPERIAL CHEMICAL INDUSTRIES, LIMITED

EXPANSION OF PROFITS AND ACTIVITIES

LORD MCGOWAN ON THE OUTLOOK

The tenth annual general meeting of Imperial Chemical Industries, Limited, was held, on the 29th ultimo, at the Queen's Hall, Langham Place, London.

The Rt. Hon. Lord McGowan, K.B.E., D.C.L., LL.D. (chairman and managing director), in the course of his speech, said:—

The 7th December, 1936, marked the tenth anniversary of the formation of Imperial Chemical Industries Limited, and the completion of our first decade appears to me an appropriate moment for reflecting on what we set out to do and what we have accomplished.

There is little need to remind you that your company was formed by merging the interests of the British Dyestuffs Corporation Limited, Messrs Brunner Mond and Company Limited, Nobel Industries Limited and the United Alkali Company Limited, each of them companies with an established reputation running back, through their subsidiaries, for nearly a century. Since that time we have gathered to ourselves some forty other companies of varying magnitude and interest, engaged in cognate industries.

Perhaps the most difficult task which faced us in the beginning was that of welding into one harmonious whole the variegated structures and organisations of these companies, and that of reconciling interests of a very large number of individuals of all ranks. In this task, not only I, as your chairman, but, I honestly believe, every member in the organisation, can say that we have fully achieved our aims. To-day, I.C.I., at home and abroad, in every aspect of its many-sided activities, is not a collection of different units, but one organised whole.

RETURN TO REASONABLE PROSPERITY

We have passed in this ten years through the depths of the greatest industrial and agricultural depression known in modern economic history, but have now, in common with the general industries of the country, returned to the level of reasonable prosperity at which we began. At no time did we fail to pay dividends out of profits. The average rate paid on the ordinary stock amounts to 7.2 per cent. per annum, and even at the lowest depth of the depression we were able to pay not less than 4½ per cent.

We have consistently maintained a policy of intensive research, directed to the improvement of existing processes, the discovery of fresh uses for existing products, and the development of new processes and products. Our total expenditure for this purpose has been no less than £6,000,000. We have continuously studied and pursued the policy of rationalisation and concentration which we originally set before us. During the ten years we have closed 38 factories and spent some £7,000,000 on concentration schemes.

LABOUR POLICY FOUNDED ON FRIENDSHIP

We have steadily followed a labour policy founded on friendship, and our appreciation of the valuable part played by our workers through every section of our organisation. Our general relations with the various trade unions have been excellent, and a number of your directors meet their leaders from time to time on our Trade Union Advisory Council.

Annual and statutory holidays with pay, Territorial leave on a generous basis, awards for long service, payment for valuable works suggestions and the establishment of a staff grade of workers are clear evidence of our policy. We have provided medical and dental services as well as recreation facilities at our principal works, where sports and games and social functions are encouraged. The cost of these provisions may, indeed, be measured in money, but the return received in loyal service, in health and zeal, to say nothing of less absence from work, is ample reward. I may add that in this country alone the total number of our workers has grown from 32,000 to 43,000, and our staff from 10,000 to nearly 13,000.

THE BILLINGHAM PETROL PLANT

Of the general progress of our ten manufacturing groups there is ample evidence in the annual report, and there is little for me to add. I want, however, to say something more in regard to the petrol plant at Billingham.

When we started this enterprise and planned an annual production of 100,000 tons of petrol from the hydrogenation of coal and 50,000 tons from tar oils, we knew that, particularly with regard to coal, we were pioneering a new technical field and that we were therefore incurring all the attendant risks of such a step.

It was for this reason that we were not willing to invest some £3,000,000 of new money until we had the assurance provided by the British Hydrocarbon Oils Production Act, 1934, of a continuance, within stated limits, of the protection afforded to home production by a Customs Duty on imported oil with no inland Excise Duty. It seems to be thought in some quarters that this Act of Parliament provides the company with a subsidy of £1½ million per annum, that amount being calculated by applying the Customs Duty of £10 a ton to our planned production of 150,000 tons per annum. I need hardly assure you that our petrol production is more subsidised by the existence of an Import Duty on petrol than the steel industry is subsidised by the existence of an Import Duty on steel ingots and castings. In other words, if we are to regard this enterprise as subsidised to the extent of £1½ million a year, then I calculate that steel production was subsidised in 1935 to the extent of some £30 millions. This carries its own conclusion.

Questions are also continually put in the House of Commons asking whether this enterprise has been a commercial success and implying that the company is under some obligation to the Government to supply detailed particulars of the financial results to date. There is no more warrant for this expectation than there would be for a similar demand on any manufacturer of any other product in this country which has the protection of a Customs Duty.

STEADY IMPROVEMENT IN OPERATION

For general commercial reasons it is not the practice of the company to disclose the financial results of any particular activity. All that I can say, therefore, in regard to the hydrogenation plant is that up to date it has not shown results which would justify its description as a good commercial proposition even with the advantage of the existing Customs Duty, and without that protection, of course, the enterprise would be uneconomic. These results are explained by the fact that we are in the early stage of a new industry, the first of its kind, not only in this country but in the world, in which we have met with more difficulties than we anticipated. That was one of the risks we knew we ran. Nevertheless, we have overcome first one trouble and then another, so that throughout last year there was a steady improvement in the working of the plant, while the personnel has become thoroughly familiar with the intricacies of the process.

We are still convinced that we took a right decision when we embarked on this enterprise and, notwithstanding the great publicity recently given to alternative methods, we are satisfied that the hydrogenation system is the best technical and commercial process for the conversion, without creating by-products, of coal into motor spirit. Moreover, it is developing an entirely new field of the chemical industry from which we are already deriving ancillary benefits of considerable value.

Visits abroad by your directors have been more extensive than usual. As you may know, I believe greatly in the exchange of visits on the part of business men and industrial leaders. It is only by such personal contacts that we can appreciate each other's point of view, and perceive the trends of rapidly changing economic conditions. Our staff abroad is also stimulated by discussions on the spot.

Correspondence is not always as convincing as it is intended to be, and while the Press does its best to keep us *au fait* with what is going on in our respective countries, its efforts need to be supplemented. Unfortunately we are a long distance from each other, but with the development of flying the time taken over these visits will become less as the years pass. Closer contacts are all to the good of our great Empire.

VISIT TO AUSTRALIA AND NEW ZEALAND

I have only just returned from an extended visit to Australia and New Zealand. Our subsidiary company, Imperial Chemical

Industries of Australia and New Zealand, is making excellent progress. Australia is one of the few countries which handled the difficulties of the depression in an ordered manner. The last few years have shown a striking recovery, in which our company there has shared.

It has a wide range of interests, in explosives, alkali, leather-cloth, ammonia, fertilisers, metals and ammunition. Our policy there, as elsewhere, is to co-operate with other large industrial interests. Recently we were asked by the Commonwealth Government to help in Australian defence, which we felt bound to do in view of our large interests there. Imperial Chemical Industries of Australia and New Zealand has accordingly participated in a new company, called the Commonwealth Aircraft Corporation Proprietary, Limited. With a capital of £600,000 it intends to carry out the complete design and production of aircraft at a factory in Melbourne where the employment of some 600 skilled workers is expected. The other partners in this enterprise are Broken Hill Proprietary, Broken Hill Associated Smelters and General Motors-Holdens, Limited. A preliminary order for forty aeroplanes has already been placed with the corporation by the Federal Government. There is also a keen interest in the production of oil from coal.

PROFITS AND ALLOCATIONS

I am glad to say that the company's net profits show a further moderate increase of £497,000, or 7 per cent., after providing £1,000,000 for the central obsolescence and depreciation fund and the necessary amount for the company's income tax. The board have appropriated £1,500,000 to the general reserve, and have also this year put aside another £150,000 for the workers' pension fund. This leaves £5,553,000 which, with the £639,000 brought forward from last year, makes a total of £6,192,000 available for dividend and carry-forward. The preference dividend of £1,591,000 was paid on the due dates, leaving a balance of £4,601,000.

Following the reorganisation of the company's capital, which now consists of preference and ordinary stock only, the dividend policy of the company has become simplified. Out of the balance stated above the board recommend a final dividend of 5½ per cent. on the ordinary stock, which, with the 2½ per cent. interim dividend already paid, makes a total dividend for the year of 8 per cent. on that stock. The ordinary dividend requires a sum of £3,936,000, which will leave £665,000 to be carried forward to 1937.

The increase in the year's net income corresponds almost exactly to the additional appropriation to the general reserve. In taking this course, the board are continuing their conservative financial policy. The present time of prosperity cannot be permanent, and we shall in time face a diminishing volume of business. Therefore it is essential that industrial corporations should take advantage of existing good conditions to put their house in order; that they should, out of to-day's surplus earnings, equip themselves with the most up-to-date plant procurable, so that they shall have the lowest operating cost possible. They will then continue to be competitive with the rest of the world.

BALANCE SHEET

As stated in the annual report, the litigation in regard to the company's capital reorganisation scheme came to an end in the middle of November last by the decision of the House of Lords to dismiss the final appeal of the committee representing certain deferred stockholders. The scheme was formally brought into effect as stated in the annual report, by the withdrawal of the Stock Exchange quotation of deferred stock, and by the payment to the former deferred stockholders of the suspended dividends on the new ordinary stock issued in exchange for the former deferred stock.

At December 31, 1935, the board carried the amount of £5,434,000 by which the company's capital was reduced to the capital reserve, in accordance with the resolutions passed at the extraordinary general meeting on May 1, 1935, pending the subsequent decision of the board in regard to this sum when the final result of the company's petition was known. During the hearing in the House of Lords and in the Lower Courts, apprehension was expressed by counsel for the opposing deferred stockholders in regard to the possible distribution of this sum by way of a bonus issue of shares, the major part of which would inure to the benefit of the ordinary stockholders.

WRITING DOWN OF ASSETS AND INVESTMENTS

While the board have always disclaimed any intention to use this sum in such a manner, the resolutions passed at the extraordinary general meeting referred to were wide enough to permit

of that course. To put this issue beyond further dispute, the board have decided, after making their usual annual review of the values of the company's plants and other assets held through the wholly-owned subsidiary companies, to apply it, together with further sums drawn from the company's reserves, to writing down fixed assets and investments as represented by shares and debentures in and advances to subsidiary companies. The total amount to be so written off is £6,934,000, of which £5,434,000 has been provided by the reduction in capital, £500,000 by the free reserve, and £1,000,000 by the Central Obsolescence and depreciation fund.

These heavy writings off have been applied in the main to the value of works at home concerned with the production of nitrogen, petrol, etc., and abroad to dealing with the present decline of our business in Spain and Palestine, and our foreign merchanting companies as a whole, as a result of currency depreciation and competition.

STAFF AND LABOUR RELATIONS

The new pension scheme was explained to the workers by their representatives on the Works Councils, and each was asked to indicate if he or she were willing to become a member if such a scheme were inaugurated. Your board were, of course, already aware that a large number of the workers desired the establishment of a contributory fund, and I am pleased to tell you that 99 per cent. of the eligible male workers, 86 per cent. of the eligible female workers, or overall 98 per cent. of the total made application to join the Fund. With this knowledge in their possession, the board inaugurated the fund on January 4, 1937, on a basis of joint contributions payable by the employer and the employee.

This whole-hearted acceptance demonstrates clearly that our workers share our view that an adequate scheme of pensions fittingly supplements a positive and generous labour policy. It gives a sense of security against the time when retirement from active service comes along, security which a loyal body of workers such as ours so richly deserves.

PROSPECTS FOR 1937

With the world-wide tendency to rising commodity prices upon which I have already remarked, with a policy of rearmament, and with no likelihood of any serious setback in general building activity, there seems to be no reason to anticipate any decline in 1937 in the general level of the country's activity. It does not, of course, follow that profits will show the same tendency. We have to face notable rises in the prices of our raw materials, and the increases in wages will add substantially to our costs.

The policy which I outlined to you last year was a policy of price reduction, of keeping our prices as low as possible in the belief that it would help our customers and so extend our business. In this way we have endeavoured to stand shoulder to shoulder with the industries which depend upon us for supplies, but the rising trend in the price of raw materials and the cost of wages may shortly make it necessary for us to review our present range of selling prices. While we have little doubt of the volume of home trade, we find it difficult to contemplate the situation in export markets with equal confidence. However, much as we may disapprove of economic nationalism, it is a tide we cannot stem.

These facts lead me to a cautious view of the outcome of the year 1937, but you may rest assured that as in the past the efforts of the whole organisation will lie behind the desire to meet you next year with a balance sheet and report which you will regard as satisfactory in the conditions which have appertained.

OFFER TO SALT UNION LTD.

Before I proceed to move the resolution, I must add a few words in regard to negotiations which have taken place for an offer by your company to the stockholders in the Salt Union, Limited, to acquire their stock. The formal offer was placed before the stockholders of the Salt Union in a circular letter from their board on Tuesday.

There has been a close alliance between the Salt Union and your company for a great many years, originating from agreements entered into by Brunner, Mond and Company, Limited, before the I.C.I. merger took place. This association has latterly brought the interests into closer relation, and the time has now come when, in the opinion of both boards, it would be to the interest of their stockholders to make that association permanent.

We have every hope that the Salt Union stockholders will accept the terms of exchange offered to them and that in due course this new activity will increase the strength and prosperity of your own company.

The report and accounts were unanimously adopted.

SAN PAULO (BRAZILIAN) RAILWAY COMPANY, LIMITED

RECORD FIGURES

The ordinary general meeting of The San Paulo (Brazilian) Railway Company, Limited, was held on the 28th ultimo, at Southern House, London. Mr Oliver R. H. Bury, M.I.C.E. (the chairman), presiding.

The chairman, during the course of his speech, said that the net profit was £427,000 against £287,000. The directors proposed the payment of a final dividend on the ordinary stock of 3 per cent., free of income tax, which, with the interim dividend made 5 per cent. for the year. The carry forward was £33,827, against £20,869 brought in. These results revealed a state of sustained activity for the whole period under review, receipts having also been assisted by the increase in rates which came into force on January 1, 1936. The gross receipts and the tonnage of goods, and the number of passengers carried, constituted a record in the history of the company. In passengers the increase in numbers was equal to 3.5 per cent., but the value was assisted by increased rates and a satisfactory increase in first-class passenger traffic. The goods traffic indicated the activity which had prevailed. Results of the Road Motor Company during the year had been encouraging. They had dealt with 199,000 tons of goods and carried 341,000 passengers.

They had placed orders in July last for six passenger locomotives, 12 shunting engines of a powerful type, and 300 wagons for the most part of high tonnage capacity. With the exception of five shunting engines, all had been shipped or were in course of shipment. These orders had been placed before the recent rise in prices.

With regard to the prospects for the current year, their traffic receipts to date were 39,490 contos compared with 36,508 contos for the same period last year, or in sterling £476,348, compared with £434,579. The coffee crop was estimated at 15,000,000 bags. Cotton bade fair to surpass the record year which had just closed. In short, the commercial indications led them to look for bigger movement in most of the various traffics, and it was likely that passenger traffic would continue to grow, while there was an improvement in the rate of remittances, which were coming over without any restrictions.

The report was unanimously adopted.

ANGLO-AMERICAN DEBENTURE CORPORATION, LIMITED

DIVIDEND INCREASED TO 12 PER CENT.

The forty-seventh ordinary general meeting of the Anglo-American Debenture Corporation, Limited, was held, on the 29th ultimo, at Winchester House, Old Broad Street, London.

Mr Richard S. Guinness (chairman of the company), in the course of his speech, said:—For the third successive year the gross revenue of our company has increased substantially and I am happy to say that the improvement enables your directors to recommend, for the second year, an increase of 1 per cent. in the dividend upon the issued £450,000 of ordinary stock. Over the past three years our revenue has improved in the aggregate by £17,162, and we have increased our dividend during that period from 10 per cent. to the proposed current rate of 12 per cent. I think you will agree that these results, taken in conjunction with the strength of our capital position, are very satisfactory.

The value of our investments calculated on the usual basis as at March 31st amounts to £3,036,283 and shows a surplus on the book cost of £571,731.

For the coming year we have made our usual estimates and are hopeful of maintaining the dividend at the rate of 12 per cent. to which it is now being raised. Our estimates as to revenue receipts for the current year were completed before the announcement of the proposed new taxation. Until the text of the Bill is before us in black and white and one can make reasonable calculations as to how the burden will fall, it seems unnecessary to say more than that our estimates were based on current rates of dividend on our ordinary shareholdings in British companies, and therefore it seems unreasonable to assume that our present rate of dividend should not be continued as the basis of the tax appears to be future and not existing profits.

The report was unanimously adopted.

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

GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION, LIMITED

FRESH RECORDS ESTABLISHED

The fifty-first annual general meeting of the General Accident Fire and Life Assurance Corporation, Limited, was held, on the 28th ultimo, at the head office, General Buildings, Perth.

Sir Francis Norie-Miller, Bt. (the chairman) paid tribute to the great work done by the late Dr William Low, of Blebo, for the corporation. Continuing, he said that the year just closed was the fiftieth year of his management of the corporation, and under those circumstances it was to him a great happiness to be able to submit for the shareholders' adoption the best statement of accounts that they had yet issued. The results had been outstandingly good in every department; the principal factor in producing those results was the work of every official of the corporation, not merely in the current year, but work that had been done during the whole of the company's fifty years' history, which had resulted in the business being so firmly established that continuing and increasing profits would undoubtedly result.

In all accounts other than life, after providing over £3,500,000 for unexpired risks and making full estimates for every outstanding claim—the amount so provided being over £3,600,000—they had a general reserve fund of £2,000,000; additional reserves in the accident and fire accounts of £450,000, and a carry forward of £643,833. In addition, the market value of their investments was in excess of the amounts entered in the books, and the reserve for depreciation of investments and adjustment of exchange, although not fully required, they thought well to maintain.

FIRE ACCOUNT

The fire account showed a very satisfactory increase in premium income at £1,049,000, and they had re-insured a large proportion of their risks following the careful lines upon which they had always worked, and their income was therefore reduced to £674,700. That account again provided a very handsome profit, namely, £135,753, or 20.12 per cent. of the premiums. Every year that account had shown exceptionally good profits.

In the accident and general account, which included all departments of business except fire, life and marine, they were beginning to reap the profits which he had more than once told the shareholders were bound to come in view of the careful underwriting of their officials in charge of those departments, both at home and abroad, especially in America.

Their marine account was beginning to make progress in income; therefore they had placed £20,000 to the credit of that account so as to build up the fund to meet unexpired risks.

Notwithstanding the fall in money values, their interest earnings had again shown a substantial increase and would, he was sure, continue to do so; they were nearly £15,000 in excess of the dividend they were paying. The increase of interest combined with the increased profits on the trading would in future be available for increasing dividends if desirable.

Their life business was transacted by the General Life Assurance Company, which company was affiliated to themselves. Last year, its hundredth year of working, had been really the best in its history.

The shareholders were, indeed, fortunate in being proprietors in a magnificent business, with an income that exceeded £10,000,000 and assets of over £18,000,000, their corporation being thus placed in the front rank of the great insurance companies of the world.

PROGRESS WELL MAINTAINED

Mr William C. Hunter, W.S., in seconding, said that he was sure that all would join with him in congratulating the chairman on being able, when celebrating his jubilee of management, to put before them so fine a report and statement of accounts.

There was one matter of hard business which, whether they liked it or not, seemed bound to obtrude itself on the attention of those who, like themselves, were largely interested in motor insurance. It was a matter of common knowledge how marked was the tendency of judges and juries greatly to increase the scale of compensation for accidents, fatal and otherwise. They were all united in deploring the dreadful frequency of road casualties, and it was right that the sufferers should be adequately compensated, but there was an undoubted tendency to assess the compensation not as between the individual held liable and the sufferer or his representative, but as between the sufferer or his representative, as an object of sympathy and the great and wealthy corporation who could well afford to pay.

The report and accounts were unanimously adopted and the dividend recommendation was approved.

THE LONDON ASSURANCE

A YEAR OF FURTHER PROGRESS

The annual general court of the London Assurance was held, on the 28th ultimo, at the offices of the corporation, 1 King William Street, London, Mr R. Olaf Hambro, the governor of the corporation presiding.

The governor, in moving the adoption of the report and accounts, said that the new life business of the corporation had amounted to £2,823,869, the new yearly premium income involved being £73,657. The premium income for the department during the year was £837,456, showing a net increase over the previous year of £73,026. The mortality experience was again favourable, the amount of actual claims to expected claims representing 89 per cent. Annuity business shows a purchase price received in excess of the previous year, and in this section also our actual experience exhibits a sound selectivity. The life fund had increased during the year by £561,164, and now stood at £9,462,193.

FIRE ACCOUNT

The fire account, with an income of £2,041,663, permitted them to transfer to profit and loss account, including interest, £229,317. In this connection he would say that the corporation and its associated companies had no direct commitments on the Spanish mainland, but a relatively substantial business in the Canary Islands, where no untoward event had taken place, and with which they need not concern themselves. It was to be hoped that the agreement among the whole body of insurers whereby war risk insurance, so far as land risk was concerned, had been entirely eliminated would form a precedent as a foundation stone for other agreements, in many matters where the body of British insurers could and should stand as one invisible entity.

ACCIDENT AND MARINE ACCOUNTS

The accident account showed a relatively substantial increase in the premium income, the total for the year being £1,318,661. The total transfer to profit and loss account, including interest, was £127,127. The underwriting problems in the accident department continued, however, to increase. Legislation either in connection with motor insurance or workmen's compensation business, coupled with increased claims experience, rendered that department one of the most difficult sections in the whole portfolio of insurance business.

The marine insurance account offered a pleasing prospect; the premium income was slightly increased by just under £1,000, the total being £647,188, and they had again been able to transfer £100,000 to the profit and loss account, including the interest item of £25,072.

PROFIT AND LOSS ACCOUNT

The profit and loss account showed a combined underwriting profit, fire, marine and accident—ignoring dividends and interest credited to the respective underwriting accounts amounting to £350,640. To that was added the total interest receipts, including the contribution of £22,500 from the life department, of £237,793. There was a small amount of £201 in respect of transfer fees, and the total including the balance forward amounted to £1,246,576. Dividends paid to the ordinary and preference shareholders showed an increase in the aggregate of £18,884, due to the recently issued 4 per cent. preference capital having ranked during the year for a full dividend. Sundry expenses not otherwise charged showed, at £62,353, a decline of approximately £7,000, and the board had made a provision of £100,000 in respect of taxation. The net result was that the balance of the profit and loss account brought in at the beginning of the year at £657,944 showed an increase in the carry forward as at the end of the year of £164,779 at £822,723.

The total assets of the corporation now stood at £19,443,038, which was an increase of £82,853 over the previous year.

From that survey members would have deduced that the corporation had experienced a successful year, and he was sure they would wish him to express to the various officials both at head office and in the branches at home and abroad, and to the directors and managements of the associated companies, and their agents, appreciation of the combined efforts which had made that excellent showing possible. It would be idle to pretend that the business of insurance was without difficulties, but in their organisation they might be confident that the energy and constant attention with which the general manager supervised every detail ensured that every possible precaution was taken to avoid the pitfalls and secure the advantages.

The report and accounts were unanimously approved, as was the recommendation of a final dividend of 5s. 6d. per share.

SCOTTISH UNION AND NATIONAL
INSURANCE COMPANY

RECORD LIFE BUSINESS

The 112th annual general meeting of this company was held, on the 28th ultimo, at Edinburgh.

Mr James L. Mounsey, W.S. (the chairman), in moving the adoption of the report and accounts for the year 1936, said:—The life premiums of nearly £822,000 are higher than ever before. In these days of rising prices and low investment rates it is important that everyone should reconsider the amount of his life assurances. Probably in the majority of cases the conclusion will be reached that enough has not been done to ensure the comfort of dependents in the event of the premature death of the breadwinner. The great advantage of life assurance over other methods of investment is that it secures at once a capital sum that could perhaps only be obtained otherwise by years of striving and saving—years that cannot be counted upon with certainty.

The net rate of interest earned on the funds in the various revenue accounts was £3 19s. 4d.

THE FIRE ACCOUNT

Turning now to the fire account, I am pleased to be able to submit to you a very satisfactory statement. It is true that the premiums are less than those of 1935 by some £13,000, but the claims, which were only 40.7 per cent. of the premiums in 1935, are lighter by nearly £10,000 in 1936, being equivalent to 40.3 per cent. of the premiums. The profit transferred to the profit and loss account is £193,667—an increase of £400 over last year's excellent profit, and the fire insurance fund of £1,399,000, being 140 per cent. of the year's premiums, provides a very comforting figure with which to close the account. The experience in connection with our business transacted by our branch in the United States has again been satisfactory.

ACCIDENT AND MARINE RESULTS

It is usual for the chairman to group the accident, employers' liability and miscellaneous accounts when submitting the results to you, but, on this occasion, I propose to deal with each account separately. The personal accident insurance account, although small—the premium income being £24,400—is of good quality, and a profit of £4,670 was transferred to the profit and loss account. The premiums received in the employers' liability insurance account amount to £56,000 and the profit transferred to the profit and loss account is £1,174. This makes a better showing than the previous year, when there was a loss of £3,300. In view of the tendency to minimise the rates obtainable from this class of business, it becomes increasingly difficult for any company to show a large margin of profit in this account.

The marine account shows an increase in the premiums of over £17,000, but the profit transferred to the profit and loss account, viz. £25,000, is less by £5,000 than the profit last year.

PROFIT AND LOSS ACCOUNT

I now turn to the profit and loss account. Interest, dividends and rents at £77,000 are approximately £2,000 less than the previous year. The profits realised total £224,500, but against this must be set the transfer of £67,000 to the miscellaneous assurance account. The net profits realised are, therefore, £157,500. It is proposed to pay the same rate of dividend as was paid last year. This will absorb £148,687, leaving a carry forward of £512,000, against £514,000 last year. The total net interest appearing in the accounts (other than life and annuity and sinking fund interest) is £143,000, which is short of the sum required to pay the dividend by only £5,700. Since the report was issued the rate of income tax has been increased to 5s. in the £, and the figures I have just referred to will require to be adjusted.

I now ask you to look at the balance sheet. The total assets of the company at £16,909,000 are nearly £104,000 greater than a year ago. I am sure that the shareholders will consider this a very satisfactory result, especially in view of the abnormally high claims paid during the year in both life and miscellaneous departments. The market value of the Stock Exchange securities as at December 31, 1936, is in the aggregate very substantially in excess of the balance sheet figures.

In conclusion, I would wish to express the directors' appreciation of the services rendered to the company by our general manager, Mr J. G. Nicoll, without whose wise control, wholehearted devotion to the interests of the company and able and energetic guidance such excellent results could not have been attained. We also highly value the good work and the loyalty of all our staff, agents and other representatives at home and abroad.

ROYAL LONDON MUTUAL
INSURANCE SOCIETY, LIMITED

ANOTHER YEAR OF SUBSTANTIAL PROGRESS

The seventy-sixth annual general meeting of this Society was held, on the 27th ultimo, in London.

Mr J. K. Wiseman, F.C.I.I., joint managing director, who presided, said: It will be seen from the society's accounts that once again the directors have the satisfaction of reporting substantial progress. The total income for the year amounted to £8,224,212—an increase of £302,326 over the previous year—and the total funds amount to £38,046,924—an increase of £2,663,205. The combined premium income of all branches amounted to £6,638,073, an increase of £259,597.

ORDINARY LIFE BRANCH

The premium income in the ordinary life branch for the year (including consideration for annuities granted) amounted to £1,733,262, representing an increase of £113,609. The new business written in this branch is a record in the history of the society. For the first time we have exceeded the £6,000,000 figure.

We regard the success in this branch with much satisfaction, and we attribute it to a large extent to the fact that we endeavour to offer to prospective assurers the form of policy best suited to their needs and circumstances.

The rate of interest earned on the ordinary branch fund has shown a fall year by year since the era of cheap money began in 1931, the net rate for last year (excluding the auxiliary life fund) being £4 3s. 8d. per cent.

Interim bonuses will continue during the current year at £2 per cent. per annum.

INDUSTRIAL LIFE BRANCH

In the industrial life branch the premium income for the year amounted to £4,833,050, which is an increase of £135,841 over the previous year. The funds of this branch at the end of the year amounted to £24,894,832, an increase of £1,610,020. Claims and surrenders paid amounted to £2,182,769.

The amount added to the fund is money put aside as a provision for future liabilities. Adding this item to the actual disbursement to policy-holders the total is £3,792,789. Thus, the actual amount paid to policy-holders during the year, plus the amount added to the fund, which provides for future payments to policy-holders—the latter amount being arrived at after taking account of interest on investments—together make up a sum equal to 78.5 per cent. of the premiums received.

The system of industrial assurance has played a great part in developing habits of thrift amongst classes which at one time saved very little. In recent years there has been a welcome tendency to effect larger assurances on the life of the breadwinner, as distinct from policies taken out with the more limited object of meeting expenses arising out of a funeral. In this way industrial assurance is becoming more and more the means of helping the family to tide over the difficult time following the loss of the weekly wage on which the maintenance of the home has depended.

BALANCE SHEET

The balance sheet shows that the assets total £38,211,169, an increase of £2,610,377 over the previous year. Stock Exchange securities represent 72.5 per cent. of the total, the remainder consisting mainly of mortgages, loans on public rates, freehold and leasehold properties, and ground rents.

The report and accounts were unanimously adopted.

OFFER TO NEW READERS

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ARMY AND NAVY STORES, LIMITED

INCREASE IN PROFITS

The annual general meeting of the Army and Navy Stores, Limited, was held, on the 28th ultimo, on the company's premises, Howick Place, Westminster, London, Brig.-Gen. Sir Frederick Gascoigne, K.C.V.O., C.M.G., D.S.O., the chairman and managing director, presiding.

The Chairman, in the course of his speech, said that the hopes he had expressed last year of a still further improvement in the results for 1936 had not been disappointed. For the third year in succession the accounts showed an improvement on the preceding year, the profit being £40,960 more than in 1935, which, in turn, had shown an increase of £19,090 over the previous year.

It was fair to remark that they had had an extra week's trading in the past year, owing to the incidence of the calendar, which naturally had had a bearing on the results, but apart from that extra week, there had been an increase in the total sales with a consequent increase in profits. He was glad to say that India had made a good contribution to those results.

The increased profit was not wholly due to increased turnover, but largely to economies in working which were now beginning to bear full fruit. During the year they had had the usual ups and downs in trade, and the extra 3d. unexpectedly imposed on the income tax last year had not helped matters.

HIGHER TAXATION

The extra 3d. added this year, bringing it to 5s. in the £, was very distressful, but, what they had not expected, was the further tax on industry which had been given the descriptive title of National Defence Contribution. It was a considerable discouragement to feel, just as they were beginning to go ahead again, that they should be faced with such a setback to the hoped-for complete recovery, but after what he would venture to describe as the illuminating speech of the Chancellor of the Exchequer in the House of Commons the day before, they might now feel no doubt that certain hoped-for concessions and modifications would receive the fullest consideration, which must be, he thought, a very comforting thought to them all.

INCREASED DISTRIBUTION

With regard to the profit available, there remained for distribution a sum of £278,909. In view of the maintenance in the improvement of trade last year, the board felt that the turn of the shareholders had now come for some recognition. What the future held one could not say, but the board felt the actual results justified their recommendation of the payment of a bonus of 3d. per share in addition to a final dividend of 10d. per share, bringing up the total for the year to 1s. 6d. per share, or 15 per cent.

With regard to India the sales showed a substantial and rather surprising improvement. Native competition was very keen, but the matter was watched very closely and steps had been taken to meet such competition, and last year's results had certainly been encouraging. After very careful consideration, the board had decided that the time had now come to extend the society's activities to New Delhi, and an establishment had been opened there to run in conjunction with the Calcutta branch.

As regarded London, last year he had told shareholders of the plans they had in hand for the opening out and regrouping of many of the departments. Some of the work was still in progress, and some of it had been completed, notably the new bridge from Victoria Street to Howick Place. They had now started their programme of improvements to the Francis Street building. The result of much of that work shareholders would be able to see for themselves when completed, but other work going on behind the scenes to improve their services was the assembling, packing and despatching of goods.

Efficiency in those services was absolutely essential. They had always been good, but they could not sit still in these days if they were to meet satisfactorily the ever-increasing and exacting demands of the modern shopper.

THE CURRENT YEAR

With regard to the current year, he would repeat the three factors which they must take into consideration, namely (1) last year contained fifty-three weeks' trading, whereas this year they would only have fifty-two weeks; (2) the effect of the further increase in income tax; and (3) the additional burden of the new tax on profits. On the other hand, trade continued good; they had the economies and the improved shopping facilities to which he had referred, and their continued and, he hoped, ever-increasing support. The report was unanimously adopted.

BARRY AND STAINES LINOLEUM, LIMITED

SATISFACTORY TRADE DEMAND

The ordinary general meeting of Barry and Staines Linoleum, Limited, was held on the 29th ultimo, at Winchester House, Old Broad Street.

Mr William Sutton, J.P. (the chairman), said:—Ladies and gentlemen,—When we met a year ago I referred to the state of unrest in Europe—which, I am sorry to say, has since become more acute—and also to the increasing cost of raw materials and the reduction in the selling prices of certain lines in which we are largely interested. I expressed the fear that the returns of our companies would be adversely affected, and not only has this happened but our own national crisis which the Empire faced in such an admirable way had undoubtedly some temporary effect on business. The cost of raw materials is still rising. Although we gave an increase in wages during the last 12 months, we are now faced with a demand for another. We have been able to obtain an increase in our selling prices, but it is very doubtful that this will be sufficient to cover the growing manufacturing costs.

In France the return of the present Government and their legislative policy caused a seriously unsettled state of affairs in industry generally, entailing large increases in wages and in the general costs of production, in addition to which working hours are now restricted by law to 40 hours a week in the linoleum and many other industries. As was inevitable, an increase in selling prices of practically every commodity followed. I am glad to be able to say that, notwithstanding the grave difficulties with which the management at the French factory were faced, both the yardage turnover and the franc value show a satisfactory increase over last year's figures. Owing, however, to the depreciation of the franc, the sterling value of the dividends received during the year is down.

The steady progress of our rubber flooring department continues and the turnover for the year again shows an increase.

DIVIDEND MAINTAINED

Notwithstanding the difficulties with which our trading has been faced during the past year, we are enabled to pay the same dividend (12½ per cent.) as we did for 1935-36. The amount received from subsidiary companies by way of dividend and for management expenses is £1,130 up, but the balance of £209,553 carried to the balance-sheet is £2,785 less than last year, due to the fact that last year there was an income tax credit of £3,156, whereas this year there is a debit of £113. After paying the preference dividend and the interim and final dividends on the ordinary stock the amount to be carried forward to next account is increased by £1,743.

There is again this year a transfer to special reserve of £25,000, making the amount now £75,000. The only other item in the balance-sheet which calls for explanation is the substantial reduction in the item "To subsidiary companies—current accounts," which this year is £91,833 less than last year. Of this sum £66,000 is accounted for by certain adjustments as between this company, and the subsidiary companies in respect of their U.S.A. trading and an adjustment of a corresponding amount appears in the contra item "By subsidiary companies—current accounts."

EXPORT TRADE DIFFICULTIES

I have already referred to the increased cost of raw materials and the demand for higher wages. While trade at the moment is very good there exist so many elements of uncertainty both at home and abroad that it is hazardous to prophesy how long this demand may continue. In the export trade, where there is room for expansion, difficulties caused by tariffs, quotas, and exchanges still remain and seriously hamper business. We are seizing every opportunity and supporting all efforts to press for an improvement of these conditions. With our efficient organisation, and producing as we do goods of the highest quality, we hope to be able to place before you next year's figures which again you will regard as satisfactory.

The board's policy, referred to at previous meetings, of obtaining the utmost efficiency in production, continues to be one of the principal matters to which their energies are devoted, and year after year substantial progress is being made in this direction with very satisfactory results.

There are some other matters to which reference may be made. In common with a large number of other companies we have joined in the guarantee fund in support of the Empire Exhibition, Scotland, to be held in Glasgow next year. The exhibition promises to be a most successful one.

The report and accounts were adopted.

ORIENTAL TELEPHONE AND ELECTRIC COMPANY, LIMITED

ANOTHER YEAR OF PROGRESS

The forty-third ordinary general meeting of this company was held, on the 26th ultimo, in London.

Sir A. Henry McMahon, G.C.M.G., G.C.V.O., K.C.I.E., C.S.I. (chairman of the company), in the course of his speech, said: After deducting £26,959 for depreciation and renewals, the net revenue of the company amounts to £103,842. Adding £51,569, brought forward from 1935, and deducting the interim dividends paid in November last, there remains a balance for disposal of £125,997, which your directors recommend should be dealt with as follows: In payment of a final dividend for the year of 3½ per cent., less tax, on the preference shares issued, £6,607; in payment of a final dividend of 8 per cent. for the year, free of tax, on the ordinary shares issued, £45,615; to place to general reserve £10,000; to contingencies reserve, £10,000; and to carry forward the balance of £53,773.

I am pleased to be able to report another year of good progress, both as regards our subsidiary and associated companies, as well as our own branches at Singapore and Mauritius.

SINGAPORE AND MAURITIUS

The Singapore branch continues to make good progress with an addition of 183 exchange lines during the year, and there is no doubt but that these additions would be greatly augmented were the company free to put into force a more modern and rational system of charging. Further proposals have been placed before the Singapore Government for an optional system of measured and message rates, but so far no decision has been arrived at. Unfortunately an impression seems to persist in some quarters that the object the company has in view in advocating a change in the present system of charging is to increase its revenue at the expense of existing subscribers. This, of course, is not the case. Naturally the company wishes to increase the number of its subscribers, but the only way to do this is to decrease and not to increase its charges. It is to be hoped that this elementary truth will soon be borne in on those with whom the decision rests, as the present methods constitute a very formidable barrier in the way of progress and development.

At Mauritius, also, there is some slight improvement, the number of exchange lines having increased from 673 to 677. No great change has occurred in the fortunes of the island since I last addressed you, though it is hoped that the committee of inquiry into the world prices of sugar which has recently commenced its investigations may have some beneficial effect on the situation there.

THE INDIAN COMPANIES

The Bombay Telephone Company, Limited, has increased the number of its exchange lines by 1,487 during the year, and the proportionate rate of increase for this year, so far as we have gone, is even higher. Considerable capital expenditure will have to be incurred to cope with these demands, and, as I have indicated elsewhere, the Bombay company is making an issue of debentures for that purpose. Meanwhile we have been able to assist them in meeting their more urgent requirements. The same dividend as last year, namely 8 per cent., has been paid, and the prospects for the future in Bombay are very encouraging.

The Bengal Telephone Corporation, Limited, has added 774 lines to its system, and the prospects of further expansion during the current year are also good. The same dividend as last year, namely 8 per cent., has been paid. The Madras Telephone Company, Limited, again pays a dividend of 8 per cent., plus a bonus of 1 per cent., and has added a further 233 lines to its system.

The Rangoon Telephone Company, Limited, has increased the number of exchange lines by 29 and also pays a dividend of 6 per cent. as before. During the year proposals were submitted to Government by the Rangoon Company for revising and modernising the method of charging for telephone service, the existing method forming a serious hindrance to development. But though we are in hopes that the equity of these proposals will be recognised, and that they will eventually be adopted, no final decision has yet been reached.

The Hong Kong Telephone Company, Limited, is recovering from the slight setback which it experienced last year, and now shows an increase of 334 in the number of exchange lines working. The same dividend as for last year, namely 12 per cent., has been paid, and this in turn has enabled the China and Japan Company to maintain its dividend of 6 per cent. in spite of the reduction in the sterling amount receivable by reason of the adverse rate of exchange.

The report and accounts were unanimously adopted.

BIGNELLS, LIMITED

GOOD PROGRESS—BIG FORWARD CONTRACTS

The statutory meeting of Bignells, Limited, was held, on the 27th ultimo, at Winchester House, London.

Mr Arthur J. Bignell, the chairman, who presided, said: Trading receipts at £24,686 3s. 5d. and trading payments at £36,304 5s. 1d. show an excess of payments due to purchases of raw materials and accumulation of stocks both customary at this time of the year.

You are probably all aware that commodity prices have risen, and are rising rapidly—you will therefore be pleased to hear that your board have entered into forward contracts for raw materials sufficient for their anticipated requirements up to August, 1938. These contracts have been made at prices less than those now ruling. You no doubt appreciate that, with our vast output of boots and shoes, this is a very important factor in the success of your company.

I will now deal with the sales position, which I think you will find just as satisfactory. The board anticipate that the company's sales for the current financial year will be well in excess of our prospectus estimate. We have arranged for the sale of the whole of the present output of the factories for 1937 and, with a view to taking further orders, are directing our attention to increasing the company's output capacity. We have several forward contracts in hand for 1938 made with well-known firms and at prices satisfactory to your company. The contracts already in hand will keep your company fully occupied until at least August, 1938, and we have further inquiries for 1938 which your directors are considering.

It may interest you at this stage to have a comparison of output since the incorporation of your company with the corresponding period of last year. This is the quiet period in our trade; nevertheless, our output has been steadily increasing from month to month, and compared with last year has increased more than threefold.

We have also completed the purchase of a further factory, as foreshadowed in the prospectus, on terms which are highly satisfactory to your company.

In conclusion, ladies and gentlemen, I think we can congratulate ourselves on being in a very strong position, and can look forward to satisfactory dividends.

OXENDALE AND COMPANY (PROPRIETORS) LIMITED

INCREASED PROFITS

The tenth annual general meeting of Oxendale and Company (Proprietors), Limited, was held, on the 27th ultimo, at Winchester House, London.

Mr A. Stanley Smith (the chairman) said that a gratifying increase in profits of the operating company was shown. It was the invariable practice of the board to transfer the whole of the balance of the profit and loss account of the operating company each year to the proprietary company as dividend. For the year under review that amount was £27,677, as compared with £25,395 a year ago and £11,749 in the accounts of 1932.

Whilst it had been a matter of gratification to the board to report increased progress, they were not a little disappointed that the increase of profits was still not sufficient to justify a dividend on the deferred shares. It was clear, however, given a continuance of present progress and no undue burden under the proposed new taxes, a deferred dividend should shortly be attained. As to the new business profits tax, it would be unwise at present to express any definite opinion as so little was known of the basis of computation. If a tax on profits were imposed it should be fair and borne in equal measure by all business concerns. The Chancellor, in his speech, had noted "The almost monotonous story of increased business, record turnover and larger profits," but had not pointed out a fact of which he was fully aware, that in the main those improved results merely indicated a recovery from the low points of depression. Very few of them would object to a tax on "increased" profits—profits above what, in those far-off days before the depression, were regarded as normal.

As to its fairness, all depended on the basis adopted. Would it not be more equitable, the chairman asked, if an alternative standard based on 1927-28-29, with suitable allowances for increased capital, were permissible? However, there was little doubt in his mind that consideration would be given to companies like their own which were deprived of a major portion of their trade by the loss of overseas markets and which by enterprise and good management had retrieved their fortunes in the home trade.

The report was unanimously adopted.

NIRMALA (JAVA) PLANTATIONS AND LANDS COMPANY, LIMITED

BOARD'S FORWARD SALES POLICY

The annual general meeting of the Nirmala (Java) Plantations and Lands Company, Limited, was held, on the 27th ultimo, at 19 Fenchurch Street, London.

Mr Walter Hilliers, the chairman, said in the course of his address:—We can again give a satisfactory account of the condition of the estates, and we were thus enabled to take full advantage of the improved position both for tea and rubber.

The average selling price of our tea was 10½d. London equivalent and for rubber 8d., which is rather better than the average price for the year in London.

A certain amount of replanting is allowed under the restriction scheme for rubber, and we expect to have nearly 400 acres thus replanted with the very best up-to-date material.

We have given you particulars of our forward sales of rubber, and since the report certain other sales have been made. There is no change as regards 1937, against which we have sold 408 tons at an average price of 10½d. London equivalent; against 1938 420 tons have been sold at an average of 11½d. London equivalent, and for 1939 300 tons at 11½d. London equivalent. Especially considering the prevailing conditions and the violent market fluctuations, these prices are fully satisfactory.

When considering these matters the importance of the substantial margin of profit should be given due weight, and, further, for a company like this, it is wiser to exchange fine prospects for tangible results by securing actual profits and in this way accelerate the payment of dividends, while building up working capital, of which the company is in need. We have about 30 per cent. of each year's prospective quota still unsold and more for 1939.

It will be plain to you that the results for the current year will show a welcome and rather marked improvement upon those which unfortunately we had to contend with far too long.

The report and accounts were unanimously adopted.

An extraordinary general meeting of the company was then held, followed by a separate meeting of the preference shareholders, and at each unanimous approval was given to the proposed capital reorganisation.

RIO TINTO COMPANY, LIMITED

COMPLICATED BUSINESS CONDITIONS

The sixty-fourth ordinary general meeting of the Rio Tinto Company, Limited, was held, on the 29th ultimo, in London.

The Rt. Hon. Sir Auckland Geddes, G.C.M.G. (the chairman), presided, and said that they were meeting as a company in circumstances of difficulty, especially in connection with that part of their business which was based on Spain. Since August 28th the conditions under which the business had been carried on had been extremely complicated. Copper, pyrites and sulphur had been requisitioned in substantial amounts and despatched to points in Spain, to Germany and Italy. Against those requisitions some pesetas had been received; some were owing. The rate of conversion for the sterling value of the goods requisitioned was fixed by General Franco's Administration at 40 to 42 pesetas to the £1. In that way the *de facto* Government had been able to secure foreign credits. In addition, in order to obtain the export permits which were necessary to permit the company to fulfil its long-standing contracts with its established customers in the United Kingdom, Europe and the United States, it had to make sterling payments equivalent to the value of the products exported, recovering in return pesetas at fixed rates of exchange.

That system of control over the company's business and sterling income had made it impossible to make profits out of the operations in Spain.

Trade was being made impossible by currency chaos. Delays were inevitable when it was necessary to get permits for this, that or the other commodity movement. Payment was necessarily slow; in some cases apparently might never come. Every delay cost money. He estimated that the political turmoil and civil war in Spain had cost the company perhaps a quarter of a million, perhaps £350,000, in the year under review.

With regard to the Budget proposals for levying a National Defence Contribution, it was quite plain that no Government would wish to damage the prosperity of the great undertakings known as Rhokana Corporation, Roan Antelope Copper Mines, Mufulira Copper Mines and Nchanga Consolidated Copper Mines, and he was confident that the case of the Rhodesian copper producers would be justly, fairly and intelligently met.

The report was adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended April 24, 1937, amounted to £48,344,000, against ordinary expenditure of £50,281,000. After allowing for an increase in Exchequer Balances of £149,097, the operations for the week, as shown below, decreased the gross National Debt by £3,909,000, to approximately £7,912 millions.†

(000's omitted)	
Treasury Bills	£ 5,091
Public Department Advances	8,000
National Savings Certificates	100
	£ 5,091
	£ 9,090

† Including £375 millions on Account of Exchange Equalisation Fund.

An analysis of the approximate position of the National Debt as at March 31, 1937, appeared on page 47 of *The Economist*, of April 3, 1937.

Total Receipts into the Exchequer				
Revenue	April 1, 1936, to April 25, 1936	April 1, 1937, to April 24, 1937	Week ended April 25, 1936	Week ended April 24, 1937
ORDINARY REVENUE				
Inland Revenue—	£	£	£	£
Income Tax	7,186,000	8,174,000	185,000	10,000
Sur-tax	2,120,000	2,500,000	570,000	450,000
Estate, etc., Duties	5,710,000	5,900,000	1,570,000	1,790,000
Stamps	460,000	730,000	180,000	160,000
Excess Profits Duty and Corporation Profits Tax	40,000	40,000	10,000	...
Land Tax and Mineral Rights Duty	...	...	...	...
Total Inland Revenue	15,516,000	17,344,000	2,415,000	2,410,000
Customs and Excise—	£	£	£	£
Customs	13,214,000	16,485,000	4,818,000	5,362,000
Excise	7,700,000	8,500,000	1,136,000	2,200,000
Total Customs and Excise	20,914,000	24,985,000	5,754,000	7,562,000
Motor Vehicle Duties†	2,642,000	2,535,000	107,000	...
Post Office (Net Receipt)	3,050,000	3,000,000	1,750,000	1,050,000
Crown Lands	204,073	190,036	...	135,711
Receipts from Sundry Loans	331,825	289,777	292,257	6,442
Miscellaneous Receipts	42,657,898	48,343,813	10,318,257	11,164,153
Total Ordinary Revenue	45,007,898	50,393,813	11,218,257	11,714,153
SELF-BALANCING REVENUE				
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	2,350,000	2,050,000	900,000	550,000
Total	45,007,898	50,393,813	11,218,257	11,714,153

Total Issues out of the Exchequer to meet Payments				
Expenditure	April 1, 1936, to April 25, 1936	April 1, 1937, to April 24, 1937	Week ended April 25, 1936	Week ended April 24, 1937
ORDINARY EXPENDITURE				
Interest and Management of National Debt	22,199,971	23,274,094	375,832	507,592
Payments to Northern Ireland Exchequer	230,393	248,464	230,393	248,464
Other Consolidated Fund Services	257,057	258,537	...	...
Post Office Fund	...	...	...	...
Total	22,687,421	23,781,095	606,225	756,056
Total Supply Services (excluding Post Office and Broadcasting)	34,135,500	26,500,000	8,091,500	6,350,000
Total Ordinary Expenditure	56,822,921	50,281,095	8,697,725	7,106,056
SELF-BALANCING EXPENDITURE				
Post Office Vote and Vote for Broadcasting	2,350,000	2,050,000	900,000	550,000
Total	59,172,921	52,331,095	9,597,725	7,656,056

† Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue figures for purpose of comparison.

The aggregate revenue from April 1, 1937, to April 24, 1937, is shown below:—

(000's omitted)	
Expenditure	50,281
Revenue	48,344
Decrease in balances	90
Gross borrowing	2,142
New Sinking Fund*	295
Net borrowing	1,847
	50,281

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1937 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding:	Apr. 25, '36	Mar. 31, '37	Apr. 24, '37	Week ended Apr. 24, '37
Advances by Bank of England	23,400,000	23,535,000	18,305,000	—8,900,000
Advances by Public Departments	744,770,000	674,595,000	685,750,000*	+5,090,000
Treasury Bills outstanding	...	...	...	...

Total Floating Debt 768,170,000 698,130,000 704,055,000 —3,810,000
* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury Bills were opened on April 23, 1937. The amount applied for was £94,265,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday at £99 17s. 4d. about 18 per cent. and above in full. The average rate per cent. was 10s. 5.54d. The amount allotted was £40,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 8 1-84
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4-32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1-27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5-63
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10-80
April 16, 1937	40,000,000	83,350,000	40,000,000	0 10 6-84
April 23, 1937	40,000,000	94,265,000	40,000,000	0 10 5-54

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Five days ended April 3, 1937	617,940	£ 483,455
Week ended April 10, 1937	624,848	£ 488,484
February, 1936, to April 10, 1937	1,290,623,042	£ 1,014,405,120

At the end of February, 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,398,986.

The OCEAN

Accident & Guarantee Corporation, Limited

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

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND
RETURN FOR WEEK ENDED WEDNESDAY,
APRIL 28, 1937

ISSUE DEPARTMENT	
Notes Issued:—	£
In Circulation	468,816,326
In Banking Department	44,845,598
	513,661,924
Government Debt	11,015,100
Other Government Securities	185,952,729
Other Securities	3,021,239
Silver Coin	10,932
Amount of Fiduciary Issue	200,000,000
Gold Coin and Bullion	313,961,924
	513,661,924
BANKING DEPARTMENT	
Proprietors' Capital	£ 14,553,000
Reserve	3,180,982
Public Deposits*	26,161,354
Other Deposits:—	£ 87,565,860
Bankers	£ 39,577,910
Other Accounts	127,143,770
	171,019,106
	171,019,106

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

Both Departments	Amount, Apr. 28, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	468,816,326	+ 4,792,295	+ 51,940,081
Public deposits	26,161,354	+ 575,758	+ 18,707,887
Bankers' deposits	39,577,910	+ 3,615,662	+ 17,138,729
Other deposits	622,121,450	+ 709,223	+ 545,957
Total outside liabilities	17,713,982	+ 2,461,614	+ 54,055,196
Capital and res.	...	+ 8,222	+ 2,834
Government debt and securities	294,697,720	+ 3,721,989	+ 65,393,545
Discounts and advances	5,467,958	+ 873,571	+ 2,822,273
Other securities	24,988,885	+ 2,106,304	+ 11,944,312
Silver coin in issue department	10,932	+ 3,993	+ 883,711
Coin and bullion (bank's reserves)	314,669,937	+ 23,413	+ 111,147,579
Reserves of notes and coin in banking department	45,853,611	+ 4,815,708	+ 792,502
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	29.9%	— 2.7%	— 0.9%
(b) Gold stocks to deposits and notes ("reserve ratio")	50.8%	— 0.2%	+ 14.8%

(000's omitted)							
Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
	£	£	£	£	£	£	%
1937							
Apr. 7	513,662	469,970	24,512	94,831	38,367	Nil	2 1/2
" 14	513,662	465,694	22,371	96,897	37,921	Nil	2 1/2
" 21	513,662	464,024	25,886	91,182	38,869	Nil	2 1/2
" 28	513,662	468,816	26,161	87,566	39,578	Nil	2 1/2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department				
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt.	Dis-	Other	Reserve and the "Pro- portion"	
					Securities	counts & Advan- ces	Securities		
1937	£	£	£	%	£	£	£	%	
Apr. 7	196,868	3,124	314,584	50 1/2	101,072	7,395	22,301	44,814	28 1/2
" 14	196,916	3,074	314,572	50 1/2	96,950	6,906	22,147	48,878	32 1/2
" 21	196,911	3,082	314,693	50 1/2	94,064	4,594	24,014	50,669	32 1/2
" 28	196,968	3,021	314,670	50 1/2	97,730	5,468	21,968	45,854	29 1/2

BANKERS' CLEARING RETURNS
LONDON

LONDON
(000's omitted)

	Town	Metropolitan	Country	Total
	£	£	£	£
1937				
January 1 to April 14 ...	11,295,631	646,699	1,117,117	13,059,447
Week ended April 21 ...	688,893	41,849	71,556	782,298
Week ended April 28 ...	772,210	39,201	65,938	877,349
Total to date, 1937	12,736,734	727,749	1,254,611	14,719,094
Total to date, 1936	10,712,364	660,292	1,128,471	12,501,127
Increase or decrease in 1937 {	+ 2,024,370	+ 67,457	+ 126,140	+ 2,217,967
	= 18.9%	= 10.2%	= 11.2%	= 17.7%
Total for year 1936	35,039,356	2,039,620	3,537,598	40,616,574
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Increase or decrease in 1936 {	+ 2,595,781	+ 152,508	+ 308,534	+ 3,056,823
	= 8.0%	= 8.1%	= 9.6%	= 8.2%

PROVINCIAL (000's omitted)							
No. of working days :	Week ended April 24		Month of March			Aggregate Total January 1 to April 24	
	1936	1937	1936	1937	Inc. or Dec.	1936	1937
	£	£	26	25	%	£	£
BIRMINGHAM	1,849	2,089	10,853	11,321	+ 6.2	43,258	46,127
BRADFORD	999	1,068	4,666	4,579	— 1.8	17,256	18,190
BRISTOL	1,177	1,226	5,533	5,474	— 1.0	21,033	21,365
DUBLIN	5,931	5,139	21,033	19,651	— 6.2	96,551	99,688
HULL	696	818	3,424	4,017	+ 17.3	13,701	15,691
LEEDS	718	945	3,874	4,840	+ 24.6	16,050	18,240
LEICESTER	607	652	3,114	3,325	+ 6.7	12,529	12,928
LIVERPOOL	5,520	7,723	27,526	35,802	+ 30.0	102,068	125,309
MANCHESTER	5,280	9,906	44,900	50,681	+ 12.8	186,961	186,572
NEWCASTLE	1,060	1,383	5,656	6,296	+ 11.3	21,339	23,761
NOTTINGHAM	392	486	2,116	2,291	+ 8.2	8,764	9,928
SHEFFIELD	669	1,025	4,289	5,960	+ 38.9	16,907	18,880
	27,938	32,475	115,751	134,586	+ 16.2	538,133	595,675

NOTE.—The latest return of the Bank of Spain appeared in *The Economist* for August 15. Denmark, International Settlements, Lithuania, in April 10. Turkey, Austria, Hungary, in April 17. New Zealand, Poland, Danzig, Latvia, Netherlands, Norway, Sweden and Federal Reserve Reporting Members, in April 24.

U. S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted)					
U.S.F.R. BANKS	Apr. 29, 1936	Apr. 8, 1937	Apr. 15, 1937	Apr. 22, 1937	Apr. 29, 1937
RESOURCES					
Gold Certificates on hand and due from the Treasury	7,703,830	8,843,900	8,843,890	8,843,900	8,843,400
Total reserves	8,056,430	9,128,810	9,134,220	9,135,980	9,142,130
Total cash reserves	339,650	275,760	279,670	282,310	289,140
Total bills discounted	5,320	8,150	11,050	7,690	11,000
Bills bought in open market	4,690	3,440	3,520	3,460	3,740
Total bills on hand	10,090	11,590	14,570	11,150	14,740
Industrial advances	30,320	22,570	22,540	23,080	23,180
Total U.S. Govt. securities	2,430,280	2,459,050	2,466,580	2,466,580	2,466,240
Total bills and securities	2,470,790	2,493,200	2,523,700	2,520,820	2,564,100
Total resources	11,155,730	12,333,270	12,550,620	12,464,030	12,445,140
LIABILITIES					
Federal Reserve notes in actual circulation	3,741,690	4,178,680	4,176,090	4,184,070	4,176,980
Aggregate of excess member bank reserves over requirements	2,690,000	1,440,000	1,630,000	1,590,000	1,640,000
Deposits—Member bank—reserve accounts	5,506,310	6,683,960	6,900,750	6,876,640	6,933,820
Government deposits	679,210	274,870	111,670	118,630	94,750
Total deposits	6,547,030	7,205,400	7,248,320	7,240,280	7,298,550
Capital paid in and surplus	302,670	305,520	305,510	305,530	305,530
Total liabilities	11,155,730	12,333,270	12,550,620	12,464,030	12,445,140
Ratio of total reserves to deposit and F.R. note liabilities combined	76.3%	80.2%	80.0%	80.0%	79.7%
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock	10,221,000	11,592,000	11,697,000	11,737,000	11,782,000
Treasury and National Bank Currency	2,501,000	2,539,000	2,541,000	2,540,000	2,541,000
LIABILITIES					
Money in Circulation	5,859,000	6,897,000	6,883,000	6,888,000	6,981,000
Treasury Cash and Deposits with Federal Reserve Banks	3,208,000	3,049,000	2,968,000	3,033,000	3,051,000

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

ASSETS	Apr. 25, 1936	Mar. 27, 1937	Apr. 3, 1937	Apr. 10, 1937	Apr. 17, 1937	Apr. 24, 1937
Gold and silver	109,840	106,840	106,110	125,310	125,730	126,450
Discounts, advances and other investments	70,430	77,570	83,630	83,720	77,340	76,350
Foreign bills	960	3,040	3,060	2,440	2,580	3,310
Other assets	10,020	59,470	63,020	62,230	72,490	71,710
LIABILITIES						
Notes in circulation	155,170	181,870	190,570	194,860	193,300	191,260
Deposits and bills payable	23,500	51,110	51,310	61,970	71,270	73,270

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

ASSETS	Apr. 23, 1936	Mar. 23, 1937	Mar. 31, 1937	Apr. 7, 1937	Apr. 15, 1937	Apr. 23, 1937
Gold	1,513,872	2,717,849	2,717,916	2,718,003	2,622,888	2,622,972
Of which held abroad	309,327	629,732	629,732	629,732	629,732	629,732
Discounts	50,147	14,534	14,091	14,560	12,796	13,219
Confederation Bills	68,651	16,500	16,000	16,000	15,300	14,550
Advances	64,559	38,898	43,182	37,371	35,369	34,391
Securities	46,286	17,845	17,941	17,931	18,506	18,892
LIABILITIES						
Notes in circulation	1,256,368	1,345,133	1,393,857	1,355,961	1,334,987	1,333,680
Deposits	427,038	1,453,354	1,408,634	1,427,911	1,360,075	1,352,948

† Gold revalued from Oct. 7, 1936. N.B.—Exchange Equalisation Fund and assets included in returns Dec. 31, 1936, onwards at 538,583,653 fcs.

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

ASSETS	Jan. 29, 1936	Dec. 31, 1936	Jan. 6, 1937	Jan. 13, 1937	Jan. 20, 1937	Jan. 27, 1937
Gold	910,123	911,708	911,723	911,761	911,781	911,877
Balances abroad	453,711	611,040	608,048	602,792	598,890	598,720
Discounts	363,016	311,901	334,880	330,047	329,495	322,218
Securities	71,763	126,797	126,796	126,787	126,788	126,789
Government loans	1,046,163	1,044,201	1,044,201	1,043,543	1,043,543	1,043,543
LIABILITIES						
Notes in circulation	2,085,270	2,256,775	2,232,533	2,180,920	2,137,836	2,113,296
Government deposits	552,646	309,481	354,972	410,733	447,285	503,913
Bankers' deposits	250,008	472,982	455,847	464,052	473,755	450,447
Other deposits	68,577	141,448	125,796	109,715	100,644	91,660
Foreign commitments	32,320	40,993	40,993	40,997	40,997	41,038

CENTRAL BANK OF ARGENTINA

In paper pesos (000,000's omitted)

ASSETS	Mar. 31, 1936	Jan. 15, 1937	Jan. 31, 1937	Feb. 28, 1937	Mar. 15, 1937	Mar. 31, 1937
Gold at home	1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign exchange	121	300	291	307	315	286
Non-interest bearing Government Bonds	119	119	119	119	119	119
Treasury Bonds	400	399	399	399	399	399
LIABILITIES						
Notes	998	1,093	1,108	1,134	1,137	1,140
Government deposits	191	118	119	124	115	117
Bankers' deposits	447	428	407	391	403	383
Certificates against Treasury Bonds	213	399	399	399	399	399
Ratio of gold and foreign exchange to note and sight liabilities	81.6%	92.7%	92.4%	92.6%	92.8%	91.7%

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.*

(000's omitted)

ASSETS	Apr. 23, 1936	Mar. 31, 1937	Apr. 7, 1937	Apr. 15, 1937	Apr. 23, 1937
Gold	2,694,476	2,582,950	2,581,221	2,580,136	2,579,616
Balances abroad and foreign currency	45,005	145,917	143,971	143,415	139,469
Discounts and advances	1,415,999	2,248,359	2,305,900	2,017,245	1,896,990
State notes debt balance	2,038,105	2,018,037	2,018,037	2,017,980	2,017,865
LIABILITIES					
Bank notes in circulation	5,170,076	5,948,825	5,658,089	5,446,688	5,256,879
Deposits	1,006,646	464,490	782,499	696,894	763,467

* First return showing effects of devaluation, October 15, 1936.

NATIONAL BANK OF JUGOSLAVIA

In dinar (000's omitted)

ASSETS	Apr. 22, 1936	Apr. 8, 1937	Apr. 15, 1937	Apr. 22, 1937
Cash reserve: Gold at home and abroad	1,496,713	1,657,508	1,659,854	1,662,700
Other foreign exchange	317,505	668,094	688,295	714,734
Bills and advances against security	1,611,408	1,669,178	1,656,226	1,684,052
Government advances	1,672,506	1,649,307	1,649,357	1,649,388
LIABILITIES				
Notes in circulation	4,728,511	5,429,263	5,365,056	5,300,583
Sight deposits	1,681,403	1,978,320	2,047,703	2,180,365
Time deposits	75,200	50,000	50,000	50,000

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

ASSETS	Apr. 11, 1936	Mar. 20, 1937	Mar. 27, 1937	Apr. 3, 1937	Apr. 10, 1937
Gold and gold exchange	10,855,141	15,721,816	15,731,058	15,732,877	15,759,434
Commercial bills	5,318,229	8,007,639	8,144,488	8,245,131	8,254,918
Agric. and urban advances	2,471,877	2,424,438	2,157,287	2,113,996	2,104,981
Treasury bills issued against losses on credit	5,490,604	5,959,185	6,195,600	6,108,688	6,110,038
State debt and advances to Treasury	5,638,745	4,624,386	4,624,386	4,624,386	4,624,386
LIABILITIES					
Notes in circulation	23,225,836	25,334,212	25,949,267	26,123,496	25,966,445
Other sight liabilities	7,734,158	12,168,630	11,657,291	11,978,473	12,140,646
Long-term liabilities	4,523,642	3,760,009	3,750,829	3,573,705	3,538,464

† First return after decree of November 7, 1936, was November 14th.

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

ASSETS	Apr. 7, 1936	Mar. 15, 1937	Mar. 23, 1937	Apr. 7, 1937	Apr. 10, 1937
Gold holdings	1,590,555	1,754,500	1,754,500	1,754,500	1,754,500
Balances abroad and foreign currencies	363,702	540,445	613,619	568,491	554,411
Discounts and advances	1,183,888	837,169	893,673	925,546	921,270
Reserves to the Treasury	2,671,279	3,551,463	3,551,463	3,551,463	3,551,463
LIABILITIES					
Notes in circulation	1,249,710	1,243,063	1,242,738	1,243,271	1,243,271
Bank notes in circulation	2,372,610	2,333,971	2,340,875	2,418,168	2,439,518
Sight liabilities	1,763,387	2,976,066	3,103,352	3,008,231	3,002,242
Deposits	125,191	107,314	107,314	106,626	106,626

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

ASSETS	Apr. 15, 1936	Mar. 23, 1937	Mar. 31, 1937	Apr. 7, 1937	Apr. 15, 1937
Gold and gold exchange	3,352,197	3,420,613	3,418,673	3,434,167	3,443,513
State Gold Bonds	567,202	548,948	548,948	548,948	548,948
Bills discounted	282,888	535,963	541,517	547,518	548,642
Advances	5,099,768	2,887,457	2,524,092	2,681,764	2,706,550
State Debt	3,605,111	3,605,111	3,605,111	3,605,111	3,557,705
LIABILITIES					
Notes in circulation	5,891,425	6,278,302	6,368,267	6,352,809	6,343,391
Deposit and current accts.	5,921,565	4,450,666	4,309,655	4,442,518	4,422,995
Foreign exchange liabilities	259,969	152,601	146,582	147,076	183,938

BANK OF FINLAND.—In F. Marks (000's omitted)

ASSETS	Apr. 15, 1936	Mar. 23, 1937	Mar. 31, 1937	Apr. 7, 1937	Apr. 15, 1937
Gold reserve	501,343	603,111	603,099	603,092	603,134
Gold abroad not included in the gold reserve		213,193	213,193	213,193	213,193
Foreign correspondents	1,353,480	1,784,257	1,784,153	1,770,051	1,773,931
Foreign bills, bank notes, and coupons	83,895	94,710	90,133	89,598	91,226
Inland bills and other home loans	1,005,168	1,100,788	1,085,171	1,105,196	1,123,005
Finnish and foreign bonds	376,704	411,761	413,461	413,928	425,852
LIABILITIES					
Notes in circulation	1,516,751	1,842,165	1,912,744	1,881,029	1,915,857
Government deposits at sight	87,350	526,894	466,607	428,372	429,014
Other deposits at sight	579,119	580,258	483,438	601,877	578,637
Ratio of ordinary cover to liabilities at sight	80.37	75.73	75.61	75.38	74.94

BANK OF ESTONIA.—In Est. kronas (000's omitted)

ASSETS	Apr. 23, 1936	Mar. 23, 1937	Mar. 31, 1937	Apr. 7, 1937	Apr. 15, 1937
Gold coin and gold bullion	34,121	34,180	34,180	34,181	34,182
Net foreign exchange	2,979	15,245	17,164	16,121	15,435
Home bills discounted	10,717	12,829	12,451	12,561	12,325
Loans and advances	7,951	11,775	13,689	9,816	10,174
LIABILITIES					
Notes in circulation	42,345	47,798	47,184	45,268	44,990
Sight deposits and current accounts	23,971	34,250	36,206	39,589	39,103
Ratio of reserve to current liabilities	55.9%	60.2%	61.6%	63.8%	63.5%

BANK OF JAPAN.—In yen (000's omitted)

ASSETS	Mar. 28, 1936	Mar. 6, 1937	Mar. 13, 1937	Mar. 20, 1937	Mar. 27, 1937
Gold coin and bullion	512,597	557,063	551,283	545,495	540,284
Other coin and bullion	43,495	35,127	36,415	37,906	39,030
Discounts	691,004	542,030	522,490	538,906	571,773
Advances	164,281	232,421	234,352	235,267	235,397
Advances on foreign bills	168,415	41,425	33,299	35,132	61,097
Government bonds	532,704	532,946	499,689	494,130	629,381
LIABILITIES					
Notes	1,367,292	1,398,292	1,341,858	1,355,333	1,463,507
Government deposits	582,670	319,947	339,629	345,442	400,007
Other deposits	73,944	55,761	57,453	58,674	83,191

NATIONAL BANK OF EGYPT.—In £E (000's omitted)

Banking Department:—	Mar. 31, 1936	Jan. 31, 1937	Feb. 28, 1937	Mar. 31, 1937
LIABILITIES				
Capital	2,925	2,925	2,925	2,925
Reserves	2,925	2,925	2,925	2,925
Government deposits	6,310	8,725	8,833	10,505
Other deposits	22,593	20,928	20,366	20,344
Other accounts	3,495	3,233	3,288	3,490
ASSETS				
Cash: Notes	1,161	1,464	1,355	1,147
Gold, silver, etc.	682	734	738	856
Money at call and short notice	1,994	2,111	1,623	1,706
Investments	24,736	23,497	24,641	26,281
Advances	5,197	5,836	4,882	3,976
Bills	1,464	2,065	2,090	1,969
Other accounts	3,015	3,029	3,008	4,454
Note Issue Department:—				
LIABILITIES				
Notes issued	22,800	23,400	22,900	22,300
ASSETS				
Gold	6,241	6,241	6,241	6,241
British Treasury Bills and bonds	7,347	7,944	7,444	6,844
British War Loan at par	7,713	7,715	7,715	7,715
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	Apr. 22, 1937	Apr. 23, 1937	Apr. 24, 1937	Apr. 26, 1937	Apr. 27, 1937	Apr. 28, 1937	Apr. 29, 1937
Bank rate (changed from 2½% June 30, 1932)	$\frac{0}{2}$	$\frac{0}{2}$	$\frac{0}{2}$	$\frac{0}{2}$	$\frac{0}{2}$	$\frac{0}{2}$	$\frac{0}{2}$
Market rates of discount—							
60 days' bankers' drafts	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$
3 months' do.	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$
4 months' do.	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$
6 months' do.	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$
Discount Treasury Bills—							
2 months'	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$
3 months'	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$
Loans—Day-to-day	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$
Short	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$
Deposit allowances: Bank	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$
Discount houses at call	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$
At notice	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$	$\frac{1}{2}$ — $\frac{1}{2}$

are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate:—

Bolivia.*	Commercial Bank's "free" selling rate was 155 bolivianos per £ on February 19th.
Colombia.*	Sight selling rate 175.10 pesos per 100 United States dollars on February 25th. This rate applies to holders of permits buying in the "open" market.
Ecuador.*	Official sight selling rate on New York was maintained up to February 15th at 10.50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Salvador.	Sight rate on February 26th was 2.49 colones per United States dollar.
Venezuela.	Sight rate on New York was 3.93 bolivares per United States dollar on February 25th.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

	London on Australia and New Zealand*				Australia and New Zealand on London*			
	Buying		Selling		Buying		Selling	
	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand
T.T.	Air	Ord.	Air	Ord.	125	124	Air	Ord.
Sight	126 1/2	126 1/2	125 1/2	125 1/2	125 1/2	124 1/2	124 1/2	124 1/2
30 days	126 1/2	126 1/2	125 1/2	125 1/2	125 1/2	124 1/2	124 1/2	124 1/2
60 days	127 1/2	127 1/2	126 1/2	126 1/2	126 1/2	125 1/2	125 1/2	125 1/2
90 days	127 1/2	127 1/2	126 1/2	126 1/2	127 1/2	126 1/2	126 1/2	126 1/2

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended April 29, 1937, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD (Into and from United Kingdom)

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British W. Africa...	61,895	...	Anglo-Egyptian	1,405	...
British S. Africa...	1,528,819	...	Sudan	458	13,500
Tanganyika...	4,399	...	British India	...	2,700
Kenya...	4,347	...	Straits Settlements	71,377	1,650
Anglo-Egyptian	...	...	Germany	...	3,000
Sudan	2,122	...	Netherlands	1,125	430
British India	91,403	...	Belgium	231	1,700
British Malaya	13,458	...	Switzerland	89,000	...
New Zealand	322,294	...	Yugoslavia	76,528	...
Australia	6,059	...	U.S.A.	5,731,765	...
British Guiana	42,186	16,000	Other countries	530	...
Netherlands	5,773	...			
Belgium	22,721	1,504			
Switzerland	...	2,000			
Morocco	...	8,242			
Panama	20,363	...			
Venezuela	...	1,031			
Other countries	5,440	1,205			
Totals	2,159,780	19,031	Totals	5,972,419	33,597
		10,951			4,830

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British India	195	...	Anglo-Egyptian	2,755	...
Australia	...	272	Sudan	...	9,000
Germany	11,800	11	Aden and Dependencies	93,305	...
Netherlands	...	94	British India	1,420	...
Belgium	22,386	...	Ceylon and Dependencies	12,320	...
Japan	5,233	...	Canada	...	1,300
Mexico	71,158	...	Central America and W. Indies	2,100	...
Other Countries	1,626	1,557	Denmark	2,956	...
			Germany	6,130	...
			France	1,500	...
			Portugal	1,175	...
			Egypt	5,680	...
			U.S.A.	13,900	...
			Other Countries	893	150
Totals	112,338	272	Totals	144,134	1,450
		1,662			9,574

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1937	ARRIVALS	1937	WITHDRAWALS
Apr. 23	Nil	Apr. 23	Nil
" 24	Nil	" 24	Nil
" 26	Nil	" 26	Nil
" 27	Nil	" 27	Nil
" 28	Nil	" 28	Nil
" 29	Nil	" 29	Nil
Total	Nil	Total	Nil

Movement, April 23 to April 29, 1937 (inclusive) Nil
 Movement during year 1936 £113,609,527 in
 Movement during 1937 (January 1 to April 29, inclusive) £1,262 in
 Movement, April 29, 1925, to April 29, 1937 (inclusive) £154,567,986 in
 Movement, September 21, 1931 (gold standard suspended) to April 29, 1937 (inclusive) £176,973,438 in

GOLD MARKET

Messrs Samuel Montagu and Company write on April 28, 1937:—
 The Bank of England gold reserve against notes amounted to £313,661,924 on April 21st, showing no change as compared with April 14th.

Business in the open market has been active and about £2,400,000 of bar gold was disposed of at the daily fixing. There have been further sales of gold holdings, but following last week's official denial of any intention on the part of the American Government to lower its buying price for gold, purchases for shipment to New York have been made more freely. Prices, however, have again ruled considerably below dollar parity. The s.s. "Strathmore," which sailed from Bombay on April 24th, carries gold to the value of about £197,000.

SILVER MARKET

Prices have been subject to fluctuations but have ruled at a lower level as compared with last week. Buying by the Indian bazaars has been met by China sales and speculative re-sales, but conditions have been quiet and the market therefore the more responsive to small pressure either way. The easier tendency seen during the week was due largely to poor demand, as sales were not pressed and there was no general movement towards liquidation of bull commitments; the technical position of the market is therefore unchanged and until it shows some improvement the present level would appear sufficiently high.

Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce 1000 fine
			Cash	Two Months	
April 22	140 7 1/2	12 0 9/9	20 1/2	20 1/2	45
" 23	140 8 1/2	12 0 9/9	20 1/2	20 1/2	45
" 24	140 9 1/2	12 0 8/2	20 1/2	20 1/2	45
" 26	140 9 1/2	12 0 8/2	20 1/2	20 1/2	45
" 27	140 5 1/2	12 1 1/6	20 1/2	20 1/2	45 1/2
" 28	140 6 1/2	12 1 0/7	20 1/2	20 1/2	45 1/2
Average	140 7 8/3	12 0 9/6	20 3/12	20 3/75	45 1/2
April 29	140 6	12 1 1/1	20 1/2	20 1/2	45 1/2

The highest rate of exchange on New York recorded during the period from April 22nd to April 28th was \$4.94 1/2 and the lowest \$4.92 1/2.

OTHER STATISTICS

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended Apr. 25, 1937 (£'000)							Aggregate Gross Receipts, compared with 1936 (16 weeks) (£'000)						
(b) Week ended Apr. 23, 1937. (c) Week ended Apr. 24, 1937.		Miles Open	Passen- ger, etc.	Merch- andise, etc.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, etc.	Merch- andise, etc.	Coal and Coke	Total Goods	Total Receipts			
Great Western	{ 1937 3,738 1936 3,748	177	213	120	333	510	2,744	3,130	1,858	4,988	7,732	7,422			
(c) L. & N. Eastern	{ 1937 6,920 1936 6,333	284	384	258	642	938	4,341	5,387	4,153	9,540	13,881	13,471			
L. M. & Scottish	{ 1937 6,877 1936 6,898	429	523	289	580	863	4,268	5,198	4,004	9,202	13,847	13,471			
Southern ...	{ 1937 2,153 1936 2,154	280	67	30	97	377	4,252	935	537	1,472	5,724	5,634			
Total	{ 1937 19,088 1936 19,131	1,180	1,187	677	1,864	3,044	17,897	17,248	10,840	28,328	46,225	44,776			
(b) Belfast & Co. Down	{ 1937 80 1936 80	1-8	...	0-6	2-4	28-4	...	...	...	8-2	36-6	36-6			
(b) Great Northern	{ 1937 543 1936 543	7-7	...	11-1	20-2	133-6	...	...	...	151-9	285-5	281-5			
(b) Great Southern	{ 1937 2,076 1936 2,124	28-4	...	43-9	72-3	448-5	...	...	...	672-9	1,121-1	1,138-1			

COMPARISONS WITH CORRESPONDING PERIODS, 1935 and 1936

	(000's omitted)			
	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1936, compared with first half-year, 1935:				
Gross increase or decrease.....	+ 263	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935:				
Gross increase or decrease.....	+ 491	+ 1,575	+ 751	+ 378
First half-year 1937, compared with first half-year, 1936:				
16 weeks to April 24, 1937.....	+ 310	+ 626	+ 410	+ 90
Weekly average first half 1937	+ 19 1/2	+ 39 1/2	+ 25 1/2	+ 5 1/2
Latest week 1937 compared with 1936.....	+ 23	+ 73	+ 44	+ 12

LONDON TRANSPORT

	Takings (before pooling)	Compared with corresponding period of last year
Week ending April 24, 1937	£584,800	+ £30,600
Aggregate 43 weeks to April 24, 1937	£24,090,400	+ £735,100

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

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1937	+ or -	1937	+ or -
INDIAN							
Assam Bengal	52	Mar. 31	1,330	Rs. 15,19,600	Rs. 10,244	Rs. 1,80,40,247	+ 10,54,301
Baril Lt. Ry.	52	Mar. 31	292	141,400	21,200	15,25,400	+ 4,00,800
Bengal & N. Western	30	Apr. 10	2,107	11,50,255	1,649	2,12,12,660	+ 7,44,099
Bengal-Nagpur	1	10	3,238	127,05,000	2,73,595		
Bombay, Bar. & C.I.	3	20	3,072	38,06,000	68,000	74,41,000	+ 21,000
Madras & S. Mahr.	52	Mar. 31	3,229	24,76,000	1,14,139	7,46,35,448	+ 23,05,881
Rohilk'd & Kumaon	30	Apr. 10	572	12,68,360	6,207	42,63,305	+ 33,557
South Indian	52	Mar. 31	2,532	17,89,493	2,74,578	5,36,62,003	+ 13,39,366
± 10 days.				± 11 days.			

† 10 days. † 11 days.

CANADIAN

		1937		\$	\$	\$	\$
Canadian National.	16	Apr. 21	23566	3,878,043	+ 282,982	56,689,946	+ 6,262,428
Canadian Pacific	16	21	17223	2,610,000	+ 255,000	39,710,000	+ 3,082,000

SOUTH AMERICAN

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1937	+ or -	1937	+ or -
Antofagasta (Chili and Bolivia)	17	Apr. 25	834	Rs. 16,820	+ 3,100	292,100	+ 62,790
Argentine N.E.	43	Mar. 24	753	Rs. 1,140,900	+ 6,900	6,199,200	+ 475,200
B.A. and Pacific	43	Mar. 24	2,806	Rs. 1,985,000	+ 268,000	66,625,300	+ 5,089,300
B.A. Central	41	Mar. 10	...	Rs. 1,127,700	+ 45,700	5,844,100	+ 1,333,700
B.A. Gt. Southern	43	Mar. 24	5,084	Rs. 12,537,000	+ 500,000	107,310,000	+ 2,276,000
B.A. Western	43	Mar. 24	1,930	Rs. 1,067,184	+ 10,486	2,130,000	+ 185,000
Central Argentine	43	Mar. 24	3,700	Rs. 1,659,950	+ 862,300	109,739,580	+ 22,295,930
Central Uruguay	42	Mar. 17	273	Rs. 13,631	+ 1,196	524,265	+ 62,378
C. Urg. (East Ext.)	42	Mar. 17	311	Rs. 3,653	+ 1,189	101,249	+ 15,899
C. Urg. (N. Ext.)	42	Mar. 17	185	Rs. 2,380	+ 526	70,893	+ 10,647
C. Urg. (W. Ext.)	42	Mar. 17	211	Rs. 1,959	+ 28	42,936	+ 5,647
Cordoba Central	43	Mar. 24	1,218	Rs. 1,527,000	+ 78,000	22,636,000	+ 2,215,000
Entre Rios	43	Mar. 24	810	Rs. 1,11,154	+ 1,465	553,726	+ 91,701
G. Westn. of Brazil	17	Mar. 24	1,082	Rs. 158,000	+ 476,000	29,430,000	+ 3,726,000
Leopoldina	17	Mar. 24	1,918	Rs. 20,158	+ 7,681	368,625	+ 75,073
Leopoldina Termal.	17	Mar. 24	...	Rs. 334,000	+ 15,000	5,875,000	+ 365,000
Nitrate	15	Mar. 15	397	Rs. 4,067,000	+ 973,000	121,343,000	+ 21,662,000
Paraguay Central	43	Mar. 24	274	Rs. 28,200	+ 7,000	1,035,208	+ 187,762
Salvador and Hearne	43	Mar. 24	100	Rs. 285,000	+ 354,000	39,490,000	+ 2,982,000
San Paulo	16	Mar. 18	1,534	Rs. 36,456	+ 6,712	476,348	+ 41,751
United of Havana	43	Mar. 24	1,353	Rs. 141,400	+ 8,858	1,165,368	+ 160,820

* Converted at average official rate during week ended Apr. 24.
 † Receipts in Argentine pesos.
 ‡ Free market rate.
 § Converted at "controlled free" rate.
 ¶ Converted at official rate.
 // Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	
------	-------	--------	-----------------	-------------------------	--

CANADIAN EAGLE OIL.—Dividend on first preference of 4s. 2-4d. for each ten shares payable April 30th.

MEXICAN EAGLE OIL.—Dividend on first preference of 2s. 9-6d. for each ten shares of 4 pesos each payable April 30th.

UNITED STATES STEEL.—There has been declared a dividend of \$5-75 on the 7 per cent. cumulative preferred, of which \$4 is for arrears, reducing them to \$5-25.

CHARRINGTON AND COMPANY.—Ordinary final dividend 11 per cent. against 10 per cent., making 14 per cent. against 13 per cent.

DALGETY AND COMPANY.—Ordinary interim dividend 3½ per cent. less tax compared with 2½ per cent. tax free.

EVER READY COMPANY (GREAT BRITAIN).—Final ordinary dividend 20 per cent. plus 10 per cent. bonus, making 45 per cent. compared with 35 per cent. Net profit £527,333 against £482,780.

MARCONI'S WIRELESS TELEGRAPH.—Ordinary dividend 7 per cent. for 1936, compared with 4½ per cent.

FORESTAL LAND, TIMBER AND RAILWAYS.—After £50,000 to general reserve, credit balance for year 1936 amounting to £48,381. Adding balance brought forward of £120,585, makes £578,966 against £403,355. Preference dividend £111,951. To dividend equalisation £100,000. Final ordinary dividend of 2½ per cent. and 2½ per cent. bonus, making 8½ per cent. (all less tax), against 6 per cent. £128,937 carried forward.

MORRIS MOTORS, LTD.—Ordinary dividend 45 per cent. less tax for 1936 against 15 per cent. tax free. Capital £2,650,000 against £2,000,000.

ENGLISH SEWING COTTON.—Final ordinary dividend 7½ per cent. making 10 per cent. as before. Net profit for 1936 £282,643 compared with £240,728. To pension fund £10,000 against nil. Carry forward increased from £114,838 to £137,500.

RANKS, LTD.—Interim dividend unchanged at 3 per cent.

CENTRAL MINING AND INVESTMENT.—Total dividend for 1936, 15 per cent. against 12½ per cent. Highest dividend in the company's history.

HORDEN COLLIERIES.—Interim dividend maintained at 2½ per cent.

ENO PROPRIETARIES.—Final ordinary dividend, 8 per cent., making 13 per cent. as before.

FIELD BROTHERS.—Ordinary dividend maintained at 22½ per cent. on increased capital. To income tax reserve, £20,000 against £15,000. To dividend equalisation reserve, £20,000 against nil.

MASON AND BARRY.—Ordinary dividend, 5 per cent. for 1936, against nil.

VENO DRUG COMPANY.—Deferred ordinary dividend, 300 per cent. for 1936 against 196 per cent.

PENINSULAR AND ORIENTAL STEAM NAVIGATION.—No interim on deferred stock as before.

RUBBER PLANTATIONS INVESTMENT TRUST.—Ordinary dividend, 7½ per cent. for 1936, against 5 per cent.

TUBE INVESTMENTS.—Interim dividend raised from 5 per cent. to 7½ per cent.

THE WALL PAPER MANUFACTURERS, LTD.—Interim dividend of 5 per cent. on the ordinary stock and an interim dividend of 5 per cent. on the deferred stock will be paid in respect of the current financial year. The warrants for dividend on the ordinary stock will be posted on May 31, 1937, and for dividend on the deferred stock on June 15, 1937.

J. BROCKHOUSE AND COMPANY.—Interim ordinary dividend 7½ per cent. against 6 per cent. This and future interim dividends will be paid in July.

SHORTER COMPANY COMMENTS

SOUTH-EASTERN GAS CORPORATION.—The gas holding company, interests, have made profits of £110,730, an improvement of 19 per cent., although the 6 per cent. dividend is unchanged. In the current financial year steps have been taken to reduce the bank loan, by placing £27,339 4½ per cent. preference shares privately. The increased loss of RICHARDSON'S WESTGARTH AND COMPANY caused some surprise, but it is pointed out that although the volume of work was larger, the orders had been booked at a time when severe competition and therefore unremunerative prices prevailed. Likewise, much of the trading loss of £26,909 was due to development work. The progress of J. STONE AND COMPANY enables the company to double its dividend at 20 per cent. Profits have risen from £125,650 to no less than £198,812. Over twenty rubber reports are available this week. All show the sharp improvement to which investors are now accustomed, and they include the results of important companies such as CHERSONESE (F.M.S.), MENDARIS (SUMATRA), STRAITS RUBBER and TEOGOREDDJO. Tea companies again make a mixed showing, RAGALLA, RAGALLA CONSOLIDATED, and PANTIYA have recovered appreciably, the latter returning to the dividend list with a 5 per cent. payment. Investment Trust results show modest improvement. ANGLO-AMERICAN DEBENTURE raised the dividend from 11 per cent. to 12 per cent. The report contains an interesting analysis of investments. By transferring £48,941 from dividend equalisation reserve, MARCONI'S WIRELESS TELEGRAPH COMPANY are able to pay 7 per cent., against 4½ per cent. Net profits of £233,452 are about £26,000 lower, although they include £22,000 more profit on sale of investments, and earnings from contracts and sales, etc. are £74,000 higher. The difference is due to the reduction in the dividend from Cable and Wireless by £37,000 and the absence of the special dividend of £94,000 from that same company. AULT AND WIHORG are raising their distribution by 5 per cent. to 17 per cent.; profits of £61,011 show an increase of 16 per cent. Net earnings of IDEAL BUILDING AND LAND have been almost halved, owing largely to reduced trading profits by subsidiaries. JOHNSON AND PHILLIPS, after expending £15,138 on maintenance, have earned £21,000 more at £136,093. After a further increase in turnover, LONDON ELECTRIC WIRE are raising their dividend to 7½ per cent. from 6 per cent. SPILLERS, LTD., have experienced a small decline in their net earnings of £451,639, but are paying 15 per cent. as before. The first report of MEESONS, LTD., adjusted to give a proper comparison, shows profits of £34,703 against prospectus earnings of £39,647. The expected improvement did not materialise as a considerable rise in raw material costs occurred last year.

APPOINTMENTS AND PERSONAL

Mr T. Askew Newham has been appointed managing director of British General Fixed Trust.

Sir Harold Edgar Yarrow, Bart., C.B.E., has been elected to a seat at the Midland Bank board. He has also been elected chairman of the Clydesdale Bank in succession to the late Mr Henry Allan.

Mr E. W. Hives has been appointed to fill the vacancy on the board of Rolls-Royce created by the death of Mr Arthur Wormald.

RAILWAYS

ATCHISON, TOPEKA AND SANTA FE RAILWAY.—Total net income for 1936 \$9,998,125 against \$9,554,315. Preferred dividends absorb \$6,208,640, and the 2 per cent. on the common stock took \$4,854,120. After these dividends and various adjustments, surplus carried forward is reduced from \$298,291,160 to \$296,584,685.

BANKS

CHASE NATIONAL BANK.—The Chase National Bank of the City of New York has opened this week a new branch at 51 Berkeley Square W.1, for the convenience of those of its clients who require facilities in the West-end of London.

MISCELLANEOUS

BRITISH EMPIRE FIXED TRUST, Series A.—Managers (Fixed Trust Investments, Ltd.) announce that, as a result of the referendum, a substantial number of holders have agreed in principle to exchange sub-units for shares in a managed investment trust. A detailed scheme is therefore in preparation to be submitted shortly to sub-unit holders.

METAL AGENCIES, LTD.—Profit £54,544 against £46,605 for previous year. Final ordinary dividends make 27½ per cent. for year against 22½ per cent. To income tax account £14,929 against £12,481. To staff superannuation fund £500 as before. To general reserve £12,500 against £10,000. Carry forward increased from £13,861 to £14,670.

SOUTH EASTERN GAS CORPORATION.—Report for year to March 31, 1937, shows net revenue £110,730, an increase of £17,679. Ordinary dividend 6 per cent. Carry forward increased from £16,631 to £28,613.

GARRARD ENGINEERING AND MANUFACTURING.—Profit £37,601 against £31,615. Ordinary dividend 16½ per cent. as before. Development account of £2,352 written off. To a plant and machinery reserve £12,500. To reserve against amount due by subsidiary £5,000. Carry forward £20,921.

MEESONS, LTD.—First report for year to January 30, 1937, shows a profit of £42,315. After salaries, fees, debenture interest, £5,262 depreciation, and £7,121 tax, net profit is £24,590. Proportion before incorporation £8,140, applied in reduction of preliminary, etc., expenses. To occupational leases reserve £722. After preference dividend there remains £9,234 to carry forward. No dividend on ordinary shares (privately held).

JOHNSON AND PHILLIPS, LTD.—Profit for 1936 £105,458 (£25,680 increase), after £15,138 for maintenance, £26,455 for depreciation, and writing off £4,984 loss on realisation of Australian investments. £5,000 again to research and development and £10,000 against nil to dividend equalisation. Ordinary dividend maintained at 10 per cent. Carry forward increased from £101,165 to £111,623.

UNITED STATES STEEL CORPORATION.—For the first quarter of 1937 net earnings were \$28,561,533, or \$2-55 per share, against \$3,376,304, or 94c. on preferred for the corresponding period of last year. Surplus for quarter, \$7,845,000. Total earnings, after expenses, including reserve, \$43,260,000. Shipments of finished products for quarter were 3,698,000 tons.

BEECHAM'S PILLS.—Final deferred dividend, 32½ per cent. against 25 per cent., making 60 per cent. against 50 per cent. Also capital bonus of 12½ per cent. (one fully-paid deferred 5s. share for eight held).

MITCHELLS AND BUTLERS, LTD.—Ordinary interim dividend, 8 per cent. less tax against 6 per cent. tax free. The directors have decided to declare dividends less tax instead of free of tax.

I.C.I. OFFER TO THE SALT UNION.—An offer has been received whereby for each £1 Salt Union preference there is offered in exchange £1 13s. 4d. preference stock of Imperial Chemical Industries, and for each £1 ordinary stock of the Salt Union £1 10s. ordinary stock of Imperial Chemical Industries.

AULT AND WIHORG.—Net profit for year to March 31, 1937, £61,011, against £52,801. Ordinary dividend raised from 12 per cent. to 17 per cent. To reserves, £27,506. Carry forward, £7,112.

SPILLERS, LIMITED.—Net profit for year to January 31, 1937, £451,639, against £471,943. Preference dividend, £52,293. Ordinary and deferred dividends 15 per cent. as before. To reserve, £100,000. Carry forward, £167,505.

BIGNELLS, LTD.—Mr Arthur J. Bignell, presiding at the statutory meeting on April 27th, said that trading receipts at £24,686 and trading payments at £36,304 showed an excess of payments due to purchases of raw materials and accumulation of stocks, both customary at this time of the year. It is expected that sales for current financial year will be well in excess of prospectus estimate. A further factory has been purchased. Contracts already in hand will keep the company busy until at least August, 1938.

ROAN ANTELOPE COPPER MINES, LTD.—Estimated profit subject to taxation for three months to March 31, 1937, £615,000. Estimated profit, nine months to March 31, 1937, £1,096,500.

IDEAL BUILDING AND LAND DEVELOPMENT.—Net profit for 1936, £89,067 against £142,967. Provision for tax, £28,219 against £36,459. Preference dividend, £27,500 as before. Ordinary dividend reduced from 10 per cent. to 5 per cent. To special reserve, £5,000 against nil. Carried forward, £3,348. Last year £21,313 placed to preference dividend reserve.

MARCONI'S WIRELESS TELEGRAPH COMPANY.—Total profits for 1936, £495,418 against £529,326, which included £21,788 from contingencies. To depreciation, £33,184 against £28,209; from dividend equalisation reserve, £48,941. Ordinary dividend raised from 4½ per cent. to 7 per cent. To contingency reserve, £90,000. Carried forward, £7,783.

CLAN LINE STEAMERS.—An increase in profits of £22,453 to £666,964 is shown for 1936. This is before depreciation of £253,012, against £251,484. To reserve, £250,000, making total reserve £550,000. Ordinary dividend maintained at 20 per cent on larger capital.

LONDON ELECTRIC WIRE COMPANY AND SMITHS, LTD.—Net profit for 1936, £135,460 against £107,318. To general reserve, £20,000 against nil. To special reserve, £20,000 against £25,000. Ordinary dividend raised from 6½ per cent. to 7½ per cent. Carry-forward, increased from £40,391 to £54,546.

BULGARIAN EXTERNAL LOANS.—The League Loans Committee and others announce concerning the settlement of partly-paid coupons matured between December 1, 1934, and January 1, 1937, of the Bulgarian League of Nations Loans, 7 per cent., 1926, and 7½ per cent., 1928, and the pre-war loans (6 per cent., 1892; 5 per cent., 1896; 5 per cent., 1902; 5 per cent., 1904; 4½ per cent., 1907, and 4½ per cent., 1909), that although most coupons have already been surrendered, the payments offered will remain available for a further three months to July 31, 1937.

MARKS & SPENCER.—Net profits £1,433,250 against £1,264,406. Final dividend, 25 per cent., making 40 per cent. for year. Capital bonus of 10 per cent.

The New York Central Railroad Company

Extracts from the Report of the Board of Directors for the year ended December 31st, 1936

The Year's Business

Operating revenues amounted to \$361,063,871-95, an increase of \$51,033,100-83, resulting from a continuing improvement in business. Revenue freight handled amounted to 125,948,268 tons, an increase of 21,465,800 tons (20-54 per cent.). Freight revenue amounted to \$257,714,419-37, an increase of \$39,501,590-79 (18-10 per cent.). The company carried 48,269,076 revenue passengers, an increase of 3,887,617 (8-76 per cent.). Passenger revenue amounted to \$62,575,824-21, an increase of \$7,284,954 (13-18 per cent.). Net railway operating income was \$45,278,625-64, an increase of \$9,313,915-11. Net income for the year which amounted to \$8,933,174-98 was carried to the credit of profit and loss.

Profit and Loss Account

	\$	\$
Balance to Credit of Profit and Loss, December 31, 1935...		195,968,343-44
Additions:		
Net income for the year 1936	8,933,174-98	
Net income from retired road and equipment	353,448-55	
Delayed income credits	9,061-84	
Donations	17,537-66	
Miscellaneous credits	1,819,517-74	
		11,123,740-77
		207,092,084-21
Deductions:		
Surplus appropriated for investment in physical property	153,565-79	
Debt discount extinguished through surplus	1,676,929-52	
Debits from retired road and equipment	14,406,946-27*	
Miscellaneous debits	1,726,280-98	
		17,963,702-56
Balance to credit of Profit and Loss, December 31, 1936...		189,128,381-65

* Represents ledger value, less net salvage recovered, of roadway property not required for transportation service retired during the year and charged directly to Profit and Loss Account.

Operating Expenses

A more extensive programme of maintenance of structures and equipment, the increased volume of traffic handled, an increase in the cost of fuel and other materials, together with an increase in pay rolls resulting from restored rates of pay which had not been effective throughout the entire preceding year, were the major factors contributing to an increase of \$31,632,981-51 in operating expenses. In this connection attention is called to the fact that early in 1937, the several labour organisations representing railroad employees notified the company and other carriers of their demands for increase in wages amounting in the case of engine and train service employees to twenty per cent. and in the case of other classes of employees to twenty cents per hour.

By groups operating expenses for 1936 were as follows:—

Group	Amount	Increase
Maintenance of way and structures	36,741,913-90	5,263,329-46
Maintenance of equipment	76,537,117-77	11,239,451-56
Traffic expenses	6,566,989-93	169,552-30
Transportation expenses	131,318,812-25	13,938,739-19
Miscellaneous operations	5,232,784-51	864,345-31
General expenses	12,499,925-27	195,191-30
Transportation for investment—credit	67,107-36	37,627-61*
	268,830,436-27	31,632,981-51

* Decrease.

Railway Tax Accruals

Railway tax accruals were \$30,812,037-47, an increase of \$10,192,605-90 (49-43 per cent.). Accruals for Federal and State Unemployment Insurance, the rates for which will increase in later years, amounted to \$1,687,493-98, and for Federal Excise taxes in connection with the Railroad Retirement Act of 1935 amounted to \$4,812,294-64. Accruals for taxes on real and personal property increased \$1,553,161-39 and for State and Federal capital stock taxes increased \$277,632-80, as compared with the previous year in which there were larger credit adjustments. Accruals for taxes on gross earnings and for special franchise taxes increased \$1,540,917-26. Canadian taxes increased \$228,922-35, due to increased net income and sundry adjustments and for Federal income taxes increased \$90,348-77, mainly due to the adjustment of taxes for former years, while there were net increases aggregating \$1,835-03 in sundry items of taxation.

Equipment Rents

The net debit to equipment rents amounted to \$12,424,247-54. Rents received for the use of the Company's equipment on foreign roads increased \$1,354,716-17, while rentals paid to others for use of equipment increased only \$1,318,648-75, resulting in a net decrease in debits for equipment rents of \$36,067-42.

Joint Facility Rents

There was a net debit to joint facility rents of \$3,718,525-03, a decrease of \$70,334-27. Joint facility rental credits increased \$137,124-92 due to increased use of the Company's facilities by foreign roads and adjustments of accruals of the previous year, while rentals paid for the use of facilities of others increased \$66,790-65.

Non-operating Income

Non-operating income amounted to \$21,809,848-10, a decrease of \$1,824,607-74. The more important items contributing to this result were as follows: Income from lease of road and equipment decreased \$520,867-91, due mainly to the adjustment of accounts for prior years.

Miscellaneous rent income and income from miscellaneous physical property increased \$472,763-87, mainly due to an increase of \$184,863-32 in profit from operation of the New York Central Building and an increase in rentals received from properties in the Grand Central Terminal Area.

Dividend income decreased \$1,606,977-90. There were aggregate decreases amounting to \$3,312,309, due mainly to a reduction in dividends received from the Chicago River and Indiana Railroad Company, Jefferson Coal Company, the Pittsburgh and Lake Erie Railroad Company, the Reading Company and the Toledo and Ohio Central Railway Company, while there were aggregate increases amounting to \$1,705,331-10, due mainly to an increase in dividends received from the Detroit Terminal Railroad Company, Indiana Harbour Belt Railroad Company, the Mahoning Coal Railroad Company, Merchants Dispatch Transportation Company, the Toronto, Hamilton and Buffalo Railway Company and from sundry other holdings.

Deductions from Gross Income

Deductions from gross income were \$58,251,675-05, a decrease of \$1,286,261-88.

Rent for leased roads and equipment increased \$129,522-13. Payments for lease of road where rentals are based upon revenues increased \$483,613-89, as a result of increased revenues of such lines. There was an increase of \$28,305-31 in Federal taxes paid for account of lessors, and a net increase of \$56,747-72 in sundry items. These increases are offset by a decrease of \$439,144-79 in interest upon obligations of lessor companies, due to the retirement of maturing obligations and to lower interest rates resulting from refinancing certain other obligations.

Interest on funded debt amounted to \$28,777,854-14, an increase of \$228,752-10. Interest amounting to \$1,455,081-55 upon the company's Ten-Year Secured Sinking Fund Bonds and its serial and other secured notes, together with an increase of \$3,498-11, due to the exchange of 4 per cent. Consolidation Mortgage Bonds for 3½ per cent. N. Y. C. & H. R. R. R. Lake Shore Collateral Bonds, is substantially offset by decreases as follows: \$636,513-54, due to repayment of loans from Reconstruction Finance Corporation; \$239,252-66 less interest on the company's debentures of 1915 which were retired during 1935; \$353,540-06 in interest upon equipment obligations, due to the payment of maturing instalments, and \$521-30, due to the exchange of Ten-Year Convertible Secured Bonds for capital stock.

Interest on unfunded debt decreased \$1,799,869-32, due to the repayment of bank loans amounting to \$53,900,000, reduction in indebtedness to the Railroad Credit Corporation and to the reduction and refinancing of loans from the Securities Corporation of the New York Central Railroad.

Other deductions were \$1,110,124-81, an increase of \$155,333-21, due mainly to a large credit adjustment of Pennsylvania corporate loan taxes included in accounts for the previous year.

Net Income and Surplus for the Year

The net income of the company for the year amounting to \$8,933,174-98 was carried to the credit of profit and loss.

After sundry adjustments, the profit and loss account at the end of the year amounted to \$189,128,381-65 and total corporate surplus \$198,229,557-32.

Capital Stock Issued in Conversion of Bonds

During the year, the company issued 1,187 shares of capital stock, together with scrip representing half share, in conversion of and in exchange for \$47,500 principal account of its Ten-Year 6 per cent. Convertible Secured Bonds, such exchange having been at the rate of 25 shares of stock per \$1,000 principal amount of bonds. The total number of shares outstanding on December 31, 1936, was 4,993,784½.

Issue and Retirement of 4 per cent. Serial Collateral Notes

During the year the company obtained from the Federal Emergency Administration of Public Works additional loans aggregating \$3,019,000, principal amount, to provide for the purchase and installation of 42,400 tons of rail and the necessary fastenings, issuing therefor its 4 per cent. Serial Collateral Notes, due June 1, 1937-1944. Such notes, together with notes for \$3,950,000 previously issued for similar loans, made a total of \$6,969,000. All of these notes were transferred by the Federal Emergency Administration of Public Works to Reconstruction Finance Corporation and on November 27, 1936, the company discharged this indebtedness.

Reconstruction Finance Corporation Loans Repaid

The company at various times borrowed from Reconstruction Finance Corporation a total of \$27,499,000, of which \$15,600,000 was repaid in 1935, leaving a balance of \$11,899,000, due in 1936 and 1937. Early in 1936 the company applied for extension of the time of payment of this balance of \$11,899,000 of the loans to July 1, 1941, and obtained such extension as to \$9,478,737-45 thereof which was originally due in 1936. Action in regard to extension of the remainder of \$2,420,262-55 due in 1937 was deferred. Improvement in the company's cash position in the latter part of 1936 enabled it to repay these loans in full, \$2,420,262-55 having been repaid on September 18, and \$9,478,737-45 on November 27, 1936.

Loans from The Railroad Credit Corporation

As shown in the annual report of 1935, the loans obtained by the company from the Railroad Credit Corporation originally amounting to \$5,700,000, had been reduced at the end of 1935 to \$2,400,762-38. Credits and repayments on the loan during 1936 totalled \$2,202,322-78, reducing the principal amount thereof to \$198,439-80 at the close of the year.

Hotels and other Properties in the Grand Central Terminal Area

The earnings of the hotels and apartment houses located in the Grand Central Terminal Area, New York City, showed further improvement as compared with the previous year's earnings, with consequent increase in their rental payments. Two lessee companies are still undergoing reorganisation, but the conclusion of such proceedings is expected at an early date. Another of the Park Avenue apartment house properties formerly under lease was taken over in the interest of this company and the New York, New Haven and Hartford Railroad Company during the year.

Pensions

During the year 144 employees were retired and pensioned, 50 at the age of seventy, 89 for disability, and 5 special service pensions.

There were 5,087 pensioners at the close of the year. The total amount paid in pensions for the year was \$3,480,838-36.

Responsive to suggestion of the President of the United States, made under date of December 28, 1936, committees representing the managements and employees of rail carriers entered into negotiations, which, early in 1937, culminated in an agreement as to the form of legislation relating to pensions for railroad employees to be submitted at the pending session of Congress. The enactment of such legislation in the form so agreed upon would repeal the Tax Act of August 29, 1935, that accompanied the Railroad Retirement Act of 1935 and substitute in its place a new Tax Act to be effective as of January 1, 1937. The arrangement contemplates the absorption by the proposed statutory plan, subject to certain limitations, of the existing voluntary pension systems of the carriers.

The Board wishes to express its appreciation of the loyal and efficient service of the officers and employees of the company during the year.

For the Board of Directors,

F. E. WILLIAMSON,
President.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefere.	Ordinary					
					Amount	Amount	Rate				
Banks											
Union Bank of Scotland ...	Apr. 2	£ 119,805	£ 318,175	£ 437,980	£ ...	£ 216,000	% 18	£ 95,000	£ 126,980	£ 316,621	% 18
Electric Lighting, etc.											
Urban Electric Supply ...	Dec. 31	49,963	105,118	155,111	21,000	56,000	8	30,000	48,411	98,184	7
Financial, Land, etc.											
Ever Ready Trust	Mar. 31	1,582	28,513	30,095	...	24,000	8	3,814	2,281	26,122	7
Rubber & Tropical Trust...	Mar. 31	776	3,367	4,143	...	3,000	4	...	1,143	2,682	2½
Selection Trust	Dec. 31	78,452	319,059	397,511	...	234,293	15	...	163,218	78,227	5
Gas											
South-Eastern Gas.....	Mar. 31	16,631	110,730	127,362	39,138	59,610	6	...	28,614	93,052	6
Iron, Coal and Steel											
Babcock and Wilcox	Dec. 31	65,893	569,319	635,233	14,951	429,964	10	123,663	66,652	501,495	8
Edinburgh Collieries	Jan. 31	Dr. 98,776	31,251	Dr. 61,522	...	...	...	...	Dr 61,522	17,724	Nil
Richardsons, Westgarth & Co.	Dec. 31	Dr. 26,551	Dr. 35,779	Dr. 62,330	...	...	...	...	Dr 62,330	Dr 27,058	Nil
Stone (J.) and Company	Dec. 31	125,660	198,812	324,472	39,000	120,080	20	...	165,392	125,650	10
Stephenson (Robert) and Co.	Dec. 31	294	Dr. 20,200	Dr. 19,906	...	3,094	2	Dr. 24,000	1,000	Dr. 4,598	Nil
Motor Cycle and Aviation											
Ford Motor Co.	Dec. 31	771,486	1,394,036	2,165,522	...	405,000	6	896,343	864,179	1,157,120	5
Morris Motors.....	Dec. 31	238,531	1,703,306	1,941,837	225,000	894,375	45	550,000	272,462	1,237,736	15½
Rubber											
Bagan Serai	Dec. 31	398	10,895	11,293	...	10,549	7	...	654	4,992	3½
Besocki Plantations.....	Dec. 31	10,205	6,116	16,321	...	5,500	5	...	10,821	1,254	2
Central Travancore	Dec. 31	1,696	11,756	13,452	5,232	...	...	6,500	1,720	5,691	Nil
Cheras	Dec. 31	12,958	5,589	18,547	...	6,500	10	...	12,047	2,944	5
Chersonese (F.M.S.)	Dec. 31	23,669	18,140	41,809	...	12,500	4½	15,000	14,309	16,076	4½
Deviturai	Dec. 31	1,990	9,691	11,681	...	9,363	5	750	1,568	6,117	3
Doloswell.....	Dec. 31	4,993	9,627	14,620	...	9,216	4	...	5,404	6,401	3
Dusun Durian.....	Dec. 31	37,541	16,489	54,030	...	8,220	4	8,017	37,793	6,460	3
Eow Seng	Dec. 31	2,202	5,670	7,872	...	4,600	5	2,200	1,072	9,396	2
General Ceylon	Dec. 31	1,425	16,854	18,279	...	12,242	4	5,000	1,937	3,630	1½
Hewagam	Dec. 31	665	7,640	8,305	...	7,200	3	475	630	3,630	3
Inch Kenneth Kajang.....	Dec. 31	14,423	12,492	26,915	...	7,777	7½	4,750	14,388	4,362	3
Java United	Dec. 31	5,184	2,652	7,836	...	3,750	2½	Dr. 1,500	5,586	Dr. 2,510	2
Malakoff	Dec. 31	9,032	18,884	27,916	...	20,000	8	...	7,916	5,792	4
Mendaris (Sumatra)	Dec. 31	18,391	21,162	39,553	...	21,543	5	...	18,010	13,518	3
Rubber Estates of Ceylon...	Dec. 31	510	1,098	1,608	...	...	...	500	1,108	Dr. 1,351	Nil
Stagbrook	Dec. 31	353	6,032	6,385	...	4,235	5	1,500	650	3,774	3½
Straits Rubber	Dec. 31	47,544	37,887	85,431	...	39,375	5	27,000	19,056	23,576	3
Strathmore.....	Dec. 31	3,567	9,375	12,942	...	7,432	3½	2,659	2,851	7,029	2½
Sungei Purun (F.M.S.)	Dec. 31	13,611	5,601	19,212	...	6,500	10	...	12,712	3,252	6
Teloredjo United.....	Dec. 31	5,417	38,229	43,646	...	30,838	5	3,600	9,208	Dr. 3,818	Nil
Tempeh (Java)	Dec. 31	2,280	4,459	6,739	...	2,504	5	...	4,235	6	Nil
Shipping											
Clan Line Steamers	Dec. 31	91,900	666,965	758,865	50,912	90,375	20	510,512	97,066	644,511	20
Indo-China Steam	Dec. 31	Dr. 1,322	46,699	45,377	...	...	...	57,746	Dr 12,369	Dr 27,352	Nil
Union-Castle Mail	Dec. 31	47,444	435,827	483,271	133,916	...	...	200,000	149,355	329,915	Nil
Shops and Stores											
London Shoe	Feb. 28	1,046	2,264	3,310	1,950	...	...	...	1,360	4,391	Nil
Tea											
Ceylon Proprietary	Dec. 31	5,996	7,943	13,939	1,306	6,750	7½	...	5,883	10,153	5
Craighead	Dec. 31	6,095	4,601	10,696	404	3,626	6	500	6,166	4,863	6
Eastern Produce and Estates	Dec. 31	25,547	46,908	72,455	3,600	33,300	10	10,000	25,555	49,719	10
Pantiya	Dec. 31	450	878	1,328	...	1,500	5	Dr. 500	328	Dr. 983	Nil
Ragalla	Dec. 31	1,263	10,263	11,526	2,100	5,850	7½	2,000	1,576	8,370	7½
Rangalla Consolidated	Dec. 31	565	4,294	4,859	...	1,795	3	2,715	349	2,752	2½
Telegraphs, Etc.											
Marconi's Wireless	Dec. 31	7,683	233,452	241,135	17,500	141,409	7	74,443	7,783	259,806	4½
Tramway and Omnibus											
Potteries Motor Traction ...	Dec. 31	25,019	83,839	108,858	...	54,125	10	30,000	24,733	75,620	10
Trusts											
Anglo-American Debenture	Mar. 31	50,744	98,000	148,744	28,688	54,000	12	15,000	51,056	93,797	11
English and Caledonian	Mar. 31	3,863	23,075	26,938	11,656	6,975	4½	5,000	3,307	19,966	3½
Gresham Trust	Mar. 31	9,412	29,245	38,657	...	17,142	7½	10,000	11,515	28,415	6
Third Guardian Trust	Mar. 15	13,011	31,012	44,023	13,235	12,009	4½	5,000	13,779	27,271	3½
West London & Provincial	Mar. 31	2,893	20,129	23,022	7,320	9,715	6½	1,000	4,987	18,291	6
Other Companies											
Annandale and Son	Dec. 31	2,948	3,161	6,109	...	3,161	5½	...	2,948	4,793	8½
Associated Automatic	Mar. 31	...	12,984	12,984	...	11,400	4	1,008	576	10,986	Nil
Ault and Wiborg	Mar. 31	5,268	61,011	66,279	6,080	25,581	17	27,506	7,112	52,801	12
Burton, Son and Saunders	Dec. 31	51,416	55,612	107,028	37,933	12,871	10	22,776	33,448	51,633	10
Froy (W. N.) and Sons	Dec. 31	1,446	19,240	20,686	9,000	5,000	5	1,600	5,086	12,704	5
Garrard Engineering	Jan. 31	21,506	37,601	59,107	7,500	10,833	18½	19,853	20,921	31,646	16½
Ideal Building and Land ...	Dec. 31	7,695	53,153	60,848	27,500	25,000	5	...	8,348	104,397	10
Johnson and Phillips	Dec. 31	101,165	136,093	237,258	...	80,000	10	45,635	111,623	115,130	10
London Electric Wire	Dec. 31	40,391	135,460	175,851	30,000	51,305	7½	40,000	54,546	107,318	6½
Magnet Joinery	Feb. 28	...	20,273	20,273	2,135	7,625	20	8,650	1,863	(a)	(a)
Meesons, Ltd.	Jan. 30	...	24,591	24,591	6,495	...	...	8,862	9,234	(a)	(a)
Metal Agencies	Feb. 28	14,080	39,615	53,695	5,338	20,688	27½	13,000	14,669	33,621	22½
Paquin, Ltd.	Dec. 31	9,054	3,793	12,847	...	...	...	...	12,847	Dr. 16,457	Nil
Quicktho (1928)	Jan. 31	994	5,658	6,652	...	3,906	4½	1,084	1,662	4,667	4½
Selangor Oil Palm	Dec. 31	1,802	16,870	18,672	...	7,936	7	7,663	2,873	8,213	4
Spillers, Ltd.	Jan. 31	175,935	451,639	627,574	52,293	307,776	15	100,000	167,505	471,943	15
Victoria Wine	Feb. 28	10,329	46,379	56,708	20,000	7,500	5	21,129	8,079	38,053	4

† Free of income tax.

(a) No comparable figures.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

BROADLY speaking the collapse of commodity prices which started at the beginning of April appears to have come to an end. The whole fluctuation was of a largely speculative nature, and its violence has been out of all proportion to the underlying trading position.

Despite the disappearance of the speculators, copper prices have been firm, and for some grades have risen. Production continues to expand. Consumers' buying of tin is still abnormally low, and prices have sagged once again; but most countries are seriously behindhand with their shipments under the quota scheme. Lead and spelter prices have ended the week with little change. Rubber prices have been weak, partly under the influence of N.D.C. which, as at present constituted, bears very heavily upon this industry. The market in vegetable oils was quiet, with substantial declines in coconut and palm oil prices.

Wheat prices have declined once more, and reached the lowest level since early March. The market is much affected by the continually increasing American crop estimates. Business in maize and flour also continues very quiet, with prices still tending downwards. Sugar and tea prices have been more or less unaltered, with, if anything, an upward trend. Much the same applies to other food prices. In particular fruit prices have shown a few rises.

Moody's daily index of staple commodity prices in the United States (December 31, 1931 = 100) shows a further decline from 214.9 on April 21st to 210.4 on April 28th, against 224.2 a month ago and 169.7 a year ago.

COAL

SHEFFIELD.—On the export coal market there is a sharp demand for prompt and forward delivery and the shortage of large coal is causing some difficulty. Best South Yorkshire hards and steam coal are in good request, and the former are taken up for the next two months. Bunker coal is scarce and prices remain firm. Furnace and foundry coke is a strong feature of the inland market. Collieries are working full time and the pressure of home demand is having its effect upon the export market. Small coal is in very short supply, and best qualities are not easy to obtain in the open market. Household requirements declined during the past week; this will release additional quantities for industrial consumers.

WORKINGTON.—The stringency of supplies has been only slightly relieved by the Whitehaven coal which is again coming on the market. Demand for house coal is as keen as during the winter, and the shortage of industrial fuel is as acute as ever. Especially inadequate are the supplies of smalls for the coking plants, which, in turn, are hard pressed by the iron smelters of the district. As a result, the Irish market, which requires 6,000 to 8,000 tons per week, has to be content with weekly shipments of 2,000 to 3,000 tons from this district. Prices are firm.

NEWCASTLE-ON-TYNE.—Trade in every class of coal produced in this area is brisk, with loading turns filled for several weeks ahead. North-umbrian steam coals keep to late figures in the export market, although foreign coal is offered at lower prices. The scarcity of Durham manufacturing coal remains acute, ordinary grades of coking coal being nominally 23s. per ton, f.o.b. Under a brisk demand from foreign stations, bunker coal of all descriptions is firm and difficult to obtain for early shipment. Patent oven coke remains firm under a good home and export demand.

CARDIFF.—Business on the Cardiff coal market continued active and the rise in prices was firmly maintained. The Executive Board is determined to keep prices firmly under control, and in this policy it is supported by the principal companies. Contracts are being renewed at prices substantially lower than the current market quotations for day-to-day sales, and there is a readiness to deal collectively with the railways, public utility undertakings, and large industrial consumers. Output and exports are expanding, and shipments in the foreign and coastwise trades for the seventeen weeks ended April 24th show an increase of 1,070,000 tons, or practically 20 per cent. over those for the corresponding period of last year. There is a brisk demand for coke up to 50s. per ton for best foundry grades, and from 30s. to 35s. per ton for furnace qualities. Patent fuel is a little more active at steady prices. Ex-ship pitwood quotations are unchanged.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that business in the iron and steel markets has been limited largely to the renewal of contracts and consumers' urgent requirements. Practically all sections of the industry have sufficient work in hand to keep them employed for months and producers are disinclined to accept fresh business until the publication of the new price schedule which is expected shortly.

Stringent conditions continue to rule in the pig-iron market, and although steps have been taken to increase production, developments are handicapped by the difficulty of obtaining adequate supplies of scrap, coke and ore. Large purchases of scrap have been made abroad and home production of coke is being increased; but the heavy foreign demand for the latter at high prices tends to restrict the supplies available in this country.

Some improvement is noticeable in the semi-finished steel department, and re-rolling works which recently were obliged to close down from lack of supplies have been able to restart operations.

Works producing finished steel are operating at capacity; but they are finding it difficult to overtake arrears in deliveries. There is no sign of any shrinking in the requirements of the home market, and overseas demand appears to be increasing.

SHEFFIELD.—There is no indication of any early easing of the present difficult conditions in the iron and steel market. Supplies are well below demand and rationing is becoming more general. Makers of forge, foundry and basic pig iron have nothing to offer. The tonnage of imported iron is not at present as large as was expected. Derbyshire makers have reached the limit of their capacity. There is still a complete absence of Lincolnshire iron in the market here. The cost of pig-iron production is rising and an advance of as much as £1 per ton may be looked for at the next revision of quotations. In hematite the position remains much the same. Business in East Coast mixed numbers is more freely transacted than in West Coast

qualities, which are in restricted supply. New business accepted is subject to any price change which may occur. In finished iron, makers are fully booked for some time. Demand for common and marked bars is especially active. Crown iron makers are busier than for years. Producers of basic steel billets are still inundated with orders and there is considerable delay in deliveries. Some makers refuse to accept new business until their present commitments are less onerous. In acid billets the position is less difficult than in basic qualities. Transactions in wire rods, strip and bars show a further increase. Stainless steel sheets are in good request. There are more buyers than sellers of iron and steel scrap and prices are rising.

MIDDLESBROUGH.—General conditions in the iron and steel market remain unchanged. Deliveries of all classes of material are in arrears. Output of pig iron is much below requirements. Foundry pig iron is particularly scarce, only one furnace in this area now producing this class of material. East Coast hematite is in such demand that makers are only able to allocate small quantities for shipment abroad.

Efforts are now being made to increase the output of steel. So far, however, production has failed to overtake the demand and re-rollers continue to have difficulty in keeping their plant employed. New business is restricted pending the issue of a new price list, which is imminent.

Heavy melting steel scrap is in short supply, with makers offering 67s. per ton, delivered works. The coke market is steady, with prices strong, and good Durham qualities are firm at 35s. per ton, delivered. Imports of foreign ore into the Tees between April 1st and April 27th amounted to 212,000 tons, compared with 172,000 tons during the same period in March. It is expected that some of the steamers which have entered Bilbao will be able to bring cargoes of ore back to this country.

was quoted at 13-92½ cents per lb. in New York on Wednesday, against 14-02½ cents a week ago and 17-02½ cents a month ago. Wednesday's official closing price for standard cash in London was £60 10s. to £60 15s. per ton, compared with £60 10s. to £61 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 19,822 tons, showed a decrease of 1,012 tons, while stocks of rough copper, at 1,087 tons, were 390 tons larger.

LEAD AND SPECTER.—After heavy fluctuations, prices closed on Wednesday slightly firmer on the week. Forced sales have now practically ceased, and there has been a fair amount of buying. In view of the fact that many speculative positions have not yet been liquidated, a substantial advance in prices is improbable; but a firmer tendency may be looked for if consumer buying is maintained.

Sales of lead on the London Metal Exchange: 1,500 tons on Monday, against 2,000 tons last week; 1,250 tons on Tuesday, against 2,500 tons last week; 750 tons on Wednesday, against 3,000 tons last week. The New York quotation on Wednesday was 6-00 cents per lb., against 6-00 cents a week ago and 6-95 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £25 1s. 3d. per ton, compared with £24 11s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 2,250 tons on Monday against 4,500 tons last week; 2,500 tons on Tuesday, against 5,500 tons last week; 1,900 tons on Wednesday, against 3,250 tons last week. Wednesday's quotation in East St. Louis was 6-75 cents per lb., against 6-75 cents the week before and 7-50 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £24 10s. per ton, against £23 13s. 9d. last week.

TIN.—Although offerings have not been heavy, the market has been generally easier. Nevertheless, the supply position remains rather tight and a resumption of consumers' buying on a normal scale would be likely to cause a sharp appreciation of prices.

At the end of March, according to the Statistical Bulletin of the International Tin Research and Development Council, published this week, the aggregate export arrears of the seven restricting countries amounted to 14,217 tons, an increase of 1,288 tons on the month. All countries except Malaya are now heavily in arrears with their shipments. It is true that the world's tin mines, according to the *Metallgesellschaft*, rose from 13,989 metric tons in February to 17,613 metric tons in March; but the latter figure is only 366 tons above January's level. Daily production was 568 metric tons in March, against 500 tons in February. It must be pointed out, however, that the daily rate of production in March was only 16 tons higher than in October, though the export quotas have been increased by 10 per cent. during this period.

Sales of tin on the London Metal Exchange: 675 tons on Monday, against 975 tons last week; 450 tons on Tuesday, against 925 tons last week; 525 tons on Wednesday, against 575 tons last week. The New York quotation on Wednesday was 55-75 cents per lb., against 58-00 cents a week ago and 64-75 cents a month ago. Wednesday's official closing quotation in London for standard cash was £256 to £256 10s. per ton, compared with £261 to £262 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,761 tons, a decrease of 264 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was quoted at £13 17s. to £13 17s. 6d. per flask of 76 lb., as against £14 7s. to £14 7s. 6d. last week. Chinese antimony was quoted at £64 to £65 per ton ex warehouse, as against £79 to £80 last week. Chinese wolfram for "April-May" shipment was quoted at 53s. to 56s. per unit, c.i.f., compared with 60s. to 63s. last week. Refined platinum was steady on Wednesday at £11 15s. an ounce.

TEXTILES

COTTON.—Manchester.—A quieter feeling has prevailed in the market than for several weeks past. Traders have been disturbed by the wide fluctuations in raw cotton prices and by the new taxation proposals. Numerous buyers have been in the mood to adopt a waiting attitude until the outlook is clearer. In some quarters a little more attention has been paid to the peace talks, as it is realised that any move towards disarmament would have a vital effect upon commodity prices. World demand for raw cotton continues on a large scale, but there is a possibility of a bigger crop next season, not only in the United States, but also in several other producing centres.

The yarn market has been firm with demand slower. Spinners remain very busy on old contracts. Fair transactions have been put through in coarse and medium American counts. Irregular buying has occurred in Egyptian qualities.

There has been less activity in the cloth market. Many buyers have satisfied their requirements for some time ahead and fresh contracts have not been important. Meanwhile manufacturers remain very firm in quotation. It is quite common for producers to be booked up for six months ahead, while in some instances cloth has been sold for delivery in the early months of next year. Demand for India has been on a smaller scale and only scattered transactions have taken place, chiefly in light bleaching cloths, prints and fancies. There has been a moderate turnover for Egypt and South America. Some makers have done fairly well for the Continent. A steady demand has been reported for the Dominions and the Crown Colonies. Home trade buyers have been rather cautious and clearances in certain quarters are all that could be desired.

COTTON PRICES

	1937				Corresponding Date	
					1935	1936
	April 7	April 14	April 21	April 28		
Raw Cotton—Mid. American..... per lb.	d. 7-67	d. 7-63	d. 7-50	d. 7-38	d. 6-80	d. 6-52
" Sakellaridis Fully Good Fair..... per lb.	12-45	12-28	12-02	11-65	8-35	9-00
" 40's twist..... per lb.	14	14	14	14	10	10
" 40's twist (Egyptian)..... per lb.	13	13	13	13	10	10
" 60's twist (Egyptian)..... per lb.	20	20	20	20	15	15
30-in. Printers, 116 yds., 16 by 16, 32's and 30's.....	s. d. 21 2	s. d. 21 0	s. d. 21 0	s. d. 21 0	s. d. 18 0	s. d. 17 0
30-in. Shirtings, 75 yds., 16 by 16, 32's and 40's.....	29 2	29 2	28 11	28 11	24 3	24 0
30-in. ditto, 86 yds., 16 by 16, 10 lb.	11 9	11 9	11 8	11 8	10 6	10 0
30-in. ditto, 87 yds., 16 by 16, 8 lb.	10 9	10 9	10 8	10 8	9 4	9 0

WOOL. **Bradford.**—The third series of Colonial wool sales opened last Tuesday, Coleman Street Wool Exchange being filled with the usual crowd of buyers representing all sections of the home and Continental trades. Offerings of merinos are small and on the poor side, but the crossbreds and Punta wools should turn in an average selection. There are indications that the last of the season's clip from overseas has arrived, and the offerings both this and next series will consist largely of second-hand parcels. The tone of the sale room is firm. Prices show an advance of 4d. to 1d. per lb. according to the quality and character of the raw material. Crossbreds are in active demand, with more bidding than usual on Continental account. In fact, all sections are prepared to operate on a very liberal scale.

The improvement in manufacturing districts, both at home and abroad, is reflected at the Coleman Street Wool Exchange. Wool is sharing the improvement that has taken place in world commerce, and consumption is higher than for several years past. Practically the whole of this season's clip are already in the hands of users. Although the home trade is not now as active as during the past twelve months, consumption is still big enough to absorb all available supplies until the next Australian clip becomes available. The firm opening of the sales this week has had a strengthening influence upon tops in Bradford.

GRAIN MARKETS

WHEAT. In sympathy with the stock markets, wheat has displayed an easier tendency and prices show a substantial loss on the week. Demand has fallen off and attention is now concentrated on crop prospects in North America, which are at present quite favourable.

On Wednesday last, "May" futures were quoted in Chicago at 129 cents per bushel, against 131½ cents the week before and 142½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 51s. 6d. to 53s. 6d. per 496 lbs., as against 54s. 3d. to 56s. 3d. a week ago, No. 2 Northern Manitoba, ex ship, 51s. to 53s., as against 53s. 6d. to 55s. a week ago. According to the *Corn Trade News* total shipments of wheat and flour last week amounted to 1,651,000 quarters, against 1,579,000 quarters in the previous week and 896,000 quarters in the corresponding week a year ago.

FLOUR.—Flour has declined in sympathy with wheat. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 42s. 6d. per 280 lbs., as against 43s. 6d. a week ago; delivered inner London, 42s., as against 43s. a week ago. Manitoba patents, ex store, 39s. to 40s. 6d., as against 40s. 6d. to 42s. a week ago. Australian, ex store, 34s. to 35s., as against 34s. 9d. to 35s. 6d. a week ago.

BARLEY.—"May" futures were quoted at 70½ cents per bushel in Winnipeg on Wednesday, against 69 cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed," at farm, 36s. to 38s., as against 36s. to 38s. a week ago; "English malting," at farm, 38s. to 45s., as against 38s. to 45s. last week. Californian (new), ex ship, 49s. to 55s., as against 53s. 6d. a week ago. Chilean, brewing (new), ex ship, 44s. 9d. to 50s., against 44s. 9d. to 50s. a week ago.

OATS.—On Wednesday, "May" futures were quoted at 50 cents a bushel in Chicago, against 49½ cents a week ago and 49½ cents last month, quotations in London, Wednesday: "English black," at farm, 24s. to 26s. per 336 lbs. a week ago, as against 24s. to 26s. a week ago; "English White," at farm, 24s. to 26s., as against 24s. to 26s. a week ago; mixed Canadian feed (Vancouver), landed, 25s. 3d. per 320 lbs., as against 25s. 6d. a week ago.

MAIZE.—Despite a rally in the United States, prices in this country are lower on the week. Buying interest has subsided and the warmer weather has reduced requirements. "May" futures were quoted on Wednesday at 129½ cents per bushel in Chicago, against 128½ cents a week ago and 118½ cents last month. Quotations in London, Wednesday: "Plate," landed, 27s. 6d. per 480 lbs., as against 28s. 9d. a week ago; "Plate," ex ship, 26s. 6d., as against 27s. 9d. a week ago; "Plate," April (new), 26s. 9d., as against 27s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £7 to £7 5s. per ton, as against £7 7s. 6d. to £7 10s. a week ago.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-37:—

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	April 29, 1936	Dec. 30, 1936	Apr. 21, 1937	Apr. 28, 1937
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	82½	84½	79½	129	136½	129½
Chicago (No. 2, Winter) —Cents per 60 lb.	88½	101½	97½	135½	134½	129

The visible supply of wheat in Canada amounts to 75,675,000 bushels, against 77,934,000 bushels last week, and 108,871,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1933-34 to 1936-37:—

	1933-1934	1934-1935	1935-1936	1936-1937
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to April 24.....	182,288	170,539	156,188	252,553
34 weeks to April 24.....	9,858,258	11,703,324	11,651,860	9,284,287
Average price of English wheat per cwt.	s. d. 4 5	s. d. 5 1	s. d. 6 7	s. d. 10 3

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding weeks in each of the years from 1933 to 1936:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
April 22, 1933.....	Cwts. 107,014	Cwts. 30,729	Cwts. 33,031	s. d. 4 5	s. d. 6 1	s. d. 5 8
April 22, 1934.....	182,288	24,446	26,132	4 5	7 8	6 0
April 27, 1935.....	170,539	55,578	23,402	5 1	7 2	7 0
April 22, 1936.....	156,188	28,878	22,415	6 7	7 4	6 11
April 17, 1937.....	252,807	35,231	40,653	10 2	10 2	8 6
April 24, 1937.....	252,553	34,709	40,164	10 3	10 3	8 8

OTHER FOODS

BACON.—The market ruled generally steady on a sustained demand. The official quotations (per cwt. for No. 1 Sizeable) which formed the basis for dealings on the London Provision Exchange this week were: English, 92s. to 96s.; Canadian, 87s.; Danish, 95s.; against 92s. to 96s.; 87s., and 95s. last week. Arrivals in London last week included: Danish, 15,009 hales; Canadian, 6,598; Dutch, 2,340; Lithuanian, 986; and Polish, 2,609; as against 13,872, 6,659, 2,571, 1,106 and 2,687 hales, respectively, in the previous week.

BUTTER.—Colonial butters hardened slightly under a firm demand, but Danish was rather easier. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 108s.; Australian, choicest salted, 107s. to 108s.; Danish, 112s. to 113s.; compared with 108s., 107s. and 114s., respectively, a week ago.

CHEESE.—The market was firmer for New Zealand, with other makes about unchanged on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 89s. to 96s.; Canadian finest coloured, 75s. to 76s.; and New Zealand, finest coloured, 70s., against 89s. to 96s., 75s. to 76s. and 68s. to 69s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 9½ cents per lb., against 9½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Acera, "April-May," was quoted at 43s. per 50 kilos, c.i.f. Continent, against 44s. 6d. a week ago. Last week's movements of cocoa in London were as follows: landed, 10,839 bags; delivered, for home consumption, 15,860 bags; exported, 225 bags; stocks, 275,277 bags, against 166,387 bags a year ago.

COFFEE.—On Wednesday, Rio No. 7 (cash) was quoted at 9 cents per lb. in New York, as compared with 9 cents per lb. last week and 9½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 95 cwt.; delivered, for home consumption, 38 cwt.; exports, 8 cwt.; stocks, 2,416 cwt., against 11,460 a year ago. Central and other South American: Landed, 9,638 cwt.; delivered for home consumption, 4,825 cwt.; exported, 1,028 cwt.; stocks, 109,035 cwt., against 120,945 last year. Other kinds: Landed, 4,118 cwt.; delivered, for home consumption, 3,828 cwt.; exported, 632 cwt.; stocks, 125,288 cwt., against 178,985 last year.

EGGS.—The market has been quietly steady, despite heavier Continental arrivals. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 9s. 6d. to 10s. per 120, against 9s. 6d. to 10s. last week; while Danish (15½ lb.) made 8s. 9d. to 9s., as against 8s. 6d. to 8s. 9d. last week.

FRUIT.—Business at Covent Garden remains moderately good, with prices at a satisfactory level, states *The Fruitgrower*. Buoyant conditions seem likely to continue until the end of the London season. Apples of all kinds continue in active demand, while pears are also selling well at firm rates. South African grapes are steady and other varieties show little change. Forced strawberries, in increasing supply, encounter an active demand and sell at 6s. to 10s. per lb. Peaches are also receiving attention. Good parcels of oranges are firm in price, but the bulk of the arrivals of Jaffa and Spanish are in poor condition. Grape fruit are a rather more active item and lemons are steady.

MEAT.—At Smithfield, demand for fresh beef, mutton and pork was quiet. There was a steady trade for chilled beef and best small frozen lambs, with veal in fair request. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. per 8 lbs., as compared with 3s. 8d. to 4s. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 10,061 tons, an increase of 613 tons on the corresponding week last year. Beef and veal accounted for 5,226 tons, mutton and lamb, 3,320, and pork and bacon 959, as compared with 5,057, 2,733 and 1,194 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, Singapore white Muntok, spot, was quoted at 6d. per lb. in bond, against 6d. per lb. a week earlier. Black Lampong, spot, in bond, was quoted at 3d. per lb. sellers, compared with 3d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, 43 tons; delivered, 11 tons; stocks, 1,831, against 1,717 last year. White, landed, 237 tons; delivered, 42 tons; stocks, 11,880, compared with 12,457 a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 10s. per cwt. ex warehouse, on Wednesday, as compared with 10s. per cwt. a week ago. "May-June," in singles to Continent and U.K., was quoted at 9s. per cwt., against 9s. 1½d. for "April-May" last week. Movements in London last week were as follows: Landed, 20 tons; delivered, 16 tons; stocks, 1,051 tons, against 939 a year ago.

SUGAR.—The London market in raw sugar has had a steadier tone, but in New York prices have receded. The New York spot quotation was 3-45 cents on Wednesday, as compared with 3-50 cents per lb. last week and 3-55 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "May" delivery at 6s. 4½d. to 6s. 4½d., against 6s. 2d. to 6s. 3d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 24,751 tons, against 5,082 in the previous week and 1,841 in the same week of 1936; deliveries, 20,344 tons, against 18,994 and 17,367 tons, respectively; stocks, 189,144 tons, against 184,737 and 215,050 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Apr. 23, 1936.....	d. 12-67	d. 14-00	d. 15-99	d. 11-00	d. 10-47	d. 11-95	d. 13-41
Mar. 18, 1937.....	14-37	15-05	17-03	14-13	12-56	13-61	15-02
Mar. 25, ".....	14-97	15-81	17-07	NH	NH	15-81	15-81
Apr. 8, ".....	14-99	16-03	17-27	NH	NH	15-81	15-81
Apr. 15, ".....	14-82	15-83	17-66	15-64	13-26	14-22	15-68
Apr. 22, ".....	14-79	16-38	17-36	14-81	13-08	13-98	15-68

At this week's public auctions in Mincing Lane, 42,361 packages of Indian and 18,930 packages of Ceylon tea came up for disposal. Competition for the Indian grades was again keen and prices for ordinary and medium kinds were firmer. The Ceylon market was firm generally.

VEGETABLES.—Supplies of English and Guernsey tomatoes are steadily increasing and prices are consequently easier, says *The Fruitgrower's* Covent Garden report. Reliable parcels of Canary Islands tomatoes are, however, dearer. Cucumbers are about unchanged in price, while lettuce, radishes and spring onions sell well. House-grown beans are firm and green peas show a similar tendency. Mushrooms are easier; some forced marrows

are now to hand. Spring greens are abundant, but cauliflower is doing a little better. Meanwhile, new potatoes are a more active item at Covent Garden, with Mataro down to 21s. to 22s. per cwt., against 27s. to 28s. last week. At the Borough on Tuesday, best siltland King Edward, in active request, again made from 10s. to 11s. per cwt., ex market.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—The market is quiet, and little business is passing. Linseed in particular has been affected by the weakness in wheat, and is in poor demand. Prices have eased somewhat, but on the whole are steady. Plate seed is in some request from Continental crushers. The quantity shipped from Argentina last week was 50,000 tons, bringing shipments to date up to 900,000 tons. A feature is the continued heavy export to the United States and Canada, which, so far, amounted to 342,000 tons (exclusive of about 40,000 tons diverted), against only 104,000 tons during the same period last year. At present, there is afloat for North America the unusually heavy total of 154,000 tons—all from the River Plate. Demand from this quarter seems likely to moderate soon. An increase in the acreage under linseed for next season is indicated. The new Indian linseed crop is still moving off slowly, and prices are stiffening on account of high freight rates. The quantity now afloat for Europe is 156,100 tons, or 8,300 tons more than last week, and includes 12,500 tons from India.

Cottonseed is lower and in some demand in near positions, business in black Egyptian on passage to Hull having been done at £9. New crop Egyptian is quoted nominally at £8 5s., August loading. Trade in vegetable oils is desultory. In sympathy with seed, linseed oil has declined about 15s. per ton, and is still slow. Cotton oil ex Hull has been marked down 10s. per ton, and demand on home account and for export is small. With the advent of open weather the trade in oilseeds is falling off.

FURS.—No major change in the tendency of the London Spring Fur Sales occurred during the past few days. We therefore propose to publish a detailed concluding report after the end of the sale and give in the meantime the chief prices paid at the recent Hudson's Bay Company's sale compared with those of the preceding sale (Winter Sale, 1937) and the corresponding Sale of last year (Spring Sale, 1936). All quotations are given in shillings and pence per skin:—

	Spring Sale, 1936	Winter Sale, 1937	Spring Sale, 1937
Beaver, Mackenzie River (Canada) Ex Ex Large ...	73/- to 77/-	136/-	Unsold
Ermine, York Fort (Canada) Ex Ex Large	5/7 to 6/1	7/- to 8/3	7/6
Scandinavian Ex Ex Large	4/8 to 5/-	6/8	7/2
Fisher, York Fort, 1 and No. 2 dark	170/- to 370/-	180/- to 460/-	200/- to 300/-
Fox Bastard, York Fort 1 and No. 2	41/- to 56/-	43/- to 78/-	76/-
Fox Blue, Arctic Dark	110/- to 135/-	150/- to 230/-	Not offered
Fox Cross, York Fort Medium No. 1	165/- to 195/-	105/- to 240/-	175/- to 190/-
Fox Red, York Fort Medium No. 1	72/- to 79/-	82/- to 87/-	87/-
Lapland 1 and No. 2 Pale Fox White, West Arctic 1 No. 1	38/- to 46/-	52/-	32/- to 58/-
Lynx, York Fort, etc. 1 Ex Large	280/-	225/-	225/-
Marlen, Mackenzie River 1 Pale	110/-	166/- to 174/-	156/-
Mink, York Fort Ex Large 1 and No. 2 Dark	69/- to 71/-	95/-	101/-
Musquash, Black U.S.A. ...	7/-	Unsold	8/8
Otter, Canada, etc., 1 and No. 2 Extra Dark	166/-	154/- to 180/-	156/- to 212/-
Skunk, York Fort No. 1	7/1 to 8/-	8/- to 8/6	8/4
Squirrel, Lapland	1/- to 1/2	1/4 to 1/10	Not offered
Wolf, York Fort, Ex Large 1	40/- to 65/-	51/6 to 70/-	50/- to 64/-

RUBBER.—The factors which have unsettled the stock markets have also had a disturbing influence on rubber. After substantial fluctuations, prices both in London and New York have fallen to lower levels. Speculative commitments have been heavily liquidated and some recovery is possible if active buying is resumed. But it is likely that the restoration of confidence will be achieved only gradually. The spot price in New York on Wednesday was 20½ cents per lb., compared with 23½ cents per lb. a week ago and 26½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 10½d. per lb., as against 11½d. on the corresponding day last week. In forward positions, business has been done at 10½d. for "June" shipment, as against 11½d. to 11½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 48,828 tons, against 50,362 tons a week earlier. A year ago stocks amounted to 141,354 tons.

BARCLAYS BANK

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

TRUSTEE DEPARTMENT

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, April 28th.

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, Etc.—				English King Edward				English Southdown, greasy, per lb.			
Wheat—				per cwt.				Lincoln hog, washed			
No. 2, N. Man. 496 lb.				SPICES—				Queensland, scd. super cmbg.			
Eng. Gaz. av., per cwt.				Pepper, per lb.—				N.S.W. greasy, super cmbg.			
Barley, Eng. Gaz. av. ...				Black Lampong				N.Z., gray., half-bred 50-56			
Oats,				White Muntok				Crossbred 40-44			
Maize, La Plata, landed				Cinnamon—1st sort, per lb.				Tops—			
480 lb. Lon. stan. ex mill,				Cloves—Zanzibar, per lb.				Merinos 70's average.....			
280 lb.				Ginger—per cwt.—				64's			
Rice, No. 2 Burma, per cwt.				Jamaica, ord. to good				Crossbred 48's			
MEAT—				Mace				46's			
Beef, per 8 lbs.—				Nutmegs, 65's				MINERALS			
English long sides				SUGAR—				COAL—			
Argentine chilled hinds				(Duty, 11/8 per cwt.)				Welsh, best Ad'ty...ton			
Mutton, per 8 lbs.—				Centrifugals, 96", prpt.				Durham, best gas, f.o.b.			
English wethers				Crushed				Tin plates			
N.Z. frozen				Granulated				METALS—			
Lamb, per 8 lbs.—				Home Grown				Copper, Electrolytic, ton			
N.Z. frozen				TEA—				Sheets (strong)			
Pork, English, per 8 lbs.				Indian—per lb.—				Standard			
OTHER FOODS				Pekoe				Lead, Eng. pig., per ton			
BACON—				Broken Pekoe				Soft foreign			
English				Orange Pekoe				Spelter G.O.B.			
Irish				Broken Orange Pekoe				Tin—English ingots			
Danish				Ceylon—per lb.—				Standard cash			
Dutch				Pekoe				MISCELLANEOUS			
HAMS—				Broken Pekoe				CHEMICALS—			
Canadian				Orange Pekoe				Acid, citric, per lb., less 5%			
United States				Broken Orange Pekoe				Nitric			
BUTTER—				Ceylon—per lb.—				Oxalic, net			
Australian				Pekoe				Tartaric, English, less 5%			
New Zealand				Broken Pekoe				Alcohol, Plain Ethyl			
Danish				Orange Pekoe				Alum, lump			
Dutch				Broken Orange				Ammonia, carb.			
CHEESE—				COTTON—				Sulphate			
Canadian				Mid-American				Arsenic, lump			
New Zealand				Sakellaridis, f.g.f.				Bleaching powder, per ton			
English Cheddars				Yarns, 32's twist				BORAX, gran.			
Dutch				60's twist				Do, powder			
COCOA—				FLAX—				Nitrate of soda			
(Duty, British grown,				Livonian ZK				Potash—Chlorate, net			
11/8; foreign, 14/- cwt.)				Pernau HD				Sulphate			
Acacia, f.f.				Shanetz Medium 1st sort				Soda Bicarb.			
Trinidad				HEMP—				Crystals			
Grenada				Italian P.C.				W. Aust. M.-o.-P. ..			
COFFEE—				Manilla, April-June "J2"				SHELLS—			
(Duty, British grown,				Sisal, African				TN Orange ... per cwt.			
4/8; foreign, 14/- cwt.)				JUTE—				W. Aust. M.-o.-P. ..			
Santos sup. c. & f. cwt.				Native 1st mks ... per ton				TALLOW—			
Colombian, good				c.i.f. H.A.R.B.				London town...per cwt.			
Costa Rica, med. to good				May-June				TIMBER—			
East Indian				Daisee 2/3 c.i.f. Dundee				Swedish u/s 3 x 8 ... per std.			
K. Cuya, medium				SILK—				" 2 1/2 x 7 ... "			
EGGS—				Canton				" 2 x 4 ... "			
English				Tussah				Can'tin Spruce, Dis.			
Danish				Japan				Pitchpine			
FRUIT—Oranges—				West Indian				Rio Deals			
Valencia				SUGAR, Cuban Centrifugals, 96				Teak			
Jaffa				deg., spot, per lb.....				Honduras Mahg. logs ... c. ft.			
Lemons, Malaga ... cases				Cotton, middling, spot, per lb.				African			
Sicilian ... boxes				Rubber, smoked sheet, spot,				Amer. Oak Boards			
Apples: Amer. (var.) bris.				per lb.				Ash			
(var.) boxes				Petroleum, Mid-continent crude				English Oak Planks			
" Australian				33 deg., to 33-90, at well, per				" Ash			
Onions				barrel				"			
Valencia, case				Copper, "Electrolytic," Domestic,				"			
Egyptian, bags				spot, per lb.				"			
Grapes, Almeria, barrels				Copper "Electrolytic," Export				"			
Grapefruit, Jaffa				prompt, per lb.....				"			
LARD—				Spelter, East St. Louis, spot,				"			
Irish finest bladders ...				per lb.				"			
U.S.				Lead, spot, per lb.				"			
" Santos No. 4, cash, per lb.				Tin, "Straita," spot, per lb. ...				"			
Cocoa, Accra, nearest future,				"				"			
per lb.				"				"			

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

UNITED STATES

New York quotations unless otherwise stated

	Apr. 29, 1936	Mar. 31, 1937	Apr. 21, 1937	Apr. 28, 1937		Apr. 29, 1936	Mar. 31, 1937	Apr. 21, 1937	Apr. 28, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	97½	142½	134½	129	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	11-60	3-55	3-50	3-45
Maize, nearest future, Chicago, per bushel	63	118½	128½	129½	Cotton, middling, spot, per lb.	15½	15-10	14-06	13-55
Oats, nearest future, Chicago, per bushel	25½	49½	49½	50	Rubber, smoked sheet, spot, per lb.		26½	23½	20½
Rye, nearest future, Chicago, per bushel.....	50½	116	111½	110½	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	104	116	116	116
Barley, nearest future, Chicago, per bushel.....	37	80	77½	77½	Copper, "Electrolytic," Domestic, spot, per lb.	8-92½	17-02½	14-02½	13-92½
Coffee, Rio No. 7, cash, per lb. ...	6½	9½	9	9	Copper "Electrolytic," Export prompt, per lb.....	9-15	17-25	14-25	14-15
" Santos No. 4, cash, per lb.	8½	11½	11	11	Spelter, East St. Louis, spot, per lb.	4-80	7-50	6-75	6-75
Cocoa, Accra, nearest future, per lb.	5-06	11-25	9-47	8-99	Lead, spot, per lb.	4-60	6-95	6-00	6-00
					Tin, "Straita," spot, per lb. ...	46-62½	64-75	58-00	55-75

THE ECONOMIST

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CONTENTS

thronged with Londoners, with British citizens of every colour and creed from over the seven seas, and with thousands of strangers come to witness a spectacle already rare in the modern world. London will not be—indeed, already is not—the staid old London with which so many millions of people are familiar. Yet London itself, that “flower of cities all,” as the fifteenth-century Scottish poet called it, has a life and a being of its own. With its eight and a half million inhabitants it is almost a nation by itself. But it is not an exclusive community. On the contrary, by its history, occupations and situation it is one of the cosmopolitan capitals of the world.

Thus, Coronation time, when London wears its unaccustomed but becoming cloak of festivity, is a fitting occasion on which to record something of the life of the world's greatest city. In the articles, the illustrations, and the figures of the Special Supplement on London,

which accompanies this issue of *The Economist*, our readers will find both facts and information, both knowledge and diversion. It is no mean city, indeed, which has for centuries been the place of coronation of our monarchs; and its history, its changing nature, and the way of life of its millions of inhabitants are worthy of permanent record on an occasion like the present.

In London, as in the countries of the British Commonwealth, popular attachment to constitutional monarchy blends with equally strong attachment to those democratic institutions of which that monarchy is the head. Seldom, if ever, before has the feeling for constitutional monarchy and for democracy been so strong, so unanimous, as it is in these countries to-day. It would be a disaster for the world if those institutions were to totter in their very birthplace. But next week's rejoicings will be convincing evidence of their strength and of their stability.

Spain and Europe

ON its own scale and in its own way, the European War of 1936-37 in Spain is showing a tendency to follow the same course as the European War of 1914-18. Once again the aggressor is encamped on his victim's ground. Once again he is trying to break his victim's spirit and to force him to capitulate. And once again he is finding that it is more difficult to finish a war off than to set it going. It begins to look as though the Spaniards could adopt the famous French watchword: “*Nous les aurons.*”

For the second time within a life-time—and this is surely unprecedented—Germany has involved herself in an aggressive war, hand-in-glove with a broken-backed ally. Indeed, in German military eyes, the Italy of 1937 must seem a poor exchange for the Austria-Hungary of 1914. HERR HITLER'S first use of Germany's recovered military power has been to black out the picture of an ill-used yet patient Germany, which had been impressed on foreign minds by the statesmanship of DR STRESEMANN and DR BRÜNING, and to replace it, in a rapid series of lurid strokes, with the latterly forgotten but once familiar portrait of “the Hun.” The Germany whom her FÜHRER is deliberately displaying to us is no longer the Germany of the Ruhr and the Palatinate in 1923. It is the Germany of Louvain in 1914. Are the Nazis determined to force upon us the conviction that their country is incorrigible?

The main event of the past few days in the Spanish theatre of Italo-German warfare has been the check which the Basques have given to the enemy offensive against Bilbao. We cannot yet tell whether this reverse to Italo-German arms in Vizcaya is temporary or permanent. We do not know whether Bilbao, like Madrid, is going to show herself able to hold out for months with the enemy at her gates, or whether she is going to fall, as Irun and San Sebastian fell earlier in the war. It is already evident, however, that the reverse has been severe, and that the arm which has broken down is the ground force which consists partly of Italians and partly of Castilian *requetes* under Italian officers. Moreover, this second Italian reverse has been due to the same combination of causes that produced the *débâcle* at Brihuega. First, there was an error of tactics—the Italian command sent a clumsy column, cluttered up with mechanised transport, into an ambush. Then, as before, the morale of the Italian troops gave way at the critical moment.

This second Italian reverse in Spain is likely to have an important effect on the eventual outcome of the war—whichever way the local operations in Vizcaya may go—by encouraging the Government forces and bring-

ing the Italians into further disrepute in the sight of their Spanish confederates. The most momentous consequence, however, will be the effect on the judgment of the German General Staff about Italy's value, or lack of value, as a potential ally in some future conflict that might be much more formidable than the Spanish side-show.

The German judgment on this set-back to Italian arms is likely to be all the more severe, because the German air-arm did its best to smooth the way for an Italian advance on the ground by razing the Basque country town of Guernica. The means by which Guernica was destroyed last week would appear to be established beyond all question by the concordant testimony of the Bilbao correspondent of *The Times*, the mayor and priest of Guernica itself, and the Dean of Valladolid. It was destroyed by a scientific combination of bombing and machine-gunning in rhythmic alternation. General Franco first protested that no Spanish insurgent aeroplanes had been in the air that day; but a report on Wednesday from *The Times* special correspondent with the insurgents contained the significant admission that Guernica had been bombed by the insurgents' machines. That the Basques slyly destroyed their own town themselves in order to bring discredit on the insurgent cause is incredible. There is material evidence that the work was done by German planes; and this fits in with the observation of planes flying over France within the last week or two at an enormous height from the direction of Germany in the direction of Spain. Are we to assume that the reinforcement of the German air-arm on the Basque front is part of the *quid pro quo* which HERR HITLER has paid for SIGNOR MUSSOLINI'S playing of Germany's game at his recent meeting in Venice with CHANCELLOR VON SCHUSCHNIGG?

Far from being cowed by this wantonness, the Basques have redoubled their efforts to fling back a barbarous invader. They have also been heartened by the sinking, on Friday of last week, of GENERAL FRANCO'S biggest warship, the “*España*,” which had been attempting to blockade the Basque coast. Whether she was sunk by Government bombing planes from Santander, or whether she struck a mine laid by her own side, is a question not yet cleared up. But while her fate may not throw any light on the bomb *versus* battleship controversy, there is no doubt that she has gone to the bottom; and her loss is a blow which the insurgents will feel.

They will feel it all the more because our own Government has markedly, though not avowedly, changed its policy about the “blockade” which the insurgents

claim to have established along the Basque coast. The advice to British ships to keep clear of Bilbao seems to have been dropped; and the captains who have made the venture of running GENERAL FRANCO'S unrecognised blockade must have felt it as good as a convoy when a British warship took to turning up conveniently on the fringe of the three-mile limit whenever a British merchantman was threatened by a rebel man-o'-war. More than that, the British Government have now acceded to the Basque Government's request for British naval protection, outside territorial waters, of ships carrying refugees out of the Vizcayan war-zone. This British decision has been maintained in spite of GENERAL FRANCO'S refusal to fall in with the scheme.

In making this salutary change of policy, the British Government have recognised, and bowed to, a public opinion which is by no means confined to the ranks of their political opponents. The destruction of Guernica may have had something to do with this change of policy also—though the wave of feeling in this country in favour of giving naval protection to lawfully employed British merchant ships had been mounting for several

weeks before the perpetration of the Guernica atrocity. The account of the facts about Guernica that has appeared in the British press has drawn violent recriminations from Berlin as well as from Burgos; and the inference is that the British version of what happened is true. Guernica may make a mark in European history.

Even if Bilbao were to fall, and even if this week's internal dissensions in the Government at Barcelona extend or continue, there is no indication that this would bring the end of the war in sight; and if the offensive dies away before reaching its objective, the aggressor Powers will again be faced with the choice between cutting their losses or staking a larger part of their fortunes on the issue of the Spanish adventure. Either course becomes more difficult, the more deeply they involve themselves. Though the rest of the world is ready to keep open a golden, or at least a gilded, bridge in their rear in case they may be minded to retreat, the gulf which they are digging may finally become so wide that no bridge will any longer be able to span it. The dictators should take the path of wisdom before it is too late.

The Right to Strike

THE recrudescence of labour troubles since the New Year, after a prolonged period of peace in industry, is beginning to culminate in strikes of growing national importance. During the last few weeks an unofficial, but none the less effective, strike among omnibus drivers and conductors has been spreading through the south-eastern counties. On Saturday last, the busmen of the central London district stopped work, with the full support of their union, after the month's notice specified in their agreement. The disappearance of the familiar red buses from the streets of London has occasioned considerable inconvenience, though it has not been paralysing in its effects. Of far greater importance is the fact that the coal miners have handed in their notices for a national strike to begin on May 22nd.

The state of affairs in the London bus strike may be changing as we go to press, although the Report of the Court of Inquiry (summarised on page 328) disappointed the hope that a decisive opinion would be expressed on the main issue in dispute. The men's demand is for a reduction of the working day from eight to seven-and-a-half hours. They claim that since the standard was fixed the growing congestion in the streets and the gradual acceleration of time tables have greatly increased the strain on them. As evidence, they allege an increased incidence of ill-health, especially of gastric disorders.

The London Passenger Transport Board's rejoinder is that to speak of an eight-hour day is misleading, since the actual time spent in driving or conducting is, on the average, only a few minutes over six hours. They further maintain that the men are well paid and well treated in such matters as paid holidays. But the Board's most forceful argument is financial. By the terms of the London Passenger Transport Act of 1933, which are fully discussed on another page, the Board are compelled, under pain of having a receiver appointed, to pay at least 5½ per cent. on their “C” stock (which is the junior security) for the year beginning on July 1st next. Last year they earned only a fraction over 4 per cent., and it is unlikely that they are doing any better in the current year. If they are to meet the obligations placed upon them by Parliament they have no margin at all for any increased wage payments.

This is one of those unfortunate disputes in which both sides' arguments are correct, without ever

meeting on the same ground. If the Board are right on financial grounds, the majority of people would probably side with the men on human grounds. Every owner-driver knows the strain of driving in traffic, and to do so for even six hours a day must inevitably impose a very heavy strain on the nerves. The drivers have been, to some extent, compensated for the “speed-up” by the provision of more modern buses, less arduous to drive. But for the conductors there has been no such compensation, and they deserve fully as much sympathy as the drivers. MR BALDWIN has appealed to employers to shorten hours of work to offset the growing strain of speed, and there could not be a more appropriate case for making a beginning.

The Board, on the other hand, cannot be blamed for the predicament in which the Act places them. The clause which threatens the Board with receivership unless they pay a 5½ per cent. dividend, once every three years, on what corresponds to the ordinary stock in their capitalisation, was no part of the original bargain on which the Act is mainly based. It is a highly dubious policy that public utility undertakings like London Transport should be saddled with fixed rates of interest, not merely on part but on the whole of their capital; and fundamentally dangerous that the junior stockholders should be entitled to a receivership in any circumstances. The men would have a very definite grievance if this were the only thing that stood between them and a shortening of their hours. But unless and until the Act is amended the Board must regard it as mandatory.

The striking drivers and conductors therefore have a strong case. It is doubtful, however, whether they have not substantially reduced the sympathy to which they are entitled by striking at this time and in this way. When the convenience of the public is so directly concerned, there is a special obligation on the workers not to strike until every other means of obtaining satisfaction has been tried and has failed. The Board offered to submit the dispute to an independent tribunal, and, if the award went in favour of the men, to make it retrospective to the beginning of February. This offer was refused by the men. MR ERNEST BEVIN has hotly denied the suggestion that May 1st was chosen for the beginning of the strike because of the imminence of the Coronation. But there seems to have been more than a little eagerness in some quarters to have a strike. Indeed, it has

been suggested that the caution of the officials of the union was overruled by the impetuosity of some of the subordinate representatives of the men.

Recrimination, however, is less important than the search for a solution. The obligation to pay 5½ per cent. should never have been inserted in the Act. But since investors have bought the "C" stock in reliance upon it, repeal would savour of confiscation. Nor is the suggestion that the Board should be relieved of some of their burden of taxation much more practicable, since it would not be possible to grant such a concession to the Board and withhold it from all other transport undertakings.

The Board maintain that there is no salvation in increased fares and that their present average charge of 1d. a mile brings in the maximum revenue. But it would be a remarkable coincidence if the optimum fare happened to be this convenient round figure. The raising of fares would be a most unwelcome proceeding to the travelling public, but it is hard to believe that the Board could not find some additional revenue in this way if it became necessary.

In the coalmining dispute, the issues are harder to disentangle. The quarrel goes back to the great coal strike of 1926. In that year, the miners of Nottinghamshire were among the first to abandon the stubborn and (as events proved) mistaken policy pursued by the Miners' Federation under the leadership of the late A. J. COOK. Led by MR G. A. SPENCER, at that time a miners' M.P., the Nottinghamshire Miners' Industrial Union was formed, side by side with the Nottinghamshire branch of the Miners' Federation. Though dedicated to moderation, this new union was, in its origin, a perfectly genuine trade union. However, it has remained independent of the national Federation and has naturally been preferred by the employers to the rival Association which maintains the national affiliation.

This already delicate position has been complicated by a particular dispute at Harworth, where the employers have been making a very ill-advised attempt to dictate which of the two unions their employees shall belong to. With the settlement of the obstinate question of "victimisation," however, this dispute has now been composed. On the wider issue, an agreement was reached in March for the amalgamation of the two unions. To judge by the terms of amalgamation, the independent union is conceded to have a strength in this particular coalfield at least equal to that of its rival. On April 2nd, however, the executive committee of the National Mineworkers' Federation refused to ratify the agreement negotiated by its own officers. What is more, it was decided to take a ballot throughout the country on the

proposal to strike in order to enforce the recognition of the Nottinghamshire Miners' Association (the affiliated union) by the employers. The ballot has since returned an affirmative answer; and that is where the matter now stands.

THE PRIME MINISTER has given it as his opinion that there is nothing in the circumstances that need prevent a settlement, and it is to be hoped that his appeal to the principals to avoid the national disaster of a strike will have its effect. What MR BALDWIN had to say about the desirability of trade union organisation, and the inevitability of collective bargaining, will be generally accepted in this country. It is a natural corollary that any pressure by employers to influence the choice by the workers of their representatives is illegitimate. Employers may prefer one union to another, but it is none of their business.

If this were all that the miners meant when they demanded "recognition," public sympathy would be entirely on their side. But there is some doubt whether, in fact, there is not further significance in the word. "Recognition" is sometimes spoken of as if it meant "exclusive recognition." If this is so, the Mineworkers' Federation are, in effect, asking to have the Industrial Union banned. If this is their intention (and the matter has never been clarified), it changes the whole aspect of the matter. It is, of course, desirable that there should be only one national body to represent the coalminers. But this desirability cannot be allowed to override the wish of a majority, or even of a substantial minority, of the Nottinghamshire miners to support an independent union. In any case, the first task is surely to take an independent ballot of the whole coalfield to ascertain which union is the choice of the majority. Willingness to abide by such a ballot might well be made a test of the real motives of the present skirmishings.

The right to strike as a last resort in industrial disputes has long been conceded in this country, and accepted as an inevitable part of the democratic order. But precisely because it is so accepted, the right to strike carries with it the obligation not to strike unreasonably. In neither of the two cases now before the public is there enough information available to say whether strike action is legitimate or not. Mr Bevin has shown a sense of responsibility in dissuading the tramwaymen from coming out in sympathy with the busmen. But there is a suspicion that the miners' officials have been overruled by the more militant attitude of the Federation's Executive Committee. If so, it is a doubtful augury for the beginning of a period in which many difficult problems of wages, hours and working conditions will have to be solved.

The British Steel Industry—II

THE main difficulties which face the steel industry in the matter of organisation are the wide range of products produced and the complexity of the relationships existing between the various firms. The industry embraces both the buyer and the seller of iron and steel in its many stages from the ore to the highly finished product. For very many years past the firms in most branches and in each market area have formed associations to fix minimum prices and sales conditions, and in a few cases to control output. Some of these associations have been strong enough to maintain some control over prices even during depression; others have collapsed, from time to time, under pressure; none of them has taken powers to rationalise production. One of the objects of the British Iron and Steel Federation, which was reconstituted in 1934, is to strengthen the associations, to make them fully representative of the various branches of production, and to co-ordinate

their activities to conform to the common responsibilities of the industry.

In addition, however, to the affiliation of the various associations to the Federation, the individual firms in the industry are themselves also full members. The Federation, consequently, is able to take decisions affecting the policy of the industry in many spheres besides those of prices and commercial policy. Negotiation of international agreements, discussions with consuming industries and suppliers of raw materials, examination and initiation of expansion schemes—on these and other aspects of policy the industry is able to express its views and reach general decisions whose implementation may involve action by individual firms, by the affiliated associations, or by the British Iron and Steel Corporation. The last-named body was formed about a year ago to carry out the agreed policy of the industry, whenever centralised action was called for.

Of all these various activities, that relating to price control is of special interest in view of the substantial advance in prices recently announced. Its importance is crucial, since many aspects of development are inevitably bound up with the determination of prices. The granting of protection to the industry in 1932 marks the beginning of a co-ordinated and comprehensive steel price policy. The industry subsequently undertook not to raise prices as a result of protection, but it accepted no responsibility for variations in the cost of ore, coke or scrap. Actually, the price level in existence when protection was introduced was broadly maintained until May of last year. By then a rise in raw material costs had occurred, and the economies of running existing plant at its full capacity had been attained. It therefore fell to the Import Duties Advisory Committee to determine, on the basis of audited costs, whether a rise in steel prices was justified. The advance sanctioned by the Committee in May, 1936, was rather less than 10 per cent. on the main finished steel products. This level was in force until a week ago, when a further increase of 20 per cent. was sanctioned. The prices of pig iron, semi-finished steel and almost the entire range of finished steel products are now subject to this form of regulation on a cost basis. The new prices approved by the Committee apply to deliveries up to the end of 1937; they are standard prices applicable to all consumers on the home market, and are to be regarded as both maximum and minimum prices. The increase of some 30 per cent. in the prices of plates, hoops, rails, joists and sectional material since 1932 contrasts with a rise during the same period of 46 per cent. in the cost of ore, 105 per cent. in that of coke and 86 per cent. in scrap—an average of 81 per cent. if the prices of the various items be weighted according to the quantity consumed in producing a ton of finished steel.

Apart from the desire to maintain stability of prices over as long a period as possible the price policy of the industry appears to be based on four main considerations. The first of these aims is to fix a level of prices which will afford labour and capital a return, over a period, sufficient to ensure an adequate volume of efficient production. In the second place, by providing an appropriate price margin between each stage of production, the industry desires to ensure an equitable return as between its various sections, and to maintain a balanced flow of production. A third objective is to keep raw material and other costs at the lowest possible level, so as to stimulate maximum demand at minimum prices. Finally, the policy provides for such price adjustments as will ensure that the required production is obtained from all plants, not excluding, where necessary, those whose costs are relatively high.

The first two objectives are self-explanatory. The extent to which reductions of costs are bound up with the location and the modernisation of plant was discussed in *The Economist* last week. The control of raw material prices is, however, a more immediate consideration, which has become particularly urgent in view of the rapid rise of the last few months. So far as domestic iron ore supplies are concerned, the position is safeguarded by the fact that two-thirds of the consumption is directly under the control of the pig iron makers. The remaining third, which is bought largely on long-term contracts, is not subject to sharp changes in price. As a result, the price of home ore has risen by barely 10 per cent. since 1932, while imported ores have advanced in the same period by over 70 per cent. Much the greater part of this increase has occurred within the past six months, and reflects the important part played by freight costs in the landed price of ore. Ore freights from the West Mediterranean and Spanish ports have advanced from 110 per cent. of their 1932 level a year ago to 235 per cent. to-day. The total cost to the industry of imported ore now substantially exceeds that of the much greater quantity produced at home.

In terms of value scrap is a more important raw material of the steel industry than ore. Here the position is more complicated, since the greater part of the scrap consumed comes from sources outside the direct control of the steel maker. In 1936 over a million tons

were imported and three million tons were bought in this country. Recently the price of imported scrap has tended to advance much more rapidly than home prices, so that while the increase in British scrap prices has been 11 per cent. in the past year, the price of imports is up by 65 per cent. and forward contracts can only be placed at a considerable further advance. The risk that the home price would rise parallel with this sharp advance in world prices has been countered by an agreement, negotiated between the steel industry and the scrap merchants, whereby the price is stabilised and the export of scrap supplies required by the home industry is avoided. As the scrap price in the world market is between £1 and £2 a ton in excess of the domestic price, and as it is desirable to import this year, if possible, as much scrap as was obtained from abroad in 1936, the policy has been adopted of buying the imported scrap centrally and spreading the cost.

The price of home-produced coke cannot be kept in check in the same way as that of ore and scrap. This is partly because pig iron makers themselves produce rather less than half the coke they use (a proportion which will be increased when a number of plants under construction are completed); but still more because 1½ million tons a year is sold for export, and an even larger quantity is used for non-industrial purposes. These two latter sources of consumption are exerting a vigorous and expanding demand. Through their competition with the pig iron makers for supplies—which are limited by the comparatively moderate rate at which coal output is increasing—the price has been forced up from 50 per cent. over the 1932 figure in May last year to 105 per cent. to-day. So far, no effective means has been found of exercising any control over the level of coke prices.

The remaining objective of the industry's price policy is clearly the provision of a price margin sufficient at least temporarily to secure an abnormally high volume of output from existing plant. There has been considerable danger in the past few months that the prices fixed a year ago would, as a result of the subsequent rise in raw material costs and the rapidly narrowing margin of even the most efficient producers, provide no incentive to expand production. They might even have led to curtailment of output at plants less favourably placed, and particularly at those dependent mainly on imported materials. This danger has been eliminated for the time being by fixing prices which provide adequate compensation for the costs of pushing production to a rate which for many firms exceeds a normally economic level. The marginal increment of output thus obtained must not be conceived simply as coming from plant which is less efficient or less favourably situated than that already in production. It also includes that additional output of even the most efficient works which can be made available by carrying production beyond the technical optimum, through the use of stand-by equipment, the payment of overtime, the excessive wear of plant, etc.

So far as the course of steel prices has been examined here, it would appear that within the framework of a level of prices approved by the Import Duties Advisory Committee, two main considerations have been kept in mind—the one to meet the present conditions of demand by ensuring the maximum of employment of plant and by drawing available raw materials from as wide an area as possible; the other to achieve this output economically by preventing, wherever possible, the forcing up of raw material prices in this country to the inflated levels of the international market.

In short, it would appear that the armaments race, superimposed on a rapid expansion of general trade, has brought the steel industry face to face with something like famine conditions. Technical improvement, modernisation of plant and the complete rationalisation of the industry, the necessity for which should have been foreseen, have been unduly delayed. But it is useless to cry over spilt milk. The justification of the price policy adopted in the present emergency is that while it does not deny to the industry the benefit of the long-awaited prosperity, it seeks in collaboration with the Government to moderate those elements of rising costs which lie within British control.

Millions for the Coronation

NAPOLÉON once described the English as a nation of shopkeepers. Mr Bonar Law, a Scotsman, called them a generous race. The Coronation of George VI has provided the occasion for an unprecedented display of both these interesting characteristics. Kings are rare in modern times, and the constitutional and Imperial monarchy of Britain is unique. It is, therefore, natural that the world at large is deeply interested in the traditional ritual and splendour which will grace the Coronation and in the tribute of loyalty which the whole Empire is about to pay to its royal head. Many people have come to England and they will spend millions of pounds in the space of a few short weeks.

When, on May 12th, the historic procession winds its way down the Mall and Whitehall to Westminster Abbey and back again along the Embankment, up Northumberland Avenue, Pall Mall and St. James's Street into Piccadilly, up Regent Street, along Oxford Street, and home through the Park to the Palace, there will be approximately a million patient and excited watchers on the route of six miles; and they will have paid more than a million pounds for their places.

As to the number of overseas visitors, it is probably not far from the facts to say that over 200,000 tourists will have come from the Empire and foreign countries when May 12th dawns; and that they will spend in the course of their stay in Great Britain more than £25 millions. This is one of many careful estimates made by a well-known firm on the London Stock Exchange in an admirably detailed bulletin, from which we have extracted some of the figures which follow. The total is about half that of all the visitors who came to this country in 1936, and the expenditure per visitor is likely to be considerably greater than in that year.

From the Continent, perhaps 100,000 people will come for the Coronation, which is about one-third of the total number of European visitors during the whole of last year; and they may spend some £3,000,000. In 1936, over 80,000 citizens of the United States visited this country; perhaps a quarter of that number will come this spring for the Coronation, to spend over £1½ millions. But the most notable (though not the most numerous) influx of visitors, however, will be from the far-flung parts of the Empire. More than 80,000 Imperial visitors are expected, i.e. some 15,000 more than in the whole of last year: they are likely to spend in this country and on passage fares on British liners the enormous sum of £21 millions, an average of over £260 per head; and they will stay for periods ranging from five weeks to three months. In the first half of 1936, only 8,000 Canadians visited this country; for the Coronation nearly 20,000 will come. In the whole of last year only 7,500 Australians made the long journey to Britain; this year 20,000 are expected for the Coronation alone. Shops, hotels, places of entertainment and transport services will benefit accordingly. Economic recovery will be given a fillip, and our surplus of imports will be more easily be paid for.

Nevertheless, these 200,000 visitors are no more than birds of passage. How many people will come to London from the provinces? And how many people will wait for hours on May 12th to see the State coach go by?

The number of visitors to Central London for Coronation Day is not easy to estimate. We know that over 200 long distance excursion trains will be run from all parts of the country on the night of May 11th, carrying perhaps 150,000 people. We know that between 12.30 a.m. and 7 a.m. on May 12 about 130,000 people in 179 trains will arrive at Liverpool Street, King's Cross and Marylebone; that between 3.0 a.m. and 7.0 a.m. over 300 trains will arrive at Waterloo, Victoria and Charing Cross, carrying over 200,000 passengers—more than the total number of visitors for the Coronation from overseas; that 25 special trains carrying more than 17,000 people will arrive at Paddington on the morning

of May 12; and that nearly 40,000 visitors will be similarly brought to Euston and St. Pancras. Over half-a-million people will come to the London termini in the small hours of Coronation morning, from the distant north, south, east and west, from the suburbs and from the Home Counties. And they will meet in Central London perhaps an equal number of Londoners and visitors from home and abroad, who will have made their way by 'bus, tram and underground or on foot to the six miles of streets which on that day will be the focus of the Empire's attention.

We have already suggested that a million people may witness the procession. The number will almost certainly not be larger than this because there will not be room for more—and it may even be less. A conservative estimate would be three-quarters of a million: with 85,000 in official stands, over 150,000 in windows and private stands, and about half-a-million standing on the pavements. Not even the most expert, however, can state a precise figure. Three agencies, controlling just over 50 buildings on the route, have sold nearly 25,000 seats. Three shops in Oxford Street can accommodate perhaps 6,000 people and one alone has sold over 2,000 seats.

The prices charged for places in shops and offices and institutions do not vary very much, differences being accounted for by the comparative prominence of the seats provided, and by the cost of meals which may be supplied. One shop in Piccadilly has seats varying from 2 guineas to 10 guineas in price; and another large establishment in Oxford Street has carefully graded the cost of places on the roof and six floors between half-a-guinea and 15 guineas, and has sold 2,400 seats for £11,500. Generally speaking, prices have ranged in Oxford Street and Regent Street from 2 guineas to 20 guineas; at Marble Arch and Hyde Park Corner from 12 guineas to 20 guineas; in Pall Mall and Northumberland Avenue from 4 guineas to 25 guineas; and in Park Lane and on the Victoria Embankment from 6 guineas to 20 guineas. Two of the largest agencies have estimated the average cost of seats under their control to be about 10 guineas. And two large private establishments have computed their average prices at 10 guineas and 5 guineas, respectively.

Probably a reasonably accurate average price per place, excluding the official stands under the jurisdiction of the Office of Works, would be less than 10 guineas and more than 5 guineas—say 7½ guineas. Before we can arrive at an estimate of the total sum paid for places, however, we must make allowances for a number of free places allotted to the staffs of shops and offices, to hotel guests, and to the students and staffs of hospitals. Two Oxford Street stores, for instance, are reserving their accommodation for their staff and their families. From the estimated 150,000 places we can probably deduct 15,000 for these and similar reasons. If we deduct a further 15,000 to cover possible exaggeration of the number of available places, we have a residual total of 120,000 places to be sold at an average cost of 7½ guineas. The total cost is therefore approximately £945,000. To this total must be added the money paid for places in the official stands—some 76,500 at 15s. each, and 8,500 at 22s. 6d. each, making a total of about £70,000. In all, therefore, those who pay to see the Coronation procession will probably spend just over £1 million.

Our inquiry thus suggests that to think in millions may be precisely relevant this Coronation-time. About one million people from overseas, the provinces, the Suburbs and the Home Counties will be in Central London on May 12; between three-quarters of a million and one million will see the procession; and those who have seats on the Royal route will pay about one million pounds for the privilege. To adopt the terminology of transport statistics, gross receipts will be nearly £170,000 per procession-mile.

Notes of the Week

A Valedictory Appeal.—Time and again Mr Baldwin has steered his party past troubled shoals by the finished simplicity, the firm conviction, and the subtle tact of his speeches to the House of Commons. When he rose on Wednesday evening, to speak there, probably for the last time, on strife in the coalfields, he was at his best. He made no attempt to analyse, to criticise, or to debate; nor did he speak as a party leader with a case to advocate. He spoke as a democrat, "believing that democracy at least can still practise the arts of peace in a world of strife"; and because "my time is short here now." He stated yet again his belief in freedom and personal responsibility, and pictured industrial relations in the context of democratic behaviour. Industrial democracy must be based on collective bargaining, to which the only alternative was anarchy. But collective bargaining imposed a grave responsibility on leaders and masters; they were responsible for the welfare of men and women, not only in their own trades, but without, and we must pray for their wisdom. "The whole world has its eyes on London. . . . I am going to make my last appeal in this House to the little handful who can decide whether it is going to be peace or strife." The House responded to this moving appeal by adjourning after a short further debate from which all acrimony had departed.

Industry and Arms.—Six months ago the Royal Commission on the Private Manufacture of and Trading in Arms issued a Report in which it admitted that circumstances had for the time being ruled out of court any hopes of limiting arms by international agreement, and rejected the possibility of a national monopoly of armament production in this country. It made, however, three positive suggestions: namely that the Government should assume complete responsibility for the armament industry by organising collaboration between the Government and the private manufacturers through a Ministry of Supply; that plans should be devised for limiting the profits of armament firms in peace time; and that control of exports should be tightened up by limiting licences to orders from foreign Governments and by requiring specific licences in all cases where open licences are now granted for certain classes of armaments. The Government have now published a statement of their views on this Report. As their chief energies are at the moment devoted to pushing forward their armament programme and bringing to its aid as much of private industry as they safely can, they not unnaturally accept the view that no fundamental change of system is possible or desirable at this moment. For reasons which are now familiar, they have rejected the proposal for a Ministry of Supply, and claim that the appointment of Sir Thomas Inskip adequately meets the need for greater co-ordination. So far as profits are concerned, they claim that the procedure now adopted by the service departments of the Treasury effectively prevent profiteering at the taxpayers' expense—though it is agreed that the position will need constant vigilance and that the Estimates Committee of a future year may usefully examine methods of control.

The Government are still surprisingly unrepentant about their attitude towards the American proposal of 1934 for controlling the international traffic in arms, and except for expressing general support for a convention on the publication of expenditure on arms, the Government's statement is entirely negative on the minor proposals of the Commission. There is nothing in all this that could not have been foretold; but the fact

that Mr Neville Chamberlain proposed his much-debated N.D.C. shows that the Government realise they have by no means allayed public preoccupation about the possibility of profiteering in arms. The many debates in the House show that informed opinion is far from being satisfied that the Government has achieved all that is necessary in co-ordinating the arms programme. It was not to be expected that a Royal Commission would change the Government's attitude on so central a part of their policy, or persuade them to change horses while crossing a stream. But though on paper they have given a complete negative, in practice circumstances are compelling them to take more complete control of an industry with which their relations are of so exceptional a character.

The Civil List.—The Report* from the Select Committee on the Civil List, published this week, is accompanied by an account of the proceedings of the Committee, which records a discussion on the style of living of the Monarchy and the Royal family. A motion by Mr Attlee called for greater simplicity in the state and ceremonial of the Court, and alleged that a right understanding between the King and his subjects throughout the Empire was impaired by his remote and ostentatious life, and by the fact that he was too much surrounded by persons from a single class. One may sympathise with Mr Attlee's reference to "the tedious and irksome ceremonial" which hedges round a King, to "the burden of Kingship" and to the importance of widening the personal contacts of Royalty, but it was inevitable that the Committee should have accepted the amendment of Mr Churchill that "we do not desire to see any changes in the style and establishment of the Sovereign and his family, other than those which His Majesty may himself see fit to make from time to time." Moreover, there can have been little dissent in the Committee from Mr Churchill's contention that the Crown has become "a bulwark against dictatorship"; or from the conclusion that the provision made for the Crown is "adequate, but not more than adequate." Simplicity is a virtue in a modern monarchy, but our constitutional King and his family do a great deal of very hard work for

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The recommendations of the Report itself largely renew the provisions of the Civil List Act of 1936, advising only three changes, and making no mention of the Duke of Windsor. The Committee propose that the Civil List shall remain at the figure fixed for a married king in 1936, namely £410,000, for the Privy Purse, Household salaries and expenses, bounty and alms; and that the provisions made for other members of the Royal family shall remain as laid down in earlier statutes, thus in fact reducing the annual charge under this head from £194,000 to £169,000, since the former payment of £25,000 to His present Majesty when Duke of York has ceased. The only changes, excluding a hypothetical provision for the maintenance, education, marriage and demise of a possible Duke of Cornwall, concern Princess Elizabeth, the Duke of Gloucester and the so-called Civil List pensions. In the absence of a Duke of Cornwall, the Princess will receive £6,000 annually until she is 21, and thenceforward £15,000. The Duke of Gloucester, already in receipt of £25,000 a year under an Act of 1910, as a younger son of George V, will receive in addition an annuity of £10,000, in view of his additional duties during the minority of the Heir Presumptive. This total extra annual charge of £16,000 or £25,000 will be met out of the revenues of the Duchy of Cornwall, as was the additional £25,000 paid to the Duke of York during the reign of Edward VIII. The balance of the net revenues of the Duchy, estimated at £106,000, will, as formerly, be applied to reduce the amount of the Civil List.

* * *

The total annual provision for the King and the Royal Family will thus be £595,000, or £604,000 when Princess Elizabeth comes of age; but the Exchequer will only have to find £489,000, or £498,000. The "Civil List pensions" paid to persons of public, scientific, literary or artistic renown or their surviving dependents are in fact charged separately on the Consolidated Fund, but new authority must be obtained in each new Civil List Act. Since 1837, the amount of new pensions each year has been limited to £1,200; and the total charge has averaged £23,000 during the last 25 years. A change is long overdue in this material recognition of merit which is often ill rewarded financially. The welcome effect of the Committee's proposals will be to raise the annual limit to £2,500 and the total annual payment ultimately to £50,000.

* * *

Bus Strike Inquiry.—On Monday, May 3rd, a Court of Inquiry, appointed by the Ministry of Labour, met at Middlesex Guildhall to inquire into and report upon the hours and working conditions of London busmen and the matters in issue between the London Passenger Transport Board and the Transport and General Workers' Union. The Court, consisting of Sir John Forster, Sir Arthur Pugh, and Mr Basil Sanderson, first heard Mr Ernest Bevin, Secretary of the T.G.W.U., put the case of the men. Mr Bevin stated that the point at issue was "the intensification of the busman's job," which led to nervous and gastric troubles. The speeding-up of services, the growing congestion of London streets, and the lack of "a human interpretation" of the rules of the Board, had made the busman's life intolerable. Traffic density had risen 126 per cent. in sixteen years, and simultaneously the average speed of buses had been increased. There was no way of overcoming the disabilities of the work under these conditions other than reducing hours, from 8 hours a day to 7½. The case of the London Transport Board, put before the Court on Wednesday and Thursday, was that the total effect of applying a seven-and-a-half hour day would cost £650,000; that the financial position, stated

by Lord Ashfield, was unsatisfactory in view of statutory commitments; that no substantial extra revenue could be derived from an increase of fares; and that the Board was jealous of its reputation as a good employer. An interim report issued on Thursday night recommends that negotiations on matters other than the reduced working day should proceed at once; that although the evidence on ill-health had been inconclusive a *prima facie* case had been made out for immediate investigation by a properly qualified body; and that if the investigation elicits that the men's complaints are justified, hours should be reduced or other appropriate measures taken. Such measures would place an extra charge on the Board; but the Court feel that the Board would be assured of public support in finding the extra revenue.

* * *

The New Free State Constitution.—The newly published Constitution of the Irish Free State contains no mention of the King, the Governor-General or the British Commonwealth. These omissions were expected, since the occasion of the abdication was seized by Mr de Valera to register the distinction between the internal and external position of the Free State. Internally, no trace of the British connection has been permitted to survive, but externally the association with the other nations of the Commonwealth has been tacitly maintained. These developments do no more than regularise the *de facto* situation. Mr de Valera has to reduce to the minimum the volume of republican discontent at home without finally cutting the Commonwealth painter. The name of the new State is to be *Eire*, which is defined as a "sovereign independent democratic State," coterminous with the whole of Ireland; but the fact of partition is recognised "pending the reintegration of the national territory." There will be a President directly elected by the people, who will hold office for seven years and be eligible for re-election, but may be removed from office if impeached by the Dail on the initiative of the Senate. The President will possess fairly wide powers, including the former functions of the Governor-General. The Senate will reappear in a new form, consisting of sixty members, of whom eleven will be nominated and forty-nine elected by panels chosen on a vocational basis. The Senate will have power to delay legislation for three months, and in certain cases to demand a referendum.

* * *

The Rights of Irishmen.—The later sections of the Irish Free State Constitution are devoted to guarantees of certain fundamental rights and to the enunciation of general principles of social policy for the guidance of the legislature. These sections are interesting in that they are obviously an attempt to translate into practice some of the principles laid down in recent years by Catholic sociologists and in the famous Papal Encyclicals on the social problem. The fundamental rights guaranteed are equality before the law, the free expression of conviction and opinion, peaceful assembly without arms, the formation of unions and associations, the inviolability of marital and family relations, private property, freedom of conscience and the free practice of religion. Express provision is made for setting up special courts when, for any reason, the ordinary courts fail to function, so that the position of the present military tribunals will be regularised. It is doubtful if the new Constitution will make any difference to the average citizen, since much of what it states explicitly is already implicit in Irish life. The most that can be hoped from it is that its adoption will give the country a breathing space from the incessant preoccupation with political forms which has wasted so much energy in the last twenty years. One thing at least is certain. The adoption of the Constitution will do nothing to solve the great underlying problems of the Free State. The solution of these problems demands a higher degree of statesmanship than the drafting of new declarations of the rights of Irishmen.

Hitler's May Day Speech.—This year Labour Day has been celebrated in Germany as a Festival of Youth. As the Führer himself describes it, it is just the kind of festival that the children of the Canaanites were privileged to enjoy when they were dedicated to Moloch. For Herr Hitler's Leviathan is also to be honoured with human sacrifices. The Nazis, he explained, are not worrying about the few old block-heads left in Germany who are impervious to the Nazi appeal, because "we are taking their children away from them"—and this at ten years of age. These ten-year-olds, who are to be torn out of the family circle and segregated from the family atmosphere, are to be passed through the successive rolling-mills of the Hitler Youth, the Party, the S.A., the S.S., the Labour Front, the Labour Corps, the Army—and "if that won't make a nation out of such people, nothing will." "Nothing will," echoes the answer from the forbidding ruins of the history of other tyrannies which have tried this expedient. Herr Hitler is setting out to make a German breed of Spartans or Janissaries. But the Janissaries and the Spartans were not nations. They were gangs of slave-drivers holding down by terrorism a vast and hostile subject population. The system was so inhuman that the seeds of decay which it carried within itself were quick to ripen. Not content with thus declaring war to the knife on the family, Herr Hitler reiterated his defiance of religion as well. While the individual must "bend or break," the Churches—if they publish encyclicals—are to be "forced back into the spiritual sphere of the care of souls which is proper to them," while Nazidom occupies itself with really important things like production. If Herr Hitler meant what he said, the Churches could make certain of victory by taking him at his word. The pastor of souls, not the plantation overseer, has the last word when these two rival claimants for Man's allegiance come into competition.

* * *

Tremors in Middle Europe.—General Goering's visit to Rome, where he saw Signor Mussolini and Count Ciano for the second time this year, ended last week; and the General left for Berlin via Bled, in Yugoslavia, where he has been received by the Prince Regent, Paul. Hard on his heels, Baron Neurath posted to Rome last week-end. A communiqué was then published, after the usual meetings with the Duce and his Foreign Minister, which emphasised the interdependence and identity of policy of the two Fascist Great Powers in Europe, Germany and Italy; but it also, for the first time, emphasised

their definite will to continue to make in the future every effort that is susceptible of leading to a wider collaboration with the other Powers, and that may result in assuring to Europe the essential conditions of a greater and more secure political and economic stability.

Meanwhile, Count Ciano went to Tirana last week to reassure King Zog of Italy's determination to defend the integrity of Albania, despite the new Italian-Yugoslav pact; and Albania is to receive a new *douceur* from Italy of 10 million gold francs. Colonel Beck, Poland's Foreign Minister, has returned from Bucharest, where, it is said, he has been disappointed with King Carol's and the Roumanian Government's reaction to his proposed Rumano-Polish cordon of "neutrality." He is reported to have urged upon the Roumanians the advantages of cutting free from the obligations binding them to France and Czechoslovakia; but unsuccessfully. Finally, the President of Austria, Herr Miklas, accompanied by Chancellor von Schuschnigg (fresh from his meeting with the Duce at Venice) and Dr. Guido Schmidt, Assistant Foreign Minister, have been in Budapest this week. While Admiral Horthy emphasised the importance for Hungary of friendship with Italy and "the mighty German Reich," President Miklas, in replying, expressed Austria's hope that the desirable co-operation between all countries of the Danubian basin might be realised.

What has led to this diplomatic tourism? And where is it leading? The Venice meeting between Dr. von Schuschnigg and the Duce, the Italo-Yugoslav pact six weeks ago, and General Goering's visit to Prince Paul at Bled this week show that Germany and Italy have now a common policy about Austria and for the destruction of the Little Entente. Colonel Beck has seen Signor Mussolini's success in detaching Yugoslavia from solidarity with Roumania and Czechoslovakia, and this confirms him in his desire to keep on good terms with both Germany and Italy and to keep out of any co-operation with Czechoslovakia. German and Italian diplomacy thus seems to have succeeded in reducing the Little Entente to a mere alliance between Roumania and Czechoslovakia; to have completely isolated Poland from Czechoslovakia and France, and Czechoslovakia from France and Yugoslavia; and to have prevented Austria and Hungary from pursuing their inclinations and entering into closer economic collaboration with Czechoslovakia and Roumania. This success is, however, more apparent than real. Germany's and Italy's economic systems have nothing new to offer Austria, Hungary, the other States of the Danubian basin and Poland; whereas the outside world, and these States, among themselves, can now, with rising prices, greatly increase their trade. Yugoslavia's preference for blocked lire to blocked marks may yet prove unprofitable; whereas it is reported that commercial treaties are almost concluded between Hungary and Bulgaria on the one hand and Czechoslovakia on the other. Finally, the feeling is growing in Vienna, Budapest, Bucharest, Prague and Sofia that all the Danubian countries are now seriously threatened with a joint Fascist hegemony for Fascist ends. Their immediate reaction has been to sink their own petty differences before so great a danger to their independence.

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Italy Looks Beyond the Mediterranean.—Sponsoring the naval estimates in the Italian Chamber on Wednesday, Admiral Cavagnari announced that any European conflict in future would soon become a world war; wars could no longer be confined to single frontiers; that "the State which already possesses the strongest navy in the world" had launched a naval armaments race; and that, accordingly, Italy must now have an "oceanic navy." He announced proximate increases in Italy's battle-cruiser strength and, proportionately therefore, in other naval categories, on the ground that the navy in war had to inflict the greatest damage on an enemy fleet; and he characterised the decision as "the most important change that must now characterise our naval programmes in the near future." He made the significant observation that Italy's success in the Abyssinian adventure had been due, in no small part, to the power of the Italian Navy. Thus, after Germany's obtaining the right in London last week to

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build more 10,000-ton battle-cruisers and Japan's recent refusal to be bound by last year's agreement in London to limit naval gun calibres to 14 in., Italy, though still prepared to keep to that limitation, is now to increase the battleship "mass" of her navy and give the naval armaments race a push forward. But she has now only two modern first-class battleships; and when her current programmes are finished she will have only six. This is not a big "mass" for an "oceanic navy," even if all of it emerged beyond the Pillars of Hercules or the Red Sea; though Italy is tending more and more to defend her Mediterranean communications and possessions by aircraft. This week's news from Italy gives point to the conclusions of the article "War at Sea" in *The Economist* of April 24th, page 194. The arms race is now rollicking ahead in all branches of so-called defence services. Who will best stand the strain of peace—and of war?

American Neutrality.—The conflict in Congress between partisans of different conceptions of neutrality ended, as had been expected, in a compromise. The new Bill was passed on April 29, and flown for signature to the Caribbean, where the President is on vacation. The new measure embodies the main provisions of the expired statute; that is to say, the President is placed under obligation to declare that a state of war exists when hostilities, civil or international, have broken out, and thereafter it is illegal to export any commodities which are defined as munitions of war. But there is an additional provision that, if the President, by further proclamation, declares that the peace and neutrality of the United States are seriously endangered, it becomes illegal to sell any goods to the contending parties, save on the "cash and carry" principle, i.e. in return for immediate payment, the goods being taken away in foreign ships. The virtue of this provision is that it enables the United States to escape as far as possible from embroilment, while not completely abandoning her foreign trade. The fact that a "cash and carry" provision would favour the democratic countries as against others (since only they have the cash and the ships) is an accident, though an accident which is regarded as fortunate by an increasing section of American opinion. There have been some indications that the campaign for complete neutrality and insulation has passed its height. But it would be a grave mistake for any European to imagine that the United States is even approaching a willingness

to play any part in European affairs other than purely verbal criticism or approval of what European nations do or leave undone.

The Japanese Election and After.—The General Election held in Japan on Friday of last week was described as dull. This was because of a decrease in bribery and anti-Army talk, and because the two traditional parties—now in coalition—were returned in much the same strength as before the dissolution. Yet there are other features of this Japanese election which are full of interest. It is interesting that the Seiyukai and the Minseitō should not have been decimated by an election which the Government "made" for the express purpose of thinning their ranks. It is still more interesting that Labour should have doubled its previous poll. It is also significant that, on the morrow of this election, a rumour should have been put into circulation about an alleged design, on the Japanese Government's part, to approach the British Government with a view to a peaceful liquidation of the awkward situation created in the Far East by half a decade of Japanese aggression. In the recent past, the history of Japanese foreign policy has taken the form of a series of explosions of militarism, successively followed by anti-militarist recoils at the point where the use of force has begun to bring in diminishing returns. Has the explosion of 1931 now spent its force? This is a question which concerns not only the Far East but the whole world.

Road and Rail Traffic.—The decision of the four major railway companies to apply to the Railway Rates Tribunal next month for permission to increase freight rates by five per cent. raises an interesting economic problem. A uniform marking up of railway rates, unaccompanied by a corresponding advance in road charges, might well influence the proportions of goods carried by rail and by road. The diagram below shows the trend of rail and road traffic since 1929, as well as the course of general business activity, in terms of our own index, of which the others are component series. The figure of merchandise carried by the railways is based on the actual volume of goods carried, exclusive of coal and coke. In the absence of data about the volume of goods carried by road, the index indicating the trend of road traffic has been based on changes in the number of commercial vehicles in use. The two indices thus do

not indicate the actual proportions of the total volume of goods carried by road and rail respectively, but only changes in the relative share carried by each form of transport.

Despite its limitations, the implications of the diagram are fairly clear. Road traffic increased throughout the depression, largely at the expense of the railways, for the decline in the index of merchandise on railways between 1929 and 1932 was much more marked than the fall in general business activity. From 1932 onwards the number of commercial vehicles in use rose more rapidly, though the rate of increase, except in 1935, was not much greater than the rate of expansion of general business activity. The volume of railway traffic increased almost proportionately to the expansion of general business activity during 1932-34. It remained stationary in 1935, but has since advanced at practically the same rate as general economic activity. The bulk of the transfer from rail to road thus took place between 1929 and 1932. There was a further, though minor, change-over in 1935, but since then the railways have retained their reduced share of goods traffic. Three factors have contributed to the recent check to the transfer from rail to road. First, the railways benefited from the rapid expansion of the capital equipment industries since 1935, which involved an increase in the movement of heavy goods less suitable for transport by road. Secondly, it appears that the full effect of the restrictions on road transport was not felt until 1936. Thirdly, the railways have been able to stem the transfer from rail to road to some extent by reductions in freight rates for certain classes of goods. Although the first two tendencies still favour the railways, a general increase in freight rates of five per cent., unaccompanied by a corresponding rise in road charges, might well involve the railways in a further loss in their share of the country's transport. Indeed, there is no evidence that a uniform increase in rates is contemplated.

Employment Forges Ahead.—Partly in consequence of pre-Coronation activity, employment showed a further marked improvement last month. The Ministry of Labour estimates that on April 19th there were 11,394,000 insured persons (aged 16-64) in employment in Great Britain—152,000 more than in the preceding month and no less than 609,000 more than a year ago. Meanwhile, the numbers of unemployed persons fell from 1,601,201 on March 15th to 1,454,443 on April 19th. The total of unemployed workpeople is now 376,787 smaller than at this time last year, but this figure underestimates the improvement which has actually occurred; for the present total includes some 20,000 persons who have applied for assistance to the Unemployment Assistance Board, but were not registered earlier as seeking employment, and is also swollen by the inclusion of some agricultural workers. Changes in particular industries may be traced in the following table:—

UNEMPLOYMENT BY INDUSTRIES

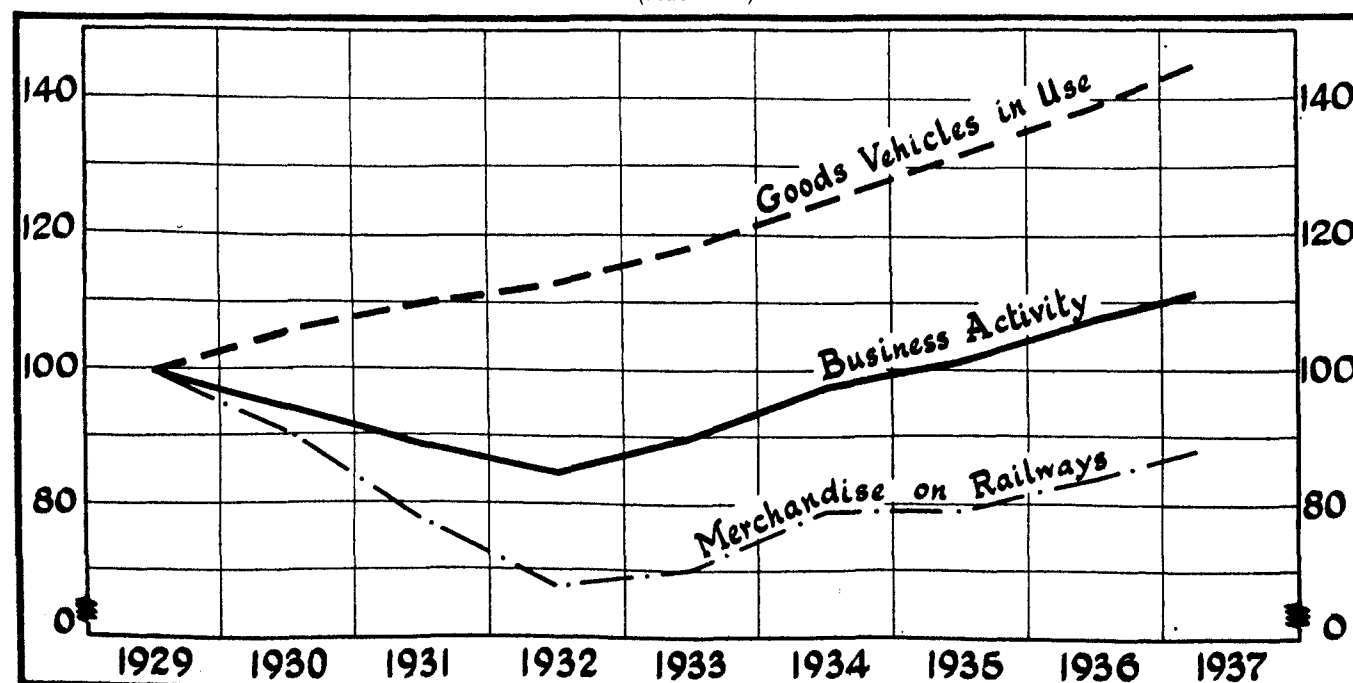
Industrial Group	April 27, 1936	March 15, 1937	April 19, 1937
Coal-mining	218,477	130,888	124,051
Iron and steel	32,745	21,868	21,544
Engineering	65,908	44,160	41,316
Metal goods manufacture	43,667	31,109	28,495
Shipbuilding and repairing	49,742	38,690	36,591
Dock, harbour, etc., service	51,914	45,827	44,039
Shipping service	39,145	30,080	29,521
Building	119,511	157,299	113,997
Public works constructing	116,501	117,839	107,759
Stone quarrying	6,715	8,094	4,997
Cotton	74,073	44,322	43,380
Tailoring	14,271	14,445	12,349
Hotel, boarding-house, etc., service	65,261	69,578	63,566
Distributive trades	209,662	194,182	179,229
All persons registered (including other trades)	1,831,230	1,801,201	1,454,443

In no important industry was there a marked decline in employment last month, nor did any of the geographical divisions fail to share in the improvement. Reductions in the numbers unemployed ranged from 9,951 in the South-western area to 21,339 in London and 22,051 in Scotland. Of the persons on the registers at April 19th last, about 45 per cent. were applicants for insurance benefit and about 44 per cent. for unemployment allowances; the remaining 11 per cent. had no application for benefit or allowances. Twenty-five per cent. of the total, namely 321,000 persons, had been unemployed for twelve months or more, while 37 per cent. (480,000) had been on the registers for less than six weeks.

Industrial Progress.—This week brings news of several important readjustments in industry. The revised schedule of steel prices, published a month before the date originally intended, and showing rises of about 20 per cent., is discussed in a leading article on p. 324. The shortage in certain sections of the iron and steel markets remains acute. Producers are still booked up for months ahead, and imports continue to be well below the quota, though increased imports of ore have afforded some slight relief. The suspension of the tinplate restriction scheme in South Wales has led to the reopening of mills which had been idle for years. In the cotton trade the recovery in raw material prices, which has followed the liquidation of a good deal of undesirable speculation, has not yet restored the spirits of buyers of yarn and cloth. In the weaving section lively discussions are going on over three alternative proposals for securing better margins. One provides for an output quota of the familiar type, one for a compulsory scheme of insurance against the future stoppage of looms, and a third a legally binding agreement determining margins. However, the prospects for the adoption of any of these are not encouraging, and it seems that the spinners will remain the most prosperous of the two branches. The coal industry has seen an improvement in the chances of avoiding a national strike, which would be especially disastrous at a time when the shortage of particular grades of industrial coal is increasingly acute. Exports continue at a high level, and though some quotas have been raised, employers are still finding it difficult, especially in South Wales, to secure enough skilled men. It is not likely that the fundamental difficulties will diminish in the remaining months of the year.

Further Advance in Shipping Rates.—Shipping freight rates again sharply advanced in April, when our index was no less than 67 per cent. above the figure for April, 1936. Practically all the remaining idle mercantile tonnage has now been eliminated. The improvement in freight rates has been accompanied by a spectacular rise in the price of vessels. For example, a certain standard type of steamer, which changed hands

INDICES OF ROAD AND RAIL TRAFFIC AND GENERAL BUSINESS ACTIVITY
(1929=100)



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at £6,000 to £7,000 in 1932, was sold at about £32,000 last January and at £56,000 last month:—

(1898-1913 = 100)

	Average, 1913	April, 1936	February, 1937	March, 1937	April, 1937
European waters	110.0	86.1	114.0	150.4	157.9
North America	113.1	99.9	116.6	117.1	121.0
South America	123.4	87.4	124.0	119.3	145.6
India	106.3	95.0	148.9	151.4	147.7
Far East and Pacific	117.4	87.3	132.2	143.3	162.0
Australia	127.9	92.6	140.5	145.1	167.7
Total	116.3	89.9	134.3	137.8	150.3
1913 = 100	100.0	77.3	115.5	118.4	129.1

As will be seen from the more detailed analysis of changes in freight rates between March and April, advances were substantial on most trade routes:—

	Index No.	Inc. or dec. Points		Index No.	Inc. or dec. Points
Home trade	127.8	+ 4.5	South America: ..		
Bay—outwards	168.8	+ 3.7	Outwards	93.3	+19.1
Bay—homewards	232.3	+ 14.6	Homewards	197.9	+33.5
Mediterranean: ..			India—outwards ..	126.3	+12.6
Outwards	134.3	+24.0	India—homewards ..	169.1	+20.0
Homewards	156.8	+12.3	Far East, etc.	162.0	+18.7
North America	121.0	+ 3.9	Australia	167.7	+22.6

The increasing movement of primary products at higher prices has contributed, in large measure, to the strengthening of the freight markets. The tendency has been a little easier during the past fortnight; but as the tonnage disposable during May and June is limited, rates may be expected to remain firm.

Reorganising Electricity Distribution.—At the beginning of March the Minister of Transport announced that, with certain modifications in the details, the Government would accept the McGowan Committee's recommendations for the reorganisation of electricity distribution. Their proposals have now been sent to the industry and it is possible to see the changes which have been made. Amalgamation schemes are to be prepared not by special and temporary commissioners as the Committee had proposed, but by the Electricity Commissioners themselves. The Committee further had suggested that schemes which were not agreed to by small undertakings with output of less than 10,000,000 units, could nevertheless be put into force when approved by the Electricity Commissioners. Under the Government proposals such recalcitrants can only be brought to heel in the same way as large undertakings—namely, by the scheme being approved both by the Ministry of Transport and by Parliament. Since such small producers account for 431 out of the 597 producers of electricity, the Government's amendment appears to have added considerably to the difficulty of accomplishing an already formidable task. It is understood that finally the existing producers are to be grouped into 76 large units, some of which, however, will be further subdivided. Meanwhile it is hoped that these modified proposals will be carried into effect without undue delay.

The Sugar Conference.—A five-year agreement, concluded by the International Sugar Conference, was signed in London on Thursday. The agreement, according to Mr Ramsay MacDonald, provides for the regulation of quantities to be exported from the principal producing countries. It is the intention of the Government in the United Kingdom to invite Parliament to stabilise existing rates and general Imperial preferences during the period of the agreement. Colonial preferences will also be included. In short, the outcome of the International Sugar Conference has justified the limited expectations envisaged in an article in *The Economist* of April 10th (page 70). We then urged that even if a comprehensive scheme designed to restore freedom in the

world's sugar market was to remain a pious hope, importing countries might at least refrain from an intensification of their present restrictive policies. As we feared, however, exports are to be controlled by a system of quotas. Control of supplies may compensate exporting countries for the expansion of trade which would have resulted from a reversal of the restrictionist policies pursued by importing countries, but at the expense of consumers. Regarded as a test case of the willingness of nations to begin the task of freeing the channels of international trade, the results of the Conference are meagre. It is also open to grave doubt whether the expedient of placing the world's probable future consumption of sugar at an unexpectedly high level in order to secure any kind of any agreement among exporters will be proved beneficial. If prices are kept high, the potential increase of consumption will be discouraged.

Volume of Overseas Trade.—In these days of rapidly changing prices the returns of the value of our imports and exports no longer provide an indication of changes in the volume of trade. For a number of years the Board of Trade has calculated quarterly index numbers of the volume of trade by the elimination of changes in prices. Hitherto the Board's price indices have been based on average import and export prices in 1930. A remote base year, however, tends to lead to distortion in the indices for more recent periods, partly owing to changes in the distribution of foreign trade, and partly because of changes in the quality of goods. Consequently the Board of Trade has decided to recalculate its indices, taking 1935 as a basis. The year 1935 has presumably been chosen because a Census of Production was taken in respect of that year which will therefore, probably form the basis of the Board's revised index of industrial production. Details of the method of calculation of the new price indices are given in *The Board of Trade Journal* for March 4, 1937.

Comparable figures for 1930, 1935, and 1936, and for the first quarters of 1935-1937, are given in the table below:—

VOLUME AND VALUE OF IMPORTS AND EXPORTS

Period	Retained Imports				Exports of Domestic Produce			
	Declared Values	Index of Average Values	Values in terms of 1935 Values	Index of Volume	Declared Values	Index of Average Values	Values in terms of 1935 Values	Index of Volume
	£ Million	1935 = 100	£ Million	1935 = 100	£ Million	1935 = 100	£ Million	1935 = 100
Years								
1930	957.1	128.4	745.2	106.3	570.8	116.6	489.6	115.0
1935	700.7	100.0	700.7	100.0	425.8	100.0	425.8	100.0
1936	788.5	105.0	751.2	107.2	440.7	101.9	432.4	101.5
First q.tr.								
1935	164.4	99.2	165.7	94.6	105.5	100.1	105.4	99.0
1936	184.5	102.7	179.6	102.6	106.1	101.2	104.8	98.4
1937	210.8	113.5	185.7	106.0	121.1	105.2	115.2	108.2

The figures of retained imports show that the marked increase in the value of purchases abroad between the first quarters of 1936 and 1937 was largely due to a rise in prices. Owing mainly to the rise in the prices of primary products, the average value of our retained imports showed an increase of 10.5 per cent. during this period, while the volume of imports rose by only 3.3 per cent. Average export prices, after remaining almost unchanged for a prolonged period, tended to advance in recent months owing to the rise in the cost of raw materials and wages. Nevertheless, the advance in average export prices between the first quarters of 1936 and 1937, at 4 per cent., was much smaller than the rise in average import prices. On the other hand, the volume of exports rose by no less than 10 per cent. during this period, thus revealing the strong upward trend in international trade.

Overseas Correspondence

From Our Special Correspondents

United States

Revising the Budget

NEW YORK, April 27.—Herodotus states that there are certain mysteries of which it is not fitting that a layman should speak. One of these is the American Budget; but in the absence of the usual crop of gold and hot-money rumours, the financial community in the past week has given its attention to the fourth and latest presentation of the Budget for the current fiscal year (ending in June), and for the coming year. As the current fiscal year is all but completed the final results will be close to the present estimates of \$5,224 millions received and \$7,781 millions expended (less debt retirement), with a deficit of approximately \$2,500 millions. The 1938 Budget is already materially different from that presented in January; receipts of \$6,906 millions are now expected and an expenditure of \$7,324 millions is anticipated, with a deficit of \$400 millions. The principal change is the expected increase in revenue, to be achieved without additional taxation.

The fiscal year 1937 (June 30, 1936-June 30, 1937) has been one of the most prosperous years in American history. The index of production of the Federal Reserve Board will show an average for the twelve months comparable to that of 1928 and only a little lower than in the boom year 1929. The Federal revenues for the fiscal year 1937 are estimated at \$5,224 millions, a figure about \$600 millions below the original estimates, but \$1,100 millions greater than the actual receipts of the previous fiscal year, and about the same amount greater than the revenues of 1929. Expenditure on recovery and relief (\$2,630 millions) will be approximately as high as in any previous year, and the total expenditure in 1937 (\$7,781 millions) will be smaller than in 1936 by an amount which is less than the Veterans' Bonus. The deficit of 1937 (now estimated at \$2,557 millions) is less than the \$4,631 millions deficit realised in 1936; but half the difference is attributable to the bonus.

On January 6, 1936, the 1937 Budget was announced as anticipating \$5,654 millions of revenue, and in January, 1937, this estimate was raised to \$5,828 millions; the current estimate is \$5,224 millions. In January, 1936, the 1937 Budget placed expenditure at \$6,753 millions; in January, 1937, this estimate was lifted to \$8,076 millions (including \$563 millions of the unanticipated bonus); and it is currently revised downward to \$7,781 millions. In the uncertain days of early recovery it was expected that estimates of revenue and expenditure would be hardly more than well-informed guesses; but the continuance of such wide disparities between estimates and realisations in a highly prosperous economy is disquieting.

It is for this reason that the revised estimates for the fiscal year 1938 have not provoked detailed analysis in the press. In January the 1938 Budget anticipated receipts of \$7,293 millions; the figure is now revised to \$6,906 millions; and the anticipated expenditure of \$5,756 millions is now revised to \$7,234 millions. It should be explained that this revision of expenditure is the consequence of including \$1,500 millions of relief, omitted from the preliminary estimate. The result is that the 1938 Budget, which in January showed a surplus of \$1,500 millions ex-relief, now shows a deficit of \$400 millions. But even this relatively happy equation rests upon the forecast of an increase in revenue from \$5,224 millions realised in the current fiscal year to \$6,906 millions in the coming fiscal year, without any increase in taxation. The undistributed profits tax has

been effective only in the last half of the current fiscal year; nevertheless, the anticipated increase in revenue seems large, unless one assumes a further substantial increase in prices, the volume of trade, and corporate profits. The realised revenue of 1936 was \$4,116 millions; and this was not far from the receipts of the fiscal year 1929, which is generally rated as the most prosperous twelve months in American history. It will be noted that the anticipated receipts of the fiscal year 1938 are approximately 75 per cent. greater than the revenues of 1929 or of 1936. Taken with increases in local taxation, it is not unlikely that in many areas of our economy, taxation is now somewhere between 50 and 100 per cent. higher than before the depression.

Business Bullish while Wall Street Doubts

Statements for the first quarter of 1937 show corporate profits even larger than were expected. The reports so far issued are probably among the best, but these would suggest that the general level of corporate earnings may have risen perhaps twice as much as the level of production. It seems clear that these earnings have included the consequences of the rise in prices in the form of inventories, or of the unusually favourable price spread in the case of companies which have speculated successfully in their primary materials. Allowing for this factor, it is questionable if the profit margin is as wide in most industries as it was a decade ago, when production was at comparable levels. Attention is often drawn to the fact that profits have risen in percentage since 1932 or 1933 more rapidly than wages, employment, payrolls, etc. Such statements are statistically accurate, as there were no profits whatever in our economy in the depth of the depression. Wall Street is acutely puzzled. Commodity prices are 10 per cent. higher than a year ago; production is 20-25 per cent. higher; corporate earnings have apparently risen more than production; and the long-term interest rate is virtually unchanged. Yet equity prices are barely higher than in April, 1936. This is perhaps more a reflection of the rationalising processes of the human mind than an economic opinion. In general, the sentiment of business men is unanimously confident in the extreme—confident that present levels will change only for higher levels, and that profit margins will remain as satisfactory as they are now or will improve. In a word, the business community is uniformly bullish.

One could not say that the financial community was bearish; indeed, it attributes the recent and current weakness in securities to "foreign selling." But Wall Street is decidedly more temperate in its opinion than the business community. It is true that Wall Street's present mood is sobered by market action; but for some time minority opinion at least has doubted whether the consumer could pay the higher prices current and in prospect; and the schism between this section of financial opinion and the antithetical unanimity of the business community derives from the differences of opinion on that particular point.

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France

May Day Calm

PARIS, May 5.—May Day, which was both Labour Day and the anniversary of the formation of the Popular Front Government, was very calm. The Internationale was broadcast by the national stations. The speech made by the Socialist Minister of State, M. Faure, was, however, conciliatory, and he admitted that the "pause" was a necessary period of economic adjustment. M. Jouhaux, leader of the Trade Unions, similarly accepted the "pause" in public expenditure, and the national unemployment fund, old age pensions, and the programme of public works must wait. Nevertheless this attitude, even after favourable statements by the Minister of Finance about the Budget, the Treasury and the franc, would not have been sufficient to provoke a recovery in the markets if it had not been assisted by economic and social troubles in other countries.

The French situation is actually dominated by two main factors: (1) the Government's want of authority; and (2) the effect of the social laws on prices. The threat to the Government's authority increases every time the masses take the offensive. But at the same time the general wish for calm in the country is always apparent; and public opinion, even if it is favourable to social reforms, is equally opposed to dictatorship of the right or the left, and there is no question of abandoning the field to the Communists. Every time that new financial difficulties occur, public opinion considers the time ripe for a change in government, and the fear of riots reappears. But when foreign markets are themselves disturbed, when Great Britain must issue a Rearmament Loan, when strikes break out in London and America, and when costs abroad are raised, then new hopes are aroused in France; and the franc with the Blum Cabinet is once more saved. Yet the remedy for the want of political authority and of economic and financial equilibrium has still to be found.

Government's Brighter Prospects

The reaffirmation of the "pause," and the improvement of the franc against the pound and the dollar which followed, will perhaps assist the money market and make easier the double operation of issuing a foreign loan and a sequel of short or middle term internal loans for the Treasury and local authorities. The total to be borrowed up to the end of 1937 is between 20,000 million and 25,000 million francs. After the 900 million francs of the Ville de Paris of last week, the veteran Pension Fund is issuing 2,000 million francs in 4 per cent. Treasury bonds; the extent to which this issue is covered will show the actual state of confidence on the market.

At the next meeting of the Chamber, on May 7, moreover, there will be an important debate on the policy of the Government. If, as is expected, this ends with an appeal by M. Blum for a truce to the conflict between parties and classes on the eve of the Paris Exhibition, it will refute the false rumours about French disorder which come from foreign sources. It is not impossible that a new lease of life will be accorded to the Cabinet, which may then remain in power until the autumn.

The production of steel in March was 675,000 tons, against 624,000 tons in February; and of iron 649,000 tons, an increase of 75,000 tons. The decline in wholesale prices has continued this week, as the following table shows:

	Mar. 27th	Apr. 3rd	Apr. 10th	Apr. 17th	Apr. 24th	May 1st
General index.....	536	540	542	539	537	533
National products	553	559	561	562	559	559
Imported products	507	505	507	498	497	487
Foodstuffs	518	527	533	532	526	522
Industrial products	552	551	550	546	547	543

Unemployment was further reduced last week to 371,413, compared with 377,677 on April 24.

Germany

Millions of Marks Seek a Borrower

BERLIN, May, 5.—The abundance of money has led to the flotation of a new Reich consolidation loan in the customary form of Reich 4½ per cent. Treasury certificates. The amount is Rm. 600 millions, of which Rm. 100 millions have already been placed, while Rm. 500 millions will be offered for public subscription at 98½ per cent. between May 13th and 29th. The average term of this loan to redemption is twelve years, against the nine years of previous loans.

Loans and industrial debentures on the Bourse again rose last week. The best barometer of money market conditions is the Gold Discount Bank, which has brought its circulation of promissory notes to a new high level of some Rm. 1,300 millions. The decline in deposits in the commercial banks, which has gone on for a year and is due, apart from Standstill withdrawals, to the practice of withholding industrial cash reserves from the banks and investing them directly in Reich "special bills" and other Reich short-term securities, has apparently ceased.

Cash is so plentiful that the Reich is actually presented as a benefactor for "sucking it up" (a financial journal's term). Referring to new sales in April of Reich non-interest-bearing Treasury certificates, the *Deutsche Allgemeine Zeitung* remarks that the Reich in shooting these certificates out "on a conveyor belt" was making a sacrifice in the interest of holders of cash who could not find enough investments; for the Reich did not need money. Some new Pirandello of the Dismal Science might launch a play entitled "Millions of Marks Seek a Borrower"—a condition pleasanter than the normal "Millions of Borrowers Seek a Mark."

Germany's Capital

It has generally been considered that Germany is a country poor in capital; and on that assumption, until the last few months, an embargo on new public (other than Reich) loans, and on all private issues, was maintained. The embargo has in part been removed. But official and private utterances about the new capital market are confused and contradictory. The confused imply, without committing themselves, that the large circulation of Reich credit instruments and the abundance of cash (which are the same thing) have in some mysterious way improved the capital market; thus the *Berliner Tageblatt* says that "the abundance of money is not merely accidental, but that it also involves capital seeking investment, is shown by the sharp rise in the Bourse quotations of fixed-interest securities"; and adds a comparison, in Germany's favour, with Great Britain, supposedly rich in capital, where "a Re-armament Loan was issued with a rather negative success, in that only 25 per cent. was subscribed." Dr Schacht, who is always clear, recently spoke of "newly created capital," with express reference to the present borrowing policy.

The ordinary Budget of Prussia for the financial year ended March 31st closed with a deficit of Rm. 14.3 millions; and the extraordinary Budget with a deficit of Rm. 900,000. Ordinary net revenue was Rm. 1,679.5 millions, and expenditure was Rm. 1,693.8 millions. The floating debt at the end of the financial year was Rm. 345 millions. Of the gross tax revenue of the Reich amounting to Rm. 11,500 millions in the same financial year, it appears that the net sum remaining to the Reich after paying the subventions to States and municipalities will be nearly Rm. 9,500 millions. In consequence of the decreed reduction of prices to farmers by 25 per cent., potash shares last week fell heavily on the Bourse, with a slight recovery towards the end. The three companies of the Salzdettfurth group have been obliged by the price cut to reduce dividends, despite good earnings in their last business year.

In order to facilitate the import of American cotton a new form of Aski account has been instituted. Contradictory statements have been made about German policy in freeing international trade. Dr Gravel, a

director in the Reich Bureau of Statistics, informed the Rhenish-Westphalian manufacturers that "Germany will not be able to follow up the aspirations towards a new introduction of free economy and free trade which are again in evidence abroad. Decisive for Germany is the political will to make herself and her economy as far as possible independent of abroad."

Ensuring Skilled Labour

The President of the Reich Board for Labour Exchanges and Unemployment Insurance has announced new measures to compel employers to accept an increased number of apprentices. A compulsory minimum will be fixed for each concern, and non-compliance will be punished by a fine of Rm. 50 marks a month for each apprentice short of the decreed number. The aim is to ensure a sufficient supply of skilled labour. The shortage of skilled labour, which is in general confined to building, steel and other investment trades, varies very much in different districts: in East Prussia last summer the number of building jobs open was thirteen times the number of locally unemployed in the same trade. Owing to the steel shortage the standards of construction stresses have been reduced; and the consumption of tinplates for certain industrial purposes has been forbidden. Manufactured consumers' goods have again risen in price. The retail supply of meat has improved. The official cereal returns for March show a satisfactory decline in consumption for the feeding of livestock. It is believed that the import of cereals in April increased very considerably. The Reich railways report for March an increase in goods traffic of nearly 13 per cent. compared with March, 1936.

Belgium

Fascism on the Ebb

LOUVAIN, April 27.—Belgium is now freed from the election excitement into which the challenge of the Rexists, whose leader is M. Degrelle, plunged the country. M. van Zeeland's success was so striking as to have even been acknowledged by his opponents. People are more surprised by the number of votes which were cast in favour of the Prime Minister than by the defeat of the Rexists. Political observers were already of the opinion that M. Degrelle's methods and his tendency towards dictatorship were becoming more and more repugnant to the Belgian people. It has also been said that M. Degrelle came two or three years too late, and that such movements can only be successful in times of weakness and depression, when they seek to catch up all the current discontent. The public is ready in periods of economic crisis to undertake all kinds of adventures, because they have so little to lose thereby. Discontent is, however, less effective in times of expanding business.

Belgium was pleased with the mission which the English and French Governments entrusted to M. van Zeeland and with the invitation of President Roosevelt. The country desires normal international relations, and everybody hopes that the effort of M. van Zeeland will prove to be successful. In spite of certain deviations from the principles of free trade, Belgium remains its advocate and would like to restore as far as possible the free functioning of world commerce.

Reducing Taxation

The recent election campaign accelerated a little the drafting of a programme for reducing taxation, which the Budget surplus has made possible. The fiscal year 1936 will probably leave a surplus of 120 million francs on the ordinary Budget; there still exists, however, an extraordinary Budget which serves to finance public works (such as new main roads) and, on a minor scale, armaments. More than 2,500 million francs have been voted on this Budget. But it happens that some of the voted credits have not been used; for 1936, extra-

ordinary expenditure will probably only amount to 1,850 million francs. This is a large sum, but not disproportionate in view of the present financial position of Belgium.

In the first three months of 1937 there was a surplus of revenue amounting to 90 millions. Consequently the Government abolished the crisis-tax, a supplement to the income tax instituted in 1931. For the public this additional tax was a sign of the bad times now over, and its abolition was popular. Actually, however, there are a number of taxes more injurious to business than the crisis-tax, and it might have been better to have discarded them first. The Government has this year lightened the tax burden by 1,000 million francs, about 10 per cent. of the total.

The National Income and Recovery

The Bulletin for Economic Sciences of Louvain printed recently a study of the national income of Belgium for a number of recent years:—

NATIONAL INCOME OF BELGIUM
(in millions of francs)

	Earned Income	Unearned Income	Total
1927	37,760	10,850	48,610
1930	50,700	17,790	68,490
1932	39,000	11,000	50,000
1934	38,700	11,010	49,710
1936	47,100	12,920	60,020

The same source states that the amount of wages paid out rose from 21,000 million francs in 1934 to 24,000 millions in 1936. Wages reached their lowest point in the first quarter of 1935; and since then there has been an advance of 30 per cent. in wages, while the cost of living has only increased by 15 per cent.

The effect of the introduction of a 45-hour week in the coal mines cannot yet be gauged, since the men have not yet begun to work additional hours for increased wage rates as they were invited to. The average reduction in the productivity of the labour because of the reduction of the working week from 48 to 45 hours is probably about 4 per cent. It is largest in the best organised coal-mines; it is less in the mines where there is still a considerable amount of short time. There is still a shortage of coal. The first contingent of Polish miners (2,000) have arrived, but so far the effects of a more numerous army of workers have not been perceptible in the production figures.

In the metallurgical industry there is widespread activity and optimism. In general, employment figures suggest that improvement has continued. The number of working days lost through unemployment, which was about 280,000 daily at the beginning of 1935, has declined to 113,000 to-day. There are probably only 80,000 entirely unemployed, and most of these are unemployable in the present industrial conditions.

Speculation Rebuked

The Brussels Stock Exchange experienced the world tendency which produced everywhere a set-back from the middle of March onwards. The previous advance, which began in the autumn of 1936, was due to the flowing of the savings of large classes of the public towards the Stock Exchange. Large quantities of gold coins returned to the National Bank; people, who had

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saved them until then, were anxious to engage in stock operations, on which the Belgians as a race are very keen. People speculated in futures on the produce markets of London and New York. These operations added to the wave of speculation which caused an advance of quotations at first and afterwards a regression. Losses were heavy, but did not cause any important collapses in Belgium. They were, however, a useful lesson to check speculation, which was becoming too wild.

Japan

Defence Expenditure

Tokyo, April 9.—The Diet was dissolved on March 31st. The dilatory tactics of the major parties against Government measures were one of the avowed reasons for the Government's decision to go to the country, and the record of the session was relatively poor. In addition to the Finance Bills, however, the Bills for the stabilisation of raw silk prices, the State monopoly of alcohol, the control and regimentation of the carrying trade (other than by railway and shipping), and the establishment of health centres obtained Parliamentary approval. In the Budget estimates for 1937-38, approved by the Diet, expenditure totalled 2,872 million yen, including supplementary estimates of 58 million yen mainly for increased Exchequer contributions to local authorities. These estimates show an increase of 544.4 million yen on the Budget for the fiscal year just closed. The growth is accounted for almost entirely by the Defence Estimates.

The gross operating receipts of the Imperial Government Railway for the fiscal year ended on March 31st show that passenger receipts were 325 million yen and goods receipts were 246.7 million yen, making a total of 571.9 million yen. This was the largest total ever recorded, and is 50.6 million yen larger than the receipts of the preceding year. The increase is larger in freight than in passenger receipts.

According to Mitsui Gomei Kaisha's half-yearly analysis of the profit and loss accounts of Japanese joint-stock banks and industrial undertakings, the aggregate net profits of 250 banks for the second half of 1936 were 78,892,000 yen, a decrease of 397,000 yen compared with the first half of the year. The total net earnings of 1,000 industrial companies for the December half-year amounted to 459,273,000 yen, an increase of 35,263,000 yen on those earned by the same concerns in the preceding half-year. Except for breweries, tanneries, kilns, and stock and produce exchanges, all groups, and particularly textiles, paper, mining, trading companies and stores, and electricity and gas, showed a considerable increase in profits. The ratio of net profits to capital was 11.7 per cent., and that of amounts put to reserve was 3.1 per cent. In the preceding half-year the profit percentage was 11.2 per cent., and the reserve percentage was 2.9 per cent.

Increased Imports and Rising Prices

Raw material imports still continue high, and imports during March showed a considerable increase on last year's. The total value of imports, 400,568,000 yen, compares with 275,983,000 yen in March, 1936, an increase of 124,585,000 yen, or 45 per cent. Exports, at 276,005,000 yen, rose by 60,530,000 yen, or 28 per cent. The major advance in exports has taken place in manufactures; shipments of textiles are particularly on the up-grade. For the first three months imports showed an increase of 234,207,000 yen, or 30.3 per cent., rising over the corresponding quarter of 1936 to 1,006,986,000 yen; and exports rose by 116,721,000 yen to 701,133,000 yen, a gain of 19.9 per cent. Thus the import surplus amounted to the impressive sum of 305,835,000 yen against 188,349,000 yen in the same period of 1936.

Wholesale price movements, which suffered a setback in February, resumed their upward tendency last month. The Bank of Japan's wholesale index number for March registered a rise of 4.1 per cent on the month and reached

the highest point since March, 1926. The major advance was in metals, building materials, and chemicals.

Industrial activity is generally well maintained. The iron and steel industry is working to capacity, but output is failing to keep pace with current demand, and makers are forced to ration their customers. The engineering industry is also experiencing some difficulty in obtaining sufficient raw materials and skilled labour. The coal-owners' association has halved the penalty upon excess production above the quotas allotted to its members.

South Africa

Record Trade Figures

JOHANNESBURG, April 23.—The review of the Union Department of Customs and Excise for the year 1936 shows that exports reached a value of £114,168,233 and imports £86,299,361; total trade thus amounted to £200,467,594, an increase of nearly £23,000,000 compared with the previous year, and the highest total ever recorded. Another record was broken in the tonnage of goods landed at South African harbours last year, which totalled 4,491,971 tons, and represented an increase of over 20 per cent. in the volume of import trade. Of the hundred countries which supplied South Africa's import requirements 16 accounted for just under 92 per cent. of the total imports, representing a value of £74,529,287. South Africa continued to purchase the great bulk of its requirements in the United Kingdom, its British purchases representing a value of £36,635,000, equal to 45.2 per cent. The United States was second in the list with supplies to the value of just under £16,000,000, nearly 20 per cent. of the Union's total imports; Germany was third with goods to the value of £4,301,909. Japan's share of South African imports was valued at £3,065,329, while Canada took fifth place with £2,882,089. Foodstuffs figured higher in the list of South Africa's imports than in 1935, when this item was £3,791,946, compared with £4,089,145 in 1936.

Of South African produce exported to the value of £108 millions, nearly £82 millions represented gold, and about £2,500,000 diamonds, base metals, coal and other minerals and industrial materials. The balance of £19,500,000 represented the value of agricultural produce exported; and wool alone accounted for half this total. Japan was second in the list of South Africa's customers because of wool purchases to the value of £2,335,990, compared with £428,387 in 1935. France has become the Union's best foreign customer, and following Japan are Germany and Belgium and the United States. Mining and industrial machinery and supplies remain the principal class of imports.

Building Boom

In March a remarkable new record in the number and value of building plans passed by the Johannesburg Municipality was set up. Some 1,025 plans represented a value of £979,954. In the first three months of the year 2,922 plans have been passed with a total value of £3,320,400. In addition to 1,000 new houses and 100 blocks of flats, the plans are for 50 warehouses, six hotels, a theatre, a hospital, and an ice rink. The last item is valued at £29,500; one factory is valued at £45,000, and there are blocks of flats valued at £40,000, £32,250, £32,000 and £21,000. In nine months of the financial year the Municipality has passed plans to an aggregate value of £8,433,837, which is equal to the total building activity for the whole of last year in the other nine big urban centres of the Union. Johannesburg is growing at the rate of about 6,000 new buildings a year.

The annual report of the Union's Public Works Department shows that for the year 1935-36 the Department's "major works programme" amounted to £5,282,980, compared with £4,129,500 and £2,437,187 in the two preceding years. This expenditure is exclusive of the extensive national roads programme now in pro-

gress, while irrigation schemes are also under the control of another department. The report of the Director of Irrigation for the year 1935-36 deals with an expenditure of nearly £1,529,000, with commitments which will involve even a greater expenditure next year when construction on several big new schemes is at its peak. Total expenditure on irrigation works up to date exceeds £12,000,000.

Family Statistics

The Union office of Census and Statistics has just published a report on the expenditure of European families in urban areas which discloses how large a proportion of moderate incomes in South Africa is spent on necessities such as food, rent, rates and clothing. The percentages spent on these items falls as the income rises:—

	Percentage Expenditure Annual Income under		
	£175	£400	£600
Food	38.89	28.56	26.81
Rent and rates	25.21	21.37	19.57
Clothing	9.81	9.01	9.25

The report comments that the amount spent on amusement and sport by those in the lowest income groups is very small, being a little over one penny per month. In the highest groups the monthly expenditure under this heading averages 16s. 9d. Expenditure on holidays, though rising steeply as income rises, is also small. It is explained that "rent is in all cases high in the Union." The average monthly rent, including rates paid by the tenant, amounts to £6 7s. 7d., and the average size of a house is rather less than four rooms, apart from kitchen, bathroom and pantry. An average of over 27s. is spent in hire-purchase payments, half of the total being

paid for furniture, radio and refrigerator apparatus. The average spent on alcoholic liquor in the four lowest income groups is one penny per month; from this stage it rises by slow stages, but irregularly, to 5s. 9d. in the highest income group. The report shows that 17 per cent. of persons with an income of under £200 own or are acquiring houses; of an income between £200 and £300, 23 per cent.; of an income between £300 and £400, 36 per cent.; between £400 and £500, 46 per cent.; and between £500 and £600, 55 per cent. "It is clear that for married persons with a family, acquiring houses is the chief means of saving," comments the report.

Some illuminating figures about the comparatively small share of the selling prices of South African wines and brandy, paid by the consumer, which finds its way to the actual producer, are given in a report just issued by the Union Board of Trade and Industries on "Restraint of trade in the distribution of liquor." The general effect of the inquiry is summed up in the disclosure that of the 36s. per gallon paid by the consumer for South African brandy, the producer gets only 4s. 8d.; in the case of natural wines the producer's share is 1s. 3d. per gallon, for which the consumer pays 7s. 6d.; and in the case of fortified wines, the producer's 2s. per gallon compares with 9s. paid by the consumer. Duty and retailers' costs absorb over 50 per cent. of the consumer's 36s. per gallon of brandy, while the retailer's profits are about 7.6 per cent., the merchant's cost of preparation and selling about 1.2 per cent., and the merchant's profit 9.5 per cent. of the final price. The report comments: "On the whole, these figures confirm the general experience that the raw material cost plays a minor part in the total costs involved in placing a commodity at the disposal of the consumer."

Letters to the Editor

International Capital Movements

TO THE EDITOR OF THE 'ECONOMIST

SIR,—Several months have elapsed since the equalisation fund of the United States began to sterilize gold. But it is clear this policy has not led to the desired goal, for the upward trend of prices on the Stock Exchange and of the most important commodities has developed into an inflationary boom. Thus the policy of sterilizing gold has been an entire failure in the United States. The question arises if it was really the sterilizing policy of the equalisation fund in Great Britain which protected that country against the undue influence of foreign capital some time ago.

Capital flowing to a foreign country may merely seek protection against political and economic dangers at home. Then it will be kept as credit balances with a foreign bank, or it may be changed into foreign currencies. If money is transferred abroad, not for political reasons, but to divide the normally existing risks, or because foreign countries offer better opportunities for investment and appreciation, then it will generally be invested in long-term issues or in stocks. Sometimes there may even be investments in the form of direct participations in industrial enterprises or in real estate. As long as general economic conditions remain normal in a country to which foreign capital flows, i.e. where there is no danger of either deflation or inflation, the foreign capital will most probably be divided fairly evenly among the chief forms of investment.

Such investment will become a definite factor in the economy of a capital-receiving country, provided the sums involved reach a certain magnitude in proportion to the national capital resources. In this case, the action of an equalisation fund will be limited to the evening out of vehement short-term movements. Notwithstanding the most active working of the British fund, foreign capital has played its part in the recovery of British economy. On the other hand, the equalisation fund has effectively succeeded in protecting the home market against the short-term fluctuations of foreign capital.

About a year ago French money in enormous amounts took refuge in Great Britain and was mostly hoarded in pound sterling notes. This very particular form of investment was the more felt as for internal reasons the circulation of bank notes was at the same time expanding rapidly. Then, sterilizing gold alone proved to be ineffective and an

entirely new policy had to be adopted. The stabilisation fund was forced to sell gold to the Bank of England, in order to offset the actual pressure on the cash position of the London clearing banks.

We may assume that of the capital which recently flew to the United States only a small part went into bank balances or sought investment in long-term issues. The bulk was immediately invested in shares on the Stock Exchange or in commodities. There the purchases could be made only with rising prices, and their influence was the more perceptible as the market had already developed in a one-way road, material becoming scarce and demand growing rapidly. Thus it seems clear why the sterilizing policy of the American equalisation fund was bound to become a failure, its action being limited to the short-term money market. Even there, the hardening of interest rates which occurred at this time cannot be ascribed to the sale of Treasury bonds through the fund, but was evidently due partly to the new reserve requirements for the reporting member banks and partly to the growing

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fear of inflation. In any case, the slump in the bond market had no influence on the conditions of the Stock Exchange.

What can be concluded from these developments? Sterilizing gold is clearly no panacea to prevent undesired investments of foreign capital in the domestic market of a country. This has been demonstrated whenever foreign money has been employed one-sidedly for a certain kind of investment, viz., the hoarding of bank notes by French capital in England and the share-buying of foreign capital on the New York Stock Exchange.

It may be that the revaluing of the dollar will prove the only practicable way to curb the rise in prices; in fact, revaluation of the currency may become a generally adopted policy as recovery advances. The forces which in a world of free trade would balance the levels of purchasing power and would dampen the trends of national price movements cannot now work. The manipulation of the currency may become the ultimate outcome of managed economy.

Believe me to be, Sir,

Yours faithfully,

Zurich.

WERNER BÄR.

[This letter is discussed in a Financial Note on page 341.—*Ed. Econ.*]

An Alternative to N.D.C.

TO THE EDITOR OF THE ECONOMIST

SIR,—“The increasing burden should be on increasing income.” Thus you have written in the current number; and this is the real alternative to Mr Chamberlain's hastily-designed National Defence Contribution. Taxes are paid by taxpayers, not by firms and companies; and the taxpayer's ability to pay depends on the amount of his income. If my own income went up by 9.4 per cent. last year, as it did, that is the measure of my increased ability to pay; and I should have no objection to paying an extra shilling in the £ on the “growth of income.” It would be necessary, of course, to make Stock Exchange profits liable to tax during the period of the special impost, with no allowance for losses.

Mr McKenna ought to have proposed an “Excess Income Tax” in 1915 instead of his E.P.D. I know, of course, that this would have been politically very difficult, since it would have meant taxing his new colleagues in the Ministry as well as large numbers of influential people whose incomes had increased owing to the War.

Yours, etc.,

J. E. ALLEN.

Cambridge.

Books and Publications

On Irish Conciliation

In view of the dangerous situation in Europe, and of the approaching Imperial Conference, it is deplorable that the relations between Great Britain and Ireland should be so unfriendly. This conflict between the two mother-countries of the Commonwealth is fraught with peril, inasmuch as it weakens Great Britain's power in both diplomatic and military fields, and thus injures the cause of world peace. The British public regards the Anglo-Irish quarrel with a complacency which is largely based on ignorance of the important part played by Ireland as a friend in the last war and of the dangerous part which she might play as an enemy in the next. It is with the object of ending this complacency that Captain Harrison has published this “brief study of the present position of the Anglo-Irish dispute from an independent Irish standpoint.”* This is not the first occasion when this very gallant gentleman has taken up the pen or the sword—both of which he uses with equal courage and effect—in the cause of his country, and

* “Ireland and the British Empire, 1937. Conflict or Collaboration?” By Henry Harrison, O.B.E., M.C. Robert Hale and Co. 320 pp. 10s. 6d.

National Finance

TO THE EDITOR OF THE ECONOMIST

SIR, Mr Paul Einzig accuses me of irrelevancy in giving what he describes as “a glowing but delightfully irrelevant testimonial to the friendly and pacific intentions of Germany and Herr Hitler.” But Mr Einzig himself brought Germany into the controversy about our national finance. He is certainly right in thinking that I regard Germany as potentially weaker than this country for defence, in that the proportion she is spending upon armament is much higher (I imagine) than this country's. During the Great War I believe most people were convinced that it was not so much the lack of armament which led to Germany's defeat, but the lack of a financial and economic reserve.

I am, Sir,

Your obedient servant,

London, S.W.1

D. M. MASON.

[This correspondence must now cease.—*Ed. Econ.*]

Labour's Share

TO THE EDITOR OF THE ECONOMIST

SIR,—In the leading article, “Labour's Share,” in your issue of April 17th, you refer to the difficulty of relating wages to the increasing prosperity of industry; and there will be general agreement with your view that if the necessary concessions to labour take the form of flat-rate additions to standard wage rates that a good deal of subsequent difficulty may arise if contraction should take the place of expansion at the end of a boom stimulated by armaments expenditure. May I suggest that those responsible for the conduct of industry should investigate co-partnership as a means of overcoming this difficulty? It has been shown in the Ministry of Labour Report on Co-partnership and Profit-sharing for 1920 that such schemes are most freely introduced when a period of rising prosperity coincides with industrial unrest.

Co-partnership and profit-sharing schemes provide a method by which a measure of social justice can be secured without the unsettlement involved in other methods of increasing remuneration. Plans might usefully be worked out for industries as a whole rather than separate firms; and in this connection one may mention the important agreement recently concluded for wages and security by the Joint Industrial Council of the Flour Milling Industry. This method of increasing the real income of wage earners in times of prosperity is one which is to be commended.

Yours faithfully,

JOHN RAMAGE,
Secretary, Industrial
Co-Partnership Association.

London, S.W.1.

advantage to the utmost. The whole gain secured by the Treaty was the attainment of Dominion status. How then can the Free State be accused of breaking the Treaty if she takes advantage of any developments that occur in the powers of Dominions? The English spokesmen are driven into a dilemma, escape from which is possible only by arguing that the Free State is different from all the other Dominions. But why should this be so? Has not the full Dominion status of the Free State been acknowledged by the Privy Council? It is a pity that Captain Harrison's book was apparently written before the abdication last December, since the events which took place at that time in the Dail, without arousing any official protest from Great Britain, suggest that the position which he maintains has come to be silently accepted.

In addition to this very able advocacy on constitutional issues, the book contains a valuable account of the relations between Great Britain, the Free State and Northern Ireland since the Treaty, fully supported by abundant documentation and statistics. The history of the dispute about the Ulster boundary, the land annuities and the financial settlement makes interesting reading, but the author is, perhaps, less convincing on financial than on constitutional issues. His general thesis is that the British authorities have interpreted the Treaty ungenerously and implemented it grudgingly, and have employed economic pressure to force the Free State to make political concessions. If Great Britain is the greater offender, as well as the stronger party in the dispute, it is proper that she should make the first overtures for a final settlement. Such is her duty, and such is her interest.

It may be well to remind the reader that Captain Harrison has written his book, not as the enemy but as the friend of England, for whose cause he fought in the Great War. It is because he realises that England is weakened internationally by the continued quarrel with Ireland that he has issued this appeal to the English public. To understand all enables men to forgive much, and this volume should aid the understanding of the Anglo-Irish dispute and thus pave the path to the great goal of Anglo-Irish appeasement.

Shorter Notices

“Survey of British Commonwealth Affairs. Volume 1 Problems of Nationality (1918-1936).” By W. K. Hancock, with a legal chapter by R. T. E. Latham 673 pages. 25s.

This exhaustive essay examines the various implications of the formal equality of nations which has been established within the British Commonwealth. Professor Hancock avoids the easier ground of Canada, South Africa and Australia, and seeks the real test of the new notions of national independence and freedom of commerce in the more thorny fields of Ireland, Newfoundland, India, Ceylon and Malta. He visualises the British league of free nations as a great experiment of vital importance to the whole world; and squarely faces the question whether real equality can actually be found in this untidy aggregation of peoples united only by the Crown. In particular he answers the allegations of German and Russian critics that force or capitalist exploitation is in fact the bond of Empire. The “right to secede” is dealt with ably and with notable common sense. The vigorous erudition and intelligent convictions of the author give this book a unity which its separate selection of territorial topics at first sight belies. The conclusions have a world significance; the minorities problem of the Commonwealth, and the contrast between British, German and Soviet conceptions of Empire, comprehend most of the issues by which the greater League of Nations has been torn to pieces.

“The British Empire.” Report by a Study Group of the Royal Institute of International Affairs. Oxford University Press. 336 pages. 15s.

This admirably lucid and objective study surveys the present position of the Empire and the problems which will be considered at the forthcoming Imperial Conference. Each part of the Empire is succinctly described; and the short descriptions, particularly of economic development, are excellent. The institutions, laws and conventions of the

Empire as a unit are clearly set out; and there are interesting discussions of relations with foreign powers, imperial defence and colonial administration. The problems of economic policy, population and migration are particularly well examined.

“The Menace of British Depopulation.” By G. F. McCleary, M.D. Allen and Unwin. 148 pages. 4s. 6d.

There is a rapidly-growing literature on the new aspect that the population problem has taken on in recent years, Dr McCleary's little book is a particularly welcome addition. Most of the recent books have been of a scientific nature, or at least designed for the reader who is prepared to tackle the mathematics of demography. But Dr McCleary is one of the first (if not the first) to explain simply, and in a most attractive literary style, the conclusions which have been arrived at by the specialists. The book has the further merit of discussing the position in the overseas Dominions, and demonstrating that the problem is not peculiar to these islands. The book is popularisation at its very best.

“Industrial Employment and Unemployment in West, Yorkshire. A Statistical Review of Recent Trends.” By J. Henry Richardson, M.A., Ph.D. Allen and Unwin. 142 pages. 6s.

This little book arose out of the preliminary investigations for a full-scale industrial survey (since abandoned) of the West Yorkshire district. The region is one of peculiar interest, for it is neither as specialised as some of the large industrial regions of the country nor as diversified as others, and during recent years it has been hard hit without being a depressed area. The book claims to be an introduction to the industrial structure of West Yorkshire, and answers the purpose excellently. But, especially since the intended survey is not to appear, it is to be regretted that the bare statistical bones were not a little better covered with descriptive flesh.

“An Atlas of Empire.” By J. F. Horrabin. Gollancz. 160 pages. 3s. 6d.

This is a complete survey of the Empire in clear, incisive and informative maps and ranks with Mr Horrabin's best work. Some people may question the emphasis of his verbal comments, but no one can do less than praise the skill and intelligence of his drawing.

“A Text-book of Marxist Philosophy.” Edited by J. Lewis. Gollancz. 400 pages. 5s.

The Leningrad Institute of Philosophy have prepared in this text-book of Dialectical Materialism a symposium which, in this excellent translation, will serve as a valuable addendum to the “Handbook of Marxism” issued recently by the same publishers at a similarly cheap price. To the unconverted the subject will remain largely unintelligible, but the faithful will find in this book an ample store of ammunition and the honestly curious much enlightenment. There is a gallant introduction by Dr Lewis which surveys the Marxian field from the standpoint of Western philosophical orthodoxy.

TRADING ABROAD

The existence of restrictions in a given country may temporarily prohibit dealings in forward exchange, but up-to-date information on this and on all points bearing on Forward Exchange generally may be obtained through any branch of the Westminster Bank. For any who may be unfamiliar with the facility, a very brief outline entitled *Forward Exchange* is always available at its counters

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MONEY AND BANKING

Our New Financial Machinery

TO-DAY perhaps is hardly the moment to talk of dearer money. Markets have lately received a series of shocks, and some of the speculative positions which undoubtedly existed have been wholly or partially corrected. Markets are now beginning to recover, and so far the evidence suggests that the underlying substratum of trade remains sound. Yet a period of tranquillity is now needed to allay men's fears, and while the growth of new speculative activity ought to be checked, it is essential not to disturb the even tenor of genuine trade.

Nevertheless, we have now had a very low Bank rate of 2 per cent. for the unprecedented period of nearly five years. Moreover, even the low Bank rate has been largely ineffective, for short loan and discount rates have stood consistently at less than one per cent. This state of affairs cannot last for ever. Again, while cheap money has been a powerful force behind the trade revival, it was not the only lever, and it would be harmful for people to gain the impression that trade can only prosper under conditions of ultra-cheap money. Some day this era of very low interest rates and abundant credit must come to an end, if only because the demand for credit will eventually grow to the point where it outstrips all reasonable supplies. Those who take the long view can argue that a modest stiffening of interest rates would be preferable to an attempt to maintain artificial cheap money conditions by means of an inflationary enlargement of the credit base.

The time may therefore be opportune to examine the instruments now at the disposal of the authorities for the regulation of the supply and cost of credit. It may be said at once that our present-day monetary and credit machine bears as much resemblance to the mechanism available in the days of the gold standard as locomotive No. 10,000 bears to the *Lord of the Isles*. In the old days of the gold standard, the authorities had two main levers and one simple test. The test was the rise and fall in the gold stocks of the Bank of England. In the light of modern knowledge this test was very crude, for we now realise that gold can enter or leave the country for reasons quite unconnected with our internal economic position. The two levers then in use were variations in Bank rate and open-market operations by the Bank of England. The former of these directly and arbitrarily altered the whole level of short-term interest rates, and by inducing the banks and other financial institutions to reconsider the division of their assets between bills and securities, also reacted indirectly upon the long-term rate of interest. Open-market operations by the Bank affected the supply of credit. The cost of credit was also affected indirectly by this alteration in the relative supply and demand, and if open-market operations were carried far enough, in time a change in Bank rate became necessary.

This was the traditional and simple machinery of former days. Since then there have been many developments. The first came in 1928 when the principles of a variable fiduciary note issue were established. This in theory enabled the authorities to alter at will the size of the banking department's Reserve, thereby providing an obvious justification for subsequent open-market operations by the Bank. In practice the fiduciary note issue has only been varied to prevent extraneous influences from acting upon the credit base. Thus it was raised in 1931 to protect the credit base from the gold drain, and lowered in 1936 to compensate for the Exchange Equalisation Account's sale of gold to the Bank.

The suspension of the gold standard in 1931 imparted a new degree of elasticity to our monetary machine. The Bank's gold reserves were no longer subject to pressure from all parts of the world, and in effect the Bank has since been only an absorber of gold. Nor were the authorities forced to maintain an arbitrary rate of exchange for sterling, regardless of whether or not that rate bore any relation to the proper value of the pound *vis-à-vis* foreign currencies. Quite reasonably efforts have been made to maintain moderate stability of the exchanges, but if any major readjustment was called for it has been possible to bring it about either unilaterally or by international agreement, without any disturbance to the internal banking system or the creation of an atmosphere of cataclysm.

The suspension of the gold standard was also the fundamental cause of the invention of new methods of control. Prior to 1931, the authorities were only concerned with regulating the cost of credit and the supply of joint-stock bank cash. No direct attempt was made to determine the composition of joint-stock bank assets, or the way in which they employed their funds. Our departure from gold, however, and also the depression and strangulation of international trade, brought joint-stock bank assets and indeed the whole means of employment of the savings of the nation very much more into the picture. The first change was that the Government came to be the main suppliant for available funds in both the long-term and short-term markets. The discount market came mainly to deal in Treasury bills and so automatically placed itself at the mercy of the authorities. In the long-term capital market the authorities had to adopt more direct methods. By enlarging the credit base and simultaneously restricting the supply of Treasury bills, they could force the banks into the long-term market as new competitors for Government securities. Equally they could limit the supply of other securities, both by the new control over investment overseas and also by the regulation of municipal borrowing. Finally, the Government, quite apart from its budgetary needs, was able to turn itself at will into either one of the largest lenders or largest borrowers in both the short-term and long-term capital markets. It could become a lender through the judicious use of the huge funds held by such Government institutions as the Savings Bank, the Unemployment and Health Insurance Funds, the Public Trustee and the National Debt Commissioners. It could become a borrower through the new Exchange Equalisation Account, for as we have pointed out before, every time the Account buys gold it has to borrow at short-term from the banking system in order to obtain the sterling required to pay for its gold.

Thus the Government is to-day one of the biggest borrowers and lenders in the market. Equally it is in a position to determine how much gold shall lie behind our credit base, for it is free to switch our total supplies of gold about between the Bank of England and the Exchange Equalisation Account. It imposes an unofficial but very real control over all foreign long-term borrowing and certain kinds of home borrowing. It has relieved the Bank from any drain upon its gold reserves, unless the Government itself decides to initiate such a drain not abroad but into the Exchange Equalisation Account. The practical import of these changes is threefold. First we have a much more delicate and elastic monetary machine, and it is not certain that the authorities have entirely learned how to use it. Next we have largely

insulated the internal supply and cost of credit from the former shocks which used to come from the outside world. Finally the control over the machine has passed mainly into the hands of the Government and its advisers.

This places the monetary outlook in a new perspective. If the Government of the day desires cheap money, there will be cheap money, even if like the late Lord Milner the Government decides to damn the consequences. Alternatively, if the Government thinks that dearer money is necessary, there are many new levers in the machine which it can use to-day. For example, the Exchange Equalisation Account could buy gold from the Bank without increasing the fiduciary note issue, at the same time paying for it by sales of Treasury bills to the joint-stock banks. In that event the latter would surrender cash for bills, which would at once tighten up the position again. Government departments could cease to lend, and instead hoard their funds. Here Professor Robbins, in *Lloyds Bank Monthly Review*, has made the interesting suggestion that in times of good trade when the Unemployment Insurance Fund is building up its reserves, it should deliberately hoard part of these reserves so as to smooth out the top of the trade cycle. One risk of all these new ideas is found in their secondary reactions, for so far we have little experience of the modern monetary machine. Used properly, the new mechanism now provides the authorities with a very delicate and complete means of control, and the old instruments of Bank rate and open-market operations in comparison resemble the traditional bull's onslaught on the gate. The real question of the future is whether the Government of the day, whatever its complexion, can be relied on to use its new instruments wisely, guided by economic rather than political considerations.

Financial Notes

The Bank for International Settlements.—At the conclusion of the seventh annual general meeting, held on May 3rd, an extraordinary general meeting was held to decide upon certain amendments to the statutes. The original constitution of the B.I.S. laid down that the chairman of the board of directors should be the president of the bank, and that subject to the authority of the board the president should carry out the policy and control the administration of the bank. The general manager is appointed by the Board. He is responsible to the president for the operations of the bank and is the chief of its operating staff. The extraordinary general meeting has now carried an amendment to the statutes separating the offices of president and chairman, and following this Sir Otto Niemeyer has been elected chairman of the Board, while Dr J. W. Beyen, hitherto alternate to Dr Trip the retiring president and chairman, becomes the new president. The advantage of this change is that the chairman of the board is no longer kept continuously in residence at Basle in order to perform his duties as president. This was largely why Dr Trip could only accept office on the condition that Dr Beyen could act as his alternate; for Dr Trip remained governor of the Netherlands Bank. Sir Otto Niemeyer also has important interests elsewhere than at Basle, and the same difficulty was likely to arise in the case of future chairmen. It is therefore a distinct advantage to create a separate office of president, especially as Dr Beyen is now available to accept the position. Dr Beyen and M. Pierre Quesnay, the general manager, will form a strong and experienced team. The seventh annual report of the B.I.S. has now been issued. It is an illuminating document, upon which we hope to comment in future weeks.

South Africa and Gold.—The present prosperity of South Africa is so intimately bound up with gold-mining that any fear of an impending reduction in the

world price of gold is bound to cause anxiety. The recent American gold rumours, the fall in the sterling price of gold, and the establishment in the London bullion market of a discount below the dollar parity price for gold, have all had their effect upon share prices both in London and Johannesburg, and it is hardly surprising that recent events have been the subject of animated discussion in the South African House of Assembly. As usual, pessimism has been carried much too far. The fall in the sterling price of gold has been very limited, for from a London price of 142s. per fine ounce on April 3rd, gold fell to a low point of 140s. 5½d. on April 27th, and has subsequently recovered to 140s. 9½d. At the time of the first gold scare in early April there was a discount of 4d. per ounce below the dollar parity price, because for a few days no one dared buy gold for shipment to the United States. Still, the British authorities supported the market both then and during the last few days, and the discount has now almost disappeared. The real explanation of the fall in the sterling price of gold lies not in this discount but in the appreciation of sterling against the dollar, and so long as America remains the chief buyer, fluctuations of this kind are unavoidable. In any case there is no reason to suppose that they are other than temporary, because there are several reasons for regarding the present level of sterling as too high. As regards share price movements, between April 3rd and 29th, *The Financial Times* index number of South African gold-mining shares fell from 223.5 to 191.5, or by 14.3 per cent., subsequently recovering by 9.7 per cent. to 205.0. A fall of this kind is out of all proportion to the very limited decline in the price of gold and any consequent effect upon mining profits, and so can only be ascribed to the general weakness of the London market, due to other causes besides gold rumours.

International Capital Movements.—Exchange Equalisation Accounts are still a comparatively new invention, and their technique of operation is perhaps not yet fully appreciated. For example, it is less than a year ago that the British authorities discovered that the Exchange Account had to sell gold to the Bank in order to offset French hoarding of British currency; while only last December did the American authorities realise that their Stabilisation Fund had to carry a stock of dollars as well as gold. A further point that has hardly yet received sufficient attention is that it is not enough to offset international movements of funds. Some regard must also be had to the cause and purpose of their movement and the use to which their owners put them on arrival in the foreign centre. These points are brought out in a letter on page 337, in which the writer calls attention to the influence of foreign investment on the economy of a capital-receiving country. The reactions of an import of foreign funds clearly vary, according to whether such funds are hoarded in currency, lodged on deposit at a bank, or invested in Government or industrial securities. For these reasons the writer is a little sceptical of the values of Exchange Funds. Our own view is that the part played by an Exchange Fund in the internal monetary mechanism of a country is still imperfectly appreciated. We, as the originators of Exchange Funds, may fairly claim the greatest wealth of experience, but even we have done no more than realise the reactions of foreign hoarding. Our correspondent's letter shows the need for yet a closer examination of the uses to which foreign funds are put on their arrival in London, and the result of that examination may influence the conduct of the Exchange Equalisation Account, and more precisely the extent to which it ought to share the gold with the Bank of England. Our correspondent's letter, in fact, is not an argument for the abolition of Exchange Funds, but on the contrary a plea for their development and more skilful use. They should be a part of our internal, as well as our external, monetary mechanism.

The Money Market.—There has been a fair demand for loans this week, while in spite of the expansion in bankers' deposits several of the banks have found it necessary to call from the market on their making-up days. In consequence those banks who were not making-up lent a fair amount of money. Rates are mainly unchanged from last week, but outside money is a shade easier.

	Apr. 15, 1937	Apr. 22, 1937	Apr. 29, 1937	May 6, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	1	1	1	1
Short loan rate:—				
Clearing banks	1-1/2	1-1/2	1-1/2	1-1/2
Others	1-1/2	1-1/2	1-1/2	1-1/2
Discount rates:—				
Treasury bills	1	1	1	1
Three months' bank bills	1-1/2	1-1/2	1-1/2	1-1/2

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

Last week the syndicate only obtained 17 per cent. of the Treasury bill allotment of £40 millions, and so there remains a scarcity of bills. The market is beginning to discuss who is taking the bulk of the bills, but this is a question which it is impossible to answer. It is generally agreed that practically all the new Defence Bonds were taken "inside."

The Bank Return.—Coronation and Whitsun currency demands have raised the note circulation to a new high record of £475.2 millions. Usually Christmas provides the year's peak, so that the upward trend of spending this year, coupled with the Coronation, has overcome the normal seasonal fluctuation.

	May 6, 1936	Apr. 14, 1937	Apr. 21, 1937	Apr. 28, 1937	May 6, 1937
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	203.7	313.7	313.7	313.7	313.7
Note circulation	422.6	465.7	464.0	468.8	475.2
Banking Department:—					
Reserve	41.8	48.9	50.7	45.8	39.4
Public deposits	9.2	22.4	25.6	26.2	18.4
Bankers' deposits	88.3	96.9	91.2	87.6	97.2
Other deposits	36.7	37.9	38.9	39.6	37.7
Government securities	88.8	96.9	94.1	97.7	103.1
Discounts and advances	9.4	6.9	4.6	5.5	5.4
Other securities	11.9	22.1	24.0	22.0	21.0
Proportion	31.1%	31.0%	32.6%	29.9%	26.0%

Normally, the expansion in the note circulation would have caused a drop in bankers' deposits as well as in the Reserve, but bank cash has been replenished by Government dividend payments, which have transferred £10 millions from public to bankers' deposits. Also Government securities have risen by £5.4 millions. This again swells bank cash, which has actually risen by nearly £10 millions during the past week. It is suggested in the market that there may have been special buying of bills to keep money easy in face of the increase in the note circulation.

The Foreign Exchanges.—Sterling developed a certain amount of general weakness on Monday and Tuesday. The London bus strike was one of the causes, for the Continent erroneously expects a British labour dispute to give rise to the same disturbances as on the Continent. Also there are a fair number of losses to be carried on most Continental bourses, and these necessitated a general repatriation of funds. At one time the Paris spot rate came down from Frs. 110½ to Frs. 109½, but since Tuesday it has returned to Frs. 110. Three months' francs have narrowed from Frs. 2½ to Frs. 1½ discount. The New York rate similarly came down from \$4.92 to \$4.93½, rising later in the week to \$4.94. Guilders, belgas, and Swiss francs moved with the dollar, and there is now a semblance of a "dollar area" in some ways comparable to the sterling area. The Stockholm rate against sterling has now come back from over Kr. 19.40 to Kr. 19.39½, or nearly to the

normal pegged rate of Kr. 19.39½. It looks as if the squeeze against the bulls of kroner may be nearly over.

The Union Bank of Scotland.—Sir A. Steven Bilsland, in his annual address to the shareholders, alluded this week to Scotland's share in the general trade recovery and in the rearmament programme. Scotland's difficulty lay in the fact that most of her industries were of a type to which recovery came late in the trade cycle. Another disadvantage was the narrow basis of Scotland's economic structure. He therefore urged that before the next period of depression they should attempt to achieve an increase in the variety of Scottish industries, and more particularly should attempt to develop the lighter engineering trades. This point he had previously illustrated by an allusion to the March unemployment returns of 87,603 for Glasgow, contrasted with only 16,000 for Birmingham. His warning that, unless this better diversification of industry could be achieved, Scotland would be worse hit by the next depression than other parts of Great Britain, is very timely, and points to the need of a closer investigation of Scottish industrial problems. His desire for the development of fresh enterprise in Scotland perhaps explains his criticism of the Budget in the concluding passage of his address. He felt bound to call attention to the discriminatory character of N.D.C. and its probable effect on those areas where recovery had been delayed. The bank's own accounts gave evidence of improved trade and turnover, but the chairman is rightly not content to leave the industrial future of Scotland to chance.

Insurance Notes

General Accident Fire and Life.—All new life business is transacted by the General Life Assurance Company, not by the Corporation itself, and in spite of the low rates of bonus declared by that company at its quinquennial valuation at December 31, 1935, new business last year fell by £31,000 only to £2,854,000. The net rate of interest earned on the life and annuity fund, which includes the existing business of the Corporation, fell by 3s. 10d. per cent. to £3 19s. 3d. per cent. Death claims at £322,000 were £82,000 smaller than in the previous year. In the other branches there was a satisfactory all-round expansion in premium income. Fire premiums increased by £32,000 to £675,000, accident and general premiums by £526,000 to £8,022,000, and marine premiums by £27,000 to £191,000. While fire branch results were, as usual, very good, the improvement in the accident profits, both absolute and in relation to the premium income, is specially gratifying. The difficulty in extracting a net profit from the miscellaneous branches of insurance, other than fire, are well-known, and the 1936 ratio, 5.4 per cent. of premium income, must be regarded as very satisfactory.

	1935	1936
	Amount of Profit	Amount of Profit
Fire	139,396	135,754
Accident and general	285,090	430,245
Marine	1,911	22,231
Life	8,229	—
Capital redemption	1,350	—
Profit on sale of investments	—	30,054
	432,154	573,822
Less items debited to profit and loss	286,910	321,986
	145,244	251,836
To reserve	125,000	100,000
Net trading surplus	20,244	151,836

Total assets, including subsidiaries, amount to £18,123,000, against £16,780,000; there is a general reserve of £2,000,000 and a free profit and loss balance of £643,000. There is no marked change in the classifica-

tion of investments, but an increase is noted in holdings of foreign government securities from £1,668,000 to £2,218,000. The rate of dividend is increased from 64 per cent. to 68 per cent. and costs £262,000, contrasted with available net interest earnings of £277,000. Since the close of last year the 400,000 ordinary shares of £5 each with 25s. paid have been sub-divided into 2,000,000 shares of £1 each with 5s. paid.

North British and Mercantile Insurance.—In the life department new sums assured increased further from £5,507,000 to £5,635,000, but annuity consideration moneys fell last year from £701,000 to £659,000. The net rate of interest was 2s. 2d. per cent. lower at £3 12s. 10d. per cent. Death claims amounted to £1,103,000 compared with £1,007,000 in 1935 and £1,218,000 in 1934, while annuity payments increased by £26,000 to £482,000. In the fire department premiums were £3,402,000, against £3,383,000, while claims increased from £1,262,000 to £1,399,000. The 1935 losses were, however, the lowest in proportion to premium income in the history of the Company; and the Chairman at the last annual meeting pointed out that the ratio, which was due to exceptional results in U.S.A., could not be regarded as at all normal or, indeed, reasonable. The premium income of the "Railway Passengers"—the accident department of the Company—increased by £43,000 to the new record figure of £1,255,000. In the marine branch—represented by the "Ocean Marine"—premium income increased from £217,000 to £236,000, while the "Fine Art and General" premium was £14,000 greater at £348,000.

	1935	1936
	Amount of Profit	Amount of Profit
Fire	461,648	369,286
Railway Passengers	148,209	138,019
Fine Art and General	42,646	51,193
Ocean Marine	40,000	40,000
Life	67,460	67,460
	759,963	665,958
Less Items debited to Profit and Loss Account	59,958	158,848
Net Trading Surplus	819,921	507,110

The negative amount shown in 1935 as debited to profit and loss arose from a transfer of £200,000 no longer required from income tax reserve. In the fire department there is an additional reserve of £2,000,000.

Separate balance sheets are presented for the Life, Annuity, and Sinking Fund branches, and show assets of £31,556,000, £7,797,000, and £513,000 respectively. There is a general balance sheet, including these items, in which assets aggregate almost £54 millions. The separate and additional balance sheets of the "Railway Passengers," "Ocean Marine," and "Fine Art and General" gave assets of £3,301,000, £1,797,000, and £1,552,000. In the life balance sheet there is a large decrease in policy loans from £2,594,000 to £2,216,000. Little change has occurred in British Government and Municipal Securities or in Indian and Colonial Government Securities, but Foreign Government Securities increased from £448,000 to £545,000. Debenture stocks increased by a trifle in percentage to £5,016,000, but Preference and Ordinary Stocks rose by £144,000 and £452,000 to £1,211,000 and £842,000 respectively. The dividend is at the rate of 6s. 3d. per cent. (whether partly or fully paid), equivalent to 25 per cent. on the nominal amount of each share. It cost £520,000, compared with available interest earnings of £536,000.

Commercial Union Assurance.—New sums assured in the Life Department amounted to £5,533,000, compared with the previous record of £5,120,000 in 1935

and £4,631,000 in 1934; annuity considerations were smaller by £16,000 at £461,000. Claims by death aggregated £565,000 against £417,000 in 1935, but the experience in the latter year is known to have been particularly favourable. The net rate of interest earned on the life and annuity fund dropped by 3s. 9d. per cent. to £3 19s. 3d. per cent. The new business of the British General, the shares of which were purchased by the Commercial Union in 1926, increased by £111,000 to £871,000. Fire premium income of the Commercial Union, including its subsidiaries, increased from £5,266,000 to £5,308,000; as in the case of other composite offices doing a large proportion of fire business in the U.S.A. the underwriting results attained the same high level as in 1935. Accident premiums rose by £32,000 to £7,642,000, while underwriting profits increased by 64 per cent. to £425,000. The marine premium income of £610,000 also showed some increase, and £100,000 was again transferred to profit and loss.

	1935	1936
	Amount of Profit	Amount of Profit
Fire	602,063	487,680
Accident	258,630	425,023
Marine	100,000	100,000
Life—		
Commercial Union	35,449	35,449
Union Life Fund	5,000	5,000
Hand-in-hand	45,000	45,000
Fund	3,463	3,463
British General	4,800	4,800
Sinking Fund	1,054,405	1,106,415
Less Items debited to Profit and Loss	217,682	345,513
To General Reserve	300,000	250,000
	536,723	510,902

In addition to 40 per cent. of the premium income for unexpired risks, additional reserves are held in the fire and accident branches amounting to 91 per cent. and 34 per cent. of the 1936 premiums. The total assets of the Commercial Union and its subsidiaries, but excluding the life department and the various subsidiary life funds, are in excess of £31,400,000, while there is a general reserve of just over £4,000,000. The life department balance-sheet shows assets of £25,422,000, and the various subsidiary life funds balance-sheets give assets aggregating nearly £8,000,000. The dividend is again at the rate of 40 per cent. and costs £1,100,000 (on the basis of tax at 4s. 9d. in the £) compared with available interest earnings of £709,000.

Gresham Life Assurance Society.—This Society, which is now controlled by the Legal and General, has always been particularly identified with life assurance overseas. In the rapid expansion in the new business of the "Gresham" in recent years, the proportion of foreign business has been fully maintained:—

Year	New sums assured (foreign)	Percentage of total new sums assured
1932	1,078	58
1933	1,406	65
1934	1,641	63
1935	2,141	64
1936	2,540	68

The net rate of interest fell last year by 2s. 2d. per cent. to £4 7s. 8d. per cent. Total assets increased from £10,187,000 to £10,661,000. Mortgages on property and British Government securities were somewhat smaller, but British Municipal Securities increased from £147,000 to £240,000. Foreign Government Securities, for obvious reasons, an unusually large proportion of the assets, and last year the amount so invested increased from £1,788,000 to £1,954,000. Debenture stocks were £135,000 greater at £1,698,000 and Preference and Ordinary stocks each increased.

THE STOCK EXCHANGE

London Transport Finance

THE absence of London's 6,000 buses from the streets is an unwelcome portent for the holder of London Transport "C" stock. The stoppage involves an immediate loss of revenue to the Board, but owing to the operation of the traffic pool in the London area the Board's net revenue does not suffer the full burden. The major consideration for the investor is the Board's statutory obligation to pay the full standard dividend of 5½ per cent., either this year or next, on its "C" stock on pain of receivership. The suggestion at this week's proceedings that the bus workers' claim may be inimical to the "C" stockholders' interests—and might even challenge their statutory rights—needs careful examination.

For some months the market has been revising its estimates of Transport "C" stock prospects. At one time last year the stock touched 112½; after the issue of the accounts for 1935-36 the price was two points below par; now, after nearly a week of the strike, it stands no higher than 86, having been as low as 83 earlier. To measure the immediate loss of net revenue arising from the strike itself is not easy. Like all calculations affecting the Board's net revenue position, it is complicated by the operation of the London Passenger Pooling Scheme, under which the Board's revenues and those of the suburban services of the main-line railways are pooled and re-distributed. From the total, London Transport takes 62.1 per cent. and the four railway companies take 37.9 per cent. The total receipts of the pool for the year to June 30th last were £40,606,339. London Transport's traffic receipts (including its share in the pool) totalled £29,724,723, compared with 52 weeks' traffics (before pooling) of £28,477,300.

To the extent, therefore, that the would-be bus passenger transfers to the other services in the pool, the latter's total revenue will not suffer. Some loss of revenue is, of course, inevitable, but even so, the other undertakings in the pool will shoulder nearly 38 per cent. of it. So far as the Board's own figures are concerned, a rough analysis of operating costs for buses last year (£12,910,822), suggests that some £10,179,234 can be attributed to charges which vary with the traffic, while £2,731,588 can be regarded as constant for the purpose of estimate. The Board's bus receipts before pooling averaged £305,500 weekly, while expenses were £248,200, some £195,700 representing current expenses and the remaining £52,500 more or less fixed items each week. So far as the Board is concerned, the variable costs will be temporarily saved while London remains busless. Thus the Board will be losing its share of 62 per cent. of pool receipts of approximately £300,000 a week, and saving current expenses of about £200,000. This, however, is merely an ephemeral paradox which serves to emphasise the point that the cost of the strike itself is a secondary consideration in any question of the long-term investment rating of the "C" stock. The cost of the men's claim is a very different matter. It has been variously put between £400,000 and £650,000 a year—equivalent to between 1½ and 2½ per cent. on the "C" stock. Judging from the Board's past operating record, an award of this order could only be implemented from one of three sources—a rise in net revenue; an alteration of renewals policy; or non-fulfilment of the "C" stockholders' existing rights.

The first two alternatives involve somewhat technical considerations, but it is highly important that the "C" stockholders should understand them. Net revenue can be increased only if gross receipts rise or other operating

expenses fall. The Board's own receipts have increased by £735,500 (or by 3 per cent.) for the 44 weeks of the current year before pooling. Lord Ashfield has stated at this week's inquiry that the whole of this increase, and more, has already been absorbed by increased costs. On the present basis of costs, moreover, the Board's expenses for the year to June, 1938, already show a prospective increase of £273,000. Already in 1937 petrol prices have been increased by 1½d. per gallon, at a cost to the Board of £285,000 in a full year. Apart from the natural increase in traffic expenses and stores, therefore, advancing costs will take a severe toll of the prospective increase in the Board's own traffics for next year. Nor, in the Board's view, would an increase in fares produce an increased gross revenue. This statement may appear somewhat surprising to the layman, and it would be desirable if the Board could amplify it. But it suggests at least that there is no easy and certain solution of the problem to be found on the operating side.

During the first two years of the Board's operation, the standard dividend provision for the "C" stock was not in operation. The Board made renewals provisions in 1933-34 to a total of £2,020,500; and in 1934-35 of £2,526,000. It was commonly assumed that these provisions contained an appreciable surplus over actual requirements, and that the renewals provisions could be used as a buffer between operating receipts and distributable earnings. On this assumption, some investment authorities inferred that the Board would take an austere view of its responsibilities towards the "C" stockholder by distributing a 5½ per cent. dividend for 1935-36, the first year under which the standard dividend provisions were operative. Instead, the Board maintained its 4 per cent. dividend, and transferred £2,300,000 to renewals. But so far as the lay investor can judge, this sum does not appear excessive, having regard, for example, to the Board's present problems of rolling-stock standardisation. If this view were correct, and if the Board were to raid its future renewals provisions in order to pay a standard dividend, the consequences might not be consonant with the Board's duty to provide an adequate transport system in its area. And they would certainly not be an argument for the purchase of the "C" stock.

What, in fact, is the statutory position of the "C" stock? If the Board fails, in each of three consecutive years (beginning with the year ended June 30, 1936), to pay interest on the "C" stock at the standard rate of 5½ per cent., holders of 5 per cent. or more of the "C" stock may apply to the Court for the appointment of a receiver. For two years out of three, therefore, the "C" stock is a pure equity stock; in the third it assumes the dignity and legal rights which have hitherto been characteristic of the most zealously protected fixed-interest security—though holders may wonder what would be the precise effect of a receivership in such an undertaking and in such circumstances. Would it in practice do more than encourage efforts to secure a revision of the legal powers of the "C" stock? But these powers were an integral part of the terms under which the original allottees of the "C" stock (who were mainly ordinary shareholders in the constituent undertakings) were induced to make the transfer. The principle of a 5½ per cent. standard dividend and the receivership provision appeared in the amended London Passenger Transport Bill as early as July, 1931 (though not in the original version), and the amended provisions were subsequently modified in the Act of 1933. Subse-

quently to alter the provisions relating to the "C" stock, therefore, without some form of acceptable compensation, might savour of interference with contractual, no less than statutory, rights.

Yet, in the existing context of rising costs, if the Board's contention that increased fares will not produce increased revenue is valid, and if existing scales of renewals provisions are, broadly, no more than adequate, what escape is there from the present dilemma? The standard dividend was short-earned last year by some £384,000, and if the present demand is conceded it is quite certain that the next two reports will show a far larger short-fall below the standard. The original hopes of more or less regular standard dividends of 5½ per cent. (with an increase to 6 per cent. under certain conditions) have now largely evaporated. Apparently, the Board might fulfil the letter of its obligation by paying 5½ per cent. every third year (at the expense of renewals if necessary) and making small token payments (or passing the dividend completely) in the intervening years. But under these circumstances the investment status of the "C" stock would be undignified and wholly unsatisfactory. The Act would become a matter of ridicule, and the efficiency of the whole undertaking might well be unfavourably affected.

From this dilemma there appears, at present, to be no visible escape. The "C" stock is bound to remain a highly disturbed market after the present strike situation has been appeased. Until some settlement is reached, it will remain impossible to measure the Board's revenue problem over the next fourteen months. During this period the Board must not merely maintain last year's revenue; it must also supplement it to the extent of 1½ per cent. on the "C" stock. That increased sum, in turn, is a relatively small proportion of traffic receipts and operating expenses—1.3 per cent. and 1.6 per cent., respectively, on last year's figures—but it represents as much as one-sixth of last year's renewals provisions. Even assuming that net operating revenues could be maintained in 1937-38 at last year's level, the full standard dividend could only be found at the expense of renewals. Short of plunging the undertaking into receivership, this seems the only method open to the Board. Yet this is a solution which is no solution. The Board's first duty is of public service, and the history of transport is littered with the wreckage of undertakings which neglected their renewals in order to placate their stockholders. That is an abiding economic fact which no statute can over-ride.

Investment Notes

The Markets Recover.—After hovering precariously near to panic on several days last week, the Stock Exchange has found some measure of confidence during the first week of the Coronation account. Although the recovery has been assisted by a certain amount of bargain hunting by the private investor, it has mainly reflected the assumption that this week's Pay Day would, after all, produce no dragon's crop of failures. The volume of business has not been large, but whereas last week it was difficult and sometimes even impossible to obtain dealing prices, this week jobbers have not hesitated to raise their prices, even if no great amount of business was passing. Steel shares have been helped, to some extent, by the announcement of higher selling prices. In the speculative markets the rise in Rhodesian copper shares and in the developing Rand counters should facilitate the clearing-up of positions now being carried on sufferance. The "House," indeed, has come largely to its own rescue, by pooling a very substantial fund in case of need. Figures putting this fund at £80 millions to £160 millions owe something to the imagination, but its proportions are undoubtedly impressive. Altogether, one firm of brokers has closed down, and a highly-respected and old-established firm of jobbers, Messrs Higham Brothers, who were running a book of Kaffirs and American securities, have discon-

tinued business. The market was stunned by this latter decision last Friday, but quickly recovered on the assurance that no train of financial losses would ensue.

* * *

For the moment, therefore, the market has found new confidence. But why did its pistons threaten to seize last week? Even in times of crisis it was, formerly, always possible to obtain some sort of dealing prices. The jobber whose mouth remains closed is an essentially recent phenomenon. Perhaps the dependence of the market on outside finance is greater than in days when substantial Stock Exchange firms were akin to investment bankers. If the financial leading strings can be suddenly shortened from outside under present conditions, therefore, market movements may tend to be more exaggerated than under the old dispensation. Despite this week's relief, technical conditions still have less than adamant strength. A selection of typical share movements is given below:—

	High 1937	April 20, 1937	April 30, 1937	May 3, 1937	May 6, 1937
Industrials					
Assoc. P. Cement (£1)	110/3	95/-	92/6	95/-	97/6
Bristol Aeroplane (10/-)	64/6	53/9	48/9	52/6	51/3
British Oxygen (£1)	138/9	116/10½	105/-	111/3	108/1½
Courtaulds (£1)	58/4	55/-	51/-	52/6	54/3
Distillers (£1)	124/9	115/6	111/6	113/6	115/6
Imperial Tobacco (£1)	183/1½	153/9	150/-	152/6	155/7½
Standard Motors (£1)	178/3	154/4½	132/6	133/1½	140/-
Turner and Newall (£1)	112/6	103/6	96/3	96/3	98/1½
Vickers (10/-)	39/1½	32/1½	29/-	30/1½	31/-
Woolworth (5/-)	96/3	79/-	77/6	78/9	80/4½
Mines and Commodities					
Anglo-American Corp. (10/-)	117/6	71/3	66/3	68/9	77/6
West Wits. (10/-)	398/3	265/-	190/-	207/6	217/6
Crown Mines (10/-)	339/4½	270/-	251/3	262/6	272/6
Riohana (£1)	380/-	292/6	262/6	277/6	285/-
Shell (£1)	115/7½	115/-	106/10½	109/4½	113/1½
Trinidad Leaseholds (£1)	173/1½	147/6	128/9	135/-	142/6
United Siam Betong (£1)	90/-	78/6	68/9	72/6	75/-

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There is still too little steam in the markets to make this week's recovery a reliable indicator of what may be in store for the next account or two.

★ ★ ★

The Gold Scare and After.—Out of the lion came forth sweetness, and out of the gold scare has come increased willingness to discuss the future of gold. Two authoritative statements have been made in South Africa during the past week. Sir Ernest Oppenheimer, after reviewing the position of the Anglo-American Corporation's interests, declared that a moderate fall in the sterling price presented the mines with no serious problem in maintaining their dividends. The incidence of the fall, indeed, is halved by the present basis of taxation, and the adjustment of grade to compensate for a small reduction in price is not usually difficult. Sir Ernest remained convinced of the importance of gold as a means of settling differences on international account, and suggested that the tripartite monetary agreement might pave the way to a general return to an international gold standard. These thoughts may have been in the mind of General Smuts in Wednesday's debate in the House of Assembly, when he declared: "People feel that unless there is stabilization on a gold basis—and the sooner the better—the position is not safe." And General Smuts added that Mr. Havenga, the Minister of Finance, had gone to London in order to discuss the question "and to see what could be done to make the position safer." But at present there are bulls and bears of gold. The former number the producers, and the Governments dependent upon gold production and the revaluation of their present stocks; the latter number those monetary authorities who fear that the supplies of gold forthcoming at the present price will inevitably expand the basis of credit to inflationary dimensions. While these two views vie with each other, the policy of the long-term mining investor may well be cautious. Stabilisation may be in the air, but its terms are being carefully avoided in public discussion.

★ ★ ★

Bond Movements in April.—Compared with the general movement in the security markets last month, foreign bonds remained comparatively steady. The index of 110 bonds calculated by Municipal and General Securities shows a fall of about one quarter of one per cent., from 115.7 to 115.4. The component indices follow:—

AVERAGE January-June 1934=100

	Europe	Near & Far East	Egypt	South and Central America			Complete Index	Unde-faulted Bonds	De-faulted Bonds
				States	Pro-vinces	Total			
1936	(32)	(31)	(4)	(36)	(11)	(47)	(114)	(60)	(54)
April...	97.6	110.0	98.7	101.3	87.9	98.0	100.8	104.7	96.6
May...	96.1	106.5	99.2	101.3	88.6	98.1	99.8	104.3	95.0
June...	96.3	104.4	99.4	100.2	89.2	97.5	99.1	102.8	95.1
July...	94.7	110.6	100.9	99.1	89.2	96.7	98.3	104.4	95.0
August...	95.1	113.2	100.7	99.3	89.8	97.0	100.7	105.7	95.3
Sept...	94.7	110.7	99.9	98.8	89.0	96.4	99.7	104.3	94.8
Oct...	95.2	111.7	99.7	105.3	93.0	102.3	102.5	104.3	100.6
Nov...	(31)	(31)	(31)	(31)	(31)	(31)	(113)	(59)	(59)
Dec...	95.4	110.6	99.6	107.2	101.0	105.7	103.9	104.5	103.2
1937	97.7	114.0	99.7	120.2	110.0	117.8	110.3	105.8	115.3
Jan...	103.6	116.2	100.6	(35)	(46)	(112)	(58)	(58)	(58)
Feb...	(30)	102.9	120.0	99.6	131.8	131.8	119.0	108.1	131.4
Mar...	(29)	100.3	120.8	97.8	126.2	120.1	124.7	115.7	126.0
April...	100.9	120.2	97.1	124.7	122.7	124.3	115.4	106.6	125.4

It will be seen that no group records a fall of more than $\frac{1}{4}$ per cent. and the European and South American Provinces indices actually record a rise. Most movements have been small, but at least three items of news have favourably affected the bondholder: the Hukuang Railway Loan Settlement; the reported acceleration of the Province of Buenos Aires debt arrangement; and the favourable reports regarding the Hungarian debt position.

Steel Price Increases.—Steel shares have been among the first groups to recover from the shock of N.D.C. At first the incidence of N.D.C. upon the steel companies was thought to be heavy, for profits have advanced more rapidly than in any other industry. But to a modified N.D.C. they might be much less vulnerable. If 1936 were chosen as a base year, for example, their position would be satisfactory, for increases in profits since then may to a large extent be due to extra capacity rather than increased profit margins per ton. And if the industry is allowed an 8 per cent. "capital standard"—as under E.P.D.—and could include, in its "capital," war-time acquisitions of plant at cost price less depreciation, the general liability would probably be small. The market, therefore, has been inclined to discount the possible dangers of N.D.C., and has preferred to register its satisfaction with the increases in prices which were announced at the end of last week. These increases are of the order of 20 per cent. for finished products—advances which lift the price to the levels of the post-war inflationary boom. The price increases will restore profit margins, which in the last few months have in some cases been depleted by the rise in raw material prices and by the high cost of working the plants to capacity. Companies which make only steel—such as the re-rollers—will be able to maintain their 1936 profitability. The great integrated concerns, however, are in a much stronger position. To the extent that they control their own supplies of iron ore, coal, coke, and scrap, these concerns are independent of the movements of the free market price of raw materials. Their costs have undoubtedly risen, both for wages and for equipment. But these increases are certainly smaller than the raw material price index. Companies like United Steel, Stewarts and Lloyds, Dorman Long, and Baldwin's must necessarily be in a stronger position than simple undertakings like Whitehead Iron, although this company is probably safeguarded to some extent by long-term agreements.

★ ★ ★

Steel-producers' shares, therefore, are favourably affected, and the rise may well be maintained. The position of steel-consuming companies, on the other hand, is less auspicious. At a time when costs of production are rising, a sudden increase of 20 per cent. in steel prices (a month before it was originally expected) is a heavy burden. Its repercussions upon the motor trade, for example, seem wholly unfavourable. Conditions of demand for motor cars preclude the industry from passing on the whole increase in costs to the consumer. Nor is the advance in steel prices the only rising cost factor with which the industry now contends. Considerations of profit margins apply relatively little to the makers of luxury cars, but the makers of the popular car, and particularly Austin Motor, must be regarded as being vulnerable. In the engineering and shipbuilding trades, too, the advance in steel prices is serious. Both industries are working at or near effective capacity at the present time (as measured by skilled labour supplies rather than by plant), and their order-books are fairly well filled. But apart from their work in the rearmament programme they may be unable to pass the whole increases on to the consumer. In this industrial group the market is not very directly interested—most of the well-known public concerns are already largely occupied with armament work. But there is a good case for regarding the prospects of a share like Ruston and Hornsby with caution, and structural engineering companies are in a decidedly vulnerable position. The danger of a serious check to demand resulting from the advance in steel and other costs is not imminent, but it might suddenly emerge at some time in the future. It is possible that a fall in commercial demand at home could to some extent be offset by an improvement in export demand. But among the shares of steel-consuming companies investors should exercise a certain caution. The latest rise in steel prices is one more link in the chain of increasing costs which might shackle current profits.

Short Particulars

THE STEEL CORPORATION OF BENGAL LIMITED

(Incorporated under the Indian Companies Act, 1913-30)

SHARE CAPITAL—

Authorized Rs. 10,00,00,000—DIVIDED into

200,000 5% (free of Indian Income Tax) Cumulative Preference Shares of Rs. 100 each £1,500,000
and 8,000,000 Ordinary Shares of Rs. 10 each £6,000,000

Being issued in India—

120,000 5% (free of Indian Income Tax) Cumulative Preference Shares of Rs. 100 = £7 10s. each £900,000
and 2,500,000 Ordinary Shares of Rs. 10 each = 15s. each £1,875,000

AUTHORISED LOAN CAPITAL—£1,000,000 $4\frac{1}{2}\%$ Guaranteed Convertible Mortgage Debentures

The Subscription List will open and close in England on Monday, 10th day of May, 1937,

FOR AN ISSUE AT PAR OF

£1,000,000 $4\frac{1}{2}\%$

Guaranteed Convertible Mortgage Debentures

To be unconditionally guaranteed as to principal and interest by The Indian Iron & Steel Co., Limited

Firm applications for £500,000 of the above Debentures having been received from the Underwriters, this amount will be allotted in full in the terms of the Prospectus, and of the balance shareholders of The Indian Iron and Steel Co., Ltd., will be given preferential allotment.

The following points are of interest:

- Holders of fully paid Convertible Debentures may convert into fully paid Ordinary Shares at the rate of 40 Ordinary Shares of Rs. 10 each for each £50 Debenture (that is to say, one Ordinary Share of Rs. 10 for each 25s. of Debenture) for a period of ten years.
- The Corporation has been formed for the purpose of constructing and working a modern steel works alongside and in close association with The Indian Iron and Steel Company, Limited, which works are expected to be in operation in about three years. The Company will supply the Corporation with the necessary hot iron for the manufacture of steel by the Corporation, and also will supply water, gases and electric power and light.
- It is considered that there is ample room in India for a new steel works. Excluding the special products of steel which are not now rolled, the average consumption of steel in India for several years past has been on the increase and has been largely in excess of the quantity of steel at present being produced in India. The Industrial development of the country indicates that these requirements will further increase and that there will be ample demand for all the products of the Corporation. The initial production aimed at is 200,000 tons of finished steel products per annum. The costs of production of iron by the Company are probably lower than those of any other iron-producing company in the world, and the Corporation will get the benefit of these low costs.
- With regard to prospective earnings, figures have been prepared based on estimated present-day costs of steel manufacture in India as compiled by the promoters, on the certified cost sheets of the Company for the manufacture of hot iron, on a two-furnace production basis, and on the lowest weighted average import prices of British and Continental steel for the past fifteen years, but without taking into consideration the special measure of protection enjoyed by the industry over and above the revenue duties which form part of the fiscal system of India. On the basis of these figures, after making allowance for Head Office expenses, Managing Agents' commission, depreciation and Directors' remuneration, but before making any provision for Indian taxation, the Directors estimate that the Corporation's profits should be at a rate of not less than £465,000 per annum. On this basis, the interest on the Convertible Debentures is covered over 10 times, and on the surplus earnings alone of the guaranteeing Company is covered four times. This makes a total cover of 14 times.
- The principal is covered more than $3\frac{1}{2}$ times without taking into account the net assets of the guaranteeing Company which net assets would represent further cover of almost 2 times. This makes a total cover of 5 times.

DIRECTORS:

B. N. MOOKERJEE (Chairman)
CARL BENDIX
SIR PADAMJI P. GINWALA

STEPHEN LYTTTELTON
KAILASH C. MAHINDRA
EDWIN L. WATTS

Copies of the full Prospectus upon the terms of which alone applications will be considered, and Forms of Application can be obtained from:

BROKERS:

HAES & SONS, 124, Old Broad Street, London, E.C.2,
and Stock Exchange

BANKERS:

MIDLAND BANK LTD., Poultry, London, E.C.2, and Branches.

Company Notes

Unscrambling Unilever.—The abandonment of international conceptions is common in modern economic life, but in few cases does it affect the *ratio vivendi* of existing companies. The Unilever grouping of 1927, however, was essentially a "gold-standard-free-trade" conception, and since 1931, the twin legs of the colossus have had no fixed relationship, owing to the departure of sterling from gold, which the guildler followed last September. Mr D'Arcy Cooper's speech to Unilever Limited shareholders, on Wednesday, was largely concerned with this problem, and with the associated question of simplifying the structure of the British group. The arrangement between the two companies, whereby each must make equal distributions, prevents the British company, under present circumstances, from distributing a substantially increased dividend. The British company would necessarily have to pool sufficient profits to enable Unilever N.V. to pay the same dividend on the same nominal capital. In 1936, indeed, the British company earned 67 per cent. of the whole group's profits, and Unilever N.V. no more than 33 per cent. The comparative freedom of business within the sterling area, and the difficulties of the Dutch company in making and transferring profits in Central Europe, account largely for this divergence, which seems likely to continue. Moreover, if direct transfers were made from Unilever Limited to Unilever N.V. to balance the difference in profits, serious double taxation would be involved.

The directors are therefore considering plans to amalgamate the British companies, Unilever and Lever Brothers, into one company, and to redistribute the existing shareholdings so that the new amalgamated company holds all the interests in the British Empire, while the Dutch company holds all other interests. The British amalgamated company will become an Empire holding company. The plans have yet to reach a detailed stage, but the chairman hopes that the accounts for 1937 will be published under the new conditions. It is out of the question to attempt to assess the importance of the new plan, except on the broadest lines. Lever Brothers, for example, has extensive connections in foreign countries, and the group's interests in the United States are highly important. The scheme at least presages a more liberal dividend policy by the British company. But when its main outlines have been decided, there will still remain the problem of absorbing the Lever Brothers' undertaking. And it is a peculiarity of this concern that, out of a capital of £61,691,000, no more than £8,500,000 consists of ordinary stock, while the remainder is divided into £30½ millions of 7 per cent. preference stock, £15,655,000 of 8 per cent. preference stock, and £6½ millions of 20 per cent. preferred ordinary stocks. This type of structure will invite the most careful and equitable consideration of any amalgamation terms.

Eno Proprietaries and Odhams Press.—These two companies have little in common technically, but their accounts make a good text for a sermon on disclosure of information to shareholders. Eno Proprietaries' accounts, for instance, while technically complete regarding the parent company itself, contain no consolidated profit and loss account or balance sheet. The Eno's shareholder is told, it is true, that the operating profits of subsidiaries before tax are £233,922 against £219,879, but when all save £229,700 out of total assets of £3,264,600 consists of interests in subsidiaries or trade investments, such information is meagre. Apart from the deduction of £153,000 capital reserve, moreover, these interests stand at cost, and no clue is available regarding the real assets position. Again the operating profit in this type of business needs elucidation. To what charges is it subject? In particular, how does advertising expenditure, which forms an appreciable element of cost in proprietary

goods business, vary from year to year? The extreme difficulty of assessing the operating company's position from the accounts of the holding company goes far to explain the fact that the ordinary shares yield as much as £7 13s. per cent. at the present price of 8s. 6d. Odhams Press, which controls at least 24 publications, apart from other businesses, also present accounts which would be appreciably more helpful if supplemented by a consolidated statement or by the revenue accounts of certain constituent undertakings. The report shows a considerable degree of stability in total profits, but contents itself with rather general statements and some figures of net sales. Nearly half the assets, in fact, consist of interests in or debts due from subsidiaries. The precise financial position of the Daily Herald Limited, as usual, is not disclosed. The capital structure of the whole undertaking makes the fullest information unusually relevant. The parent company and some of the subsidiaries have high geared capitalisations. Odhams Press, itself, shows the proportion of loan and preference to equity capital of 3.4 to 1. The group's recent expansion has been accompanied by a greater pull of its fixed charges. But, like physicists, investors might remember that the effect of a given movement in the subsidiaries' total profits on the parent company varies with the square of the distance from its source.

Marks and Spencer Results.—The profits momentum of Marks and Spencer continues undiminished. The results for the year to March 31st last are, indeed, highly satisfactory. Net profits before depreciation and tax are 14 per cent. higher, while the 40 per cent. dividend and 10 per cent. capital bonus are repeated on a larger capital. The following table analyses the results:—

	Years ended March 31		
	1935	1936	1937
Net profit	1,289,350	1,507,527	1,723,488
Depreciation, etc.	202,752	243,121	290,238
Tax reserve	160,206	167,165	238,544
Deb. redemption and staff funds	10,000	10,544	36,166
Preference dividend	105,000	105,000	105,000
Ordinary Shares:—			
Earned	811,392	981,697	1,053,540
Paid	434,838	537,986	633,884
Earned per cent.	74.1	77.3	75.3
Paid per cent.	35	40	40
Capital bonus: per cent. ...	10	10	10
Reserves	356,969	393,496	370,302
Carry forward	73,469	87,684	82,584†

†After £54,454 discount, etc., expenses written off.

The percentage rise in profits has again covered the regular 10 per cent. increase in the ordinary capital, with something to spare. It is possible that the fast pace of recent years cannot be kept up indefinitely, and if that should happen, the economic *raison d'être* of the regular capital bonuses will be weakened and disappear. In the latest period equity earnings have risen by about 7½ per cent., so that the rate of earnings on the larger capital is slightly reduced, owing entirely to heavier charges. Depreciation and the new staff funds require between them £72,000 more, and the 42 per cent. increase in the amount put to income tax reserve appears generous. Marks and Spencer can hardly escape rising costs or N.D.C. The former difficulty, however, can be allowed for without pressing upon the company's upper price limit in most cases. Expanding turnover, moreover, should be assisting the company to offset any effects of higher costs. At the present price of 8s. 3d. the ordinary shares yield £2 14s. 3d. per cent.

Further Rubber Results.—Rubber reports are still appearing in undiminished volume, and in general they tell the same tale. Conditions in 1936 were substantially better than the year previously, but in few

cases was real prosperity enjoyed. To this extent, the report of the *Rubber Plantations Investment Trust* is typical. But here the analogy ends. As the accounts for 1936 include only dividends earned in 1935, they do not fully reflect the industry's improvement last year. Thus income from investments increased from £86,694 to only £90,601, a not unsatisfactory result in view of the real difficulties experienced by the rubber industry in 1935. On the other hand, net income from the Trust's own tea plantations in Sumatra showed an advance from £77,324 to £89,396 before allowing for differences on exchange. A substantial relief was enjoyed under the latter heading—only £42,814 being deducted, against £55,373. This saving alone accounts for approximately half of the total increase in earnings available for distribution, amounting in all to £101,526 compared with £76,701, or 6 per cent. on the capital, against 4.4 per cent. The dividend of 7½ per cent. was thus short-earned by a substantial margin, though the company's financial position is in no way weakened. The most striking feature of last year's accounts is an increase of about £1,000,000 in the market value of investments held. This, of course, reflects the vast improvement in rubber prospects during recent months. In the current year the Trust should enjoy larger returns both from its investments and its estates. Many rubber companies have doubled their 1935 dividend payments in 1936, while prices of common teas have advanced strikingly in recent weeks. A distribution up to 12½ per cent. would not be altogether surprising, especially as the company's dividend policy is normally generous.

The smaller producing companies make a rather mixed showing. *Klabang* almost trebled its profits in 1936 and increased its dividends from 3 per cent. to 6 per cent. Revenue per pound of rubber rose by over 1½d. and costs were moderately reduced. The company has placed the substantial sum of £3,000 to replanting reserve—a wise provision in view of its poor supply of young rubber. Its standard production quota in the present year is almost unchanged. *Remfield*, on the other hand, which also trebled its earnings and paid a first dividend of 3½ per cent., claims that it now has no old rubber. A programme of replanting is thus regarded as unnecessary, and the company's large supply of immature rubber on its Sumatra estates should permit a considerable increase in standard quotas in the next few years. *Strathmore* is a further example of a marginal company whose earnings have benefited strikingly from the advance in rubber prices. The dividend is increased from 2½ per cent. to only 3½ per cent., however, as more than £1,000 has been carried to reserve. More rubber was produced than could be exported last year, so that the company should easily meet the larger quotas required during the current year. The earnings of *Dusun Durian* rose from 3.1 per cent. to 5.9 per cent. as a consequence of increased revenue and lower costs per pound of rubber. Copra production also contributed to the better results. Here, too, a large sum (£2,767) has been placed to reserve and dividends have been raised by no more than 1 per cent. to 4 per cent. *Malakoff*, on the other hand, has doubled its distribution—from 4 per cent. to 8 per cent. Output was larger despite the lower quota, for the company received a large addition to its standard assessment in 1936. It is well supplied with young rubber and profits should show very satisfactory increase this year, subject to the final incidence of N.D.C.

General Mining Report.—A measure of disappointment was occasioned by the moderate increase in this company's final dividend for 1936; the final payment of 3s. per share made a total of 5s., as against 4s. for 1935. The accounts show that a larger rate could have been paid, for profits amounted to £541,500 against £361,400. Of the surplus, £200,000 (in place of £100,000) was added to general reserve, increasing that fund to £600,000. After meeting the dividend, the increased balance of £316,150 remains to be carried

forward. The great bulk of the transfer to reserve is represented by additions to the portfolio, which is £184,000 higher at £1,894,700, the margin between the latter and the current value being very considerable. The previous report mentioned that in addition to holdings in its subsidiary and associated concerns, General Mining held important interests in other Rand gold-mining companies, including Crown Mines, West Wits., and Vogelstruisbult. Nothing is said on this point in the latest report; but it is intimated that the increase in the portfolio is chiefly represented by shares in which the Corporation is directly interested. On the basis of last year's dividend the shares yield 4½ per cent.

Other Company Results.—The reports of over 60 other companies are analysed on page 379, and are discussed on page 380, under the heading "Shorter Company Comments." Preliminary results are also published for 1936 by *Wiggins, Teape and Company*. They show record profits of £454,090, before tax and debenture interest. An estimate of profits for the quarter to March 31, 1937, indicates that the 1936 increase has been maintained. As we go to press, *Stewarts and Lloyds* announce their trading profits, amounting to £1,391,308, against £963,824. The net profit is £872,795, against £492,016. The sum of £100,000 is provided for special depreciation, while tax reserve receives £225,000 and contingencies £150,000. *Boots Pure Drug* net profits amount to £799,898, against £770,889. The dividend is maintained at 24 per cent., together with a tax-free payment of 3d. per share.

Company Meetings of the Week.—The reports of some thirty company meetings commence on page 355 of this issue. Reviewing the chief events of 1936 to *Union*



Dunvegan Castle, Isle of Skye.

"There's no sweeter Tobacco comes from Virginia and no better brand than the 'Three Castles.'"

—THE VIRGINIANS

WILL'S
THREE CASTLES
CIGARETTES

10 FOR 8D
20 FOR 1/4
50 FOR 3/3

Handmade
20 FOR 1/6
Also obtainable
in other packings

One expects to pay a little more for a cigarette of such excellent Quality

Bank of Scotland shareholders, Sir Steven Bilsland stressed the inevitably late recovery of certain Scottish industries. The chairman of *Caledonian Insurance Company* was able to report that new life assurance set up a fresh record in 1936. Sir Frederick Rutter, at the *London and Lancashire Insurance* meeting, examined the need for higher invisible exports. Mr F. A. Johnston showed that the *Atlas Assurance* life department had achieved new records in new business, premium income and interest revenue. At the *Alliance Assurance* meeting, Mr Lionel de Rothschild showed that fire business had been affected by foreign events, but that home business had developed. The president of the *Equitable Life Assurance Society* informed the proprietors that the net rate of interest, after tax, was still well over 4 per cent. At the *Ford Motor* meeting, Sir Percival Perry reported that sales of the £100 popular model had almost doubled during the past year. Difficult conditions in the wheat market were stressed by Sir Malcolm Robertson at the *Spillers* meeting, but the company had bought only for milling requirements. The improvement in the revenue of *English and Caledonian Investment Company* was attributed by the chairman chiefly to an increase in the average invested funds. Sir David Milne-Watson alluded at the *South-Eastern Gas Corporation* meeting to the unsatisfactory working of the marketing scheme under the Coal Mines Act. Lord Meston referred to the Calcutta Corporation's expressed intention of buying the part of the *Calcutta Electric Supply* undertaking within its area. *London Asiatic Rubber* shareholders were informed at the meeting that estate management had secured lower production costs. At the *Gresham Fire and Accident Insurance* meeting the Hon. W. B. L. Barrington said that the claims ratio of 47.4 was very satisfactory for the large proportion of motor insurance. To *Gresham Life Assurance* members he reported the entire re-organisation of the business in India. Addressing *North British and Mercantile Insurance* shareholders, Viscount Wakefield of Hythe declared that the new valuation period had made a good start. At the *British and Chinese Corporation* meeting the chairman referred to the large railway construction programme confronting the Chinese Minister of Railways. *New Kleinfontein* shareholders were informed by Mr George Mackenzie that the grade of ore to the mill had increased to 3.99 dwt. despite the greater milling tonnage. At the *Morris Motors* meeting, Lord Nuffield declared that the company's products continued in vigorous demand, orders reaching new high records. Mr Robertson Gibb, addressing *Union Castle* proprietors, stressed that the final step in rectifying the general investment position had been taken. The chairman of *Johnson and Phillips* disclosed that the increase in output had been spread uniformly over most departments. Mr W. J. Terry, at the *London Electric Wire* meeting, mentioned that export sales had increased proportionately to home sales. The chairman of *Ideal Building and Land Development* told shareholders that an estate had been acquired in Birmingham. At the *Gold Corporation* meeting, the chairman disclosed that the Quartz Block continued to show good values. Mr D. Errol Sinclair, addressing *General Ceylon Rubber and Tea* shareholders, emphasised that the export regulation scheme was steadily improving the statistical position. At the *Crown Mines* meeting, Mr John Martin referred to the company's organisation for the welfare of native labour. The chairman of *City Deep* reported that working costs had been reduced by 2d. per ton, and discussed the progress made with the new shaft. Mr Eric Miller, at the *Pataling Rubber Estates* meeting, remarked that the crop accounted for was higher, despite a lower international release. *Ionian Bank* proprietors were informed by Sir John Stavridi that the tendency towards deterioration of public and private economy in Greece had been checked. The chairman of *Licenses and General Insurance* reported that the results of the newly established life department exceeded expectations. Mr Harold Morland, at the *Friends' Provident and Century Life Office* meeting, said that the fire and accident premium from Great Britain and Ireland was steadily rising.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: MAY 25

ACCOUNT: MAY 27

A MORE confident tone has spread through the markets this week. Panic anticipations of what the settlement might bring forth have been alleviated by the news of supporting measures; a certain amount of bargain buying has been seen; and jobbers have shown considerable willingness to adjust their prices to suit the better spirits in the "House," after being rather unwilling to deal in many shares a week earlier. Business has not been brisk, and it cannot be claimed that the market has regained any great momentum. But, undoubtedly, a greater impression of confidence is now abroad, particularly in the industrial and commodity share markets.

The greater interest in equities has produced its reverse among gilt-edged, which opened firm on Monday, but have closed each day since rather below the best. Wednesday was a particularly poor day for the irredeemable stocks, although the National Defence Bonds were quoted at par for the first time. In the foreign market, Japanese bonds were consistently good, but some initial support for Brazilian issues was succeeded by profit-taking in mid-week.

Home rails were at first affected by the transport strikes, but good buying soon produced a rally. L.M.S. ordinary and Great Western were the principal features, but Southern deferred failed to hold all its gains. The week's traffics stimulated further buying on Thursday. Argentine rails were also in good demand, and all-round advances were registered on the traffics.

Nervousness gave way to cheerfulness in industrial markets this week, and the settlement of the old account was negotiated without the difficulties which were feared earlier. There was a general and well sustained rise in prices in every section of the market. American issues moved quietly in sympathy with Wall Street. Iron and steel shares advanced on the rise in steel prices. In mid-week one or two issues failed to share the general improvement. Coal shares were better, with Wm. Cory leading; Ocean Coal fell off slightly on the anticipated resumption of dividends.

Electrical equipment issues made rapid headway, although British Insulated were a little sluggish. Electrical supply shares joined the general trend after an irregular start. There was good support for motor shares, both on general reasons and on the sentiments expressed at several meetings. Prices rose in the aircraft section, with Hawker-Siddeley active in mid-week on dividend expectations.

Renewed support was evident for brewery issues on the increased beer output for March. Booth's Distilleries rose sharply at first on the announcement of a pending merger. There was an improvement, in keeping with general sentiment, among textiles, stores, catering and tobacco shares. Shipping issues were firm although dealings became less active as the week advanced. A good improvement was registered among miscellaneous industrials, including the building materials and engineering sections. The British Oxygen bonus announcement, however, was followed by a reaction in the shares.

Oil shares enjoyed cheerful conditions this week, and prices went ahead in active dealings. The statistical position of the industry is considered sound, and this week's improvement was helped substantially by the increased interim dividend of Trinidad Leaseholds. Anglo-Iranian were prominent on talk of a bonus. Continental support for the leaders was evident. Rubber shares made rapid progress, and a good demand found a limited supply of shares in the market. Some profit taking was evident, but it was offset by new purchases. Tea shares were slow to join the market trend, but prices went ahead later on a moderate business.

Speculators were able to look forward to a new lease of life in the Kaffir markets, thanks to the arrangements made to help some of the weaker positions over the settlement. Prices improved substantially this week as it became evident that the settlement would bring no extreme terrors, and naturally those issues improved most rapidly which had previously fallen furthest, such as the Far West Rand development counters. The West African section was well supported. Rhodesian copper shares were in good form at first, but became somewhat dull in mid-week. Tin shares improved despite the lower metal price.

"FINANCIAL NEWS" MARKET INDICATORS

	Apr. 29	Apr. 30	May 3	May 4	May 5	May 6
Approximate total of bargains recorded in S.E. List	11,700	10,640	10,265	9,985	9,720	8,800
Corres. day 1936.....	9,335	9,335	9,612	8,777	9,427	8,483
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100).....	110.9	111.1	112.8	114.7	115.9	116.3
Index of 20 Fixed Interest Securities (1928=100).....	129.7	129.6	129.7	129.9	130.0	130.1
Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).						
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).						
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).						
Lowest 1937: Ordinary Shares 110.9 (Apr. 28); Fixed Interest 126.5 (Feb. 28).						

ACTUARIES' INVESTMENT INDEX

The Actuaries' index of 177 industrial ordinary share prices stood at 84.7 on Tuesday last, against 84.2 a week ago and 87.0 a month ago. The corresponding percentage yields are 4.20, 4.20 and 4.09. A selection of the separate indices is given below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yield (%)		
	Month ago (Apr. 6, 1937)	Week ago (Apr. 27, 1937)	This week (May 4, 1937)	Month ago (Apr. 6, 1937)	Week ago (Apr. 27, 1937)	This week (May 4, 1937)
Insurance companies (24).....	125.6	125.2	124.5	3.41	3.41	3.43
Building materials (5).....	96.7	92.6	93.7	5.50	5.72	5.67
Coal (7).....	120.0	112.5	114.5	3.18	3.42	3.36
Electric light and power (16)	127.5	128.1	126.9	4.17	4.15	4.19
Iron and steel (12).....	78.0	72.2	73.9	4.30	4.75	4.76
Oil (5).....	103.4	92.6	95.3	4.58	5.28	5.16
Home rails (4).....	75.3	76.9	75.9	2.83	2.86	2.88

NEW YORK STOCK EXCHANGE

TOWARDS the end of last week prices recovered rapidly on Wall Street, on the marked improvement in sentiment in London, which stimulated buying of American securities through foreign centres both on foreign and American account. This week prices have largely held their ground, but the volume of business has been small, pending the settlement of the London account. This week's early improvement was shared by many groups. Among the leaders, American T. and T. were prominent. Film issues were affected by the labour troubles. Rails, oils and copper issues were higher at first, but reacted slightly in mid-week. Quiet conditions prevailed in the bond market, where government issues were firm. The market was encouraged by the success of the Southern Bell Telephone and the Home Loan Bank issues. Business news maintains its accustomed tone; *Iron Age* estimates steel mill activity this week at 92 per cent. of capacity and anticipates a level of at least 90 per cent. throughout May. Electricity output in the week ending May 1st was 13.5 per cent. higher than for the corresponding week of last year. Scrap steel prices are lower, and exports of iron and scrap are at record levels. Brokers' loans at the end of April were reported at 2.05 per cent. of all stocks listed, against 1.85 per cent. a month ago.

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

	1936		1937		Be- ginning of Year 1937	Apr. 21, 1937	Apr. 28, 1937	May 5, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Apr. 28	Highest Mar. 10				
347 Industrials ...	112.7	145.9	134.7	155.7	143.2	147.1	134.7	139.8
32 Rails	42.8	60.2(b)	54.8(d)	64.5(f)	54.6	60.8	56.0	58.2
40 Utilities	91.2	111.0(e)	93.7	116.4(f)	111.7	99.9	93.7	97.8
Total, 419 Stocks	97.7	125.4	114.8	132.4	123.5	124.9	114.8	119.2
Average yield*.....	4.50% (High)	2.65% (Low)	3.82% (High)	3.20% (Low)	3.53%	3.49%	3.82%	3.68%

* 50 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 23rd. (d) Jan. 6th. (e) December 2nd. (f) March 17th. (g) February 10th. (h) January 13th.

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

	Highest*	Lowest†	Apr. 28	Apr. 29	Apr. 30	May 1	May 3	May 4	May 5
	180.8	153.7	153.7	153.8	158.1	158.1	158.5	161.0	159.5

* March 6th.

† April 28th.

TOTAL DEALINGS IN NEW YORK

	April 29	April 30	May 1*	May 3	May 4	May 5
Stock Exchange— Shares (No. Thous.)	2,030	1,450	550	640	870	770
Bonds (Thous. \$) ...	12,930	11,300	4,600	6,630	9,780	9,250
Curb— Shares (Thous.).....	413	333	136	208	228	197

* Two-hour session.

	Apr. 28, 1937 (Close)	May 5, 1937 (Close)	May 6, 1937 (Latest)		Apr. 28, 1937 (Close)	May 5, 1937 (Close)	May 6, 1937 (Latest)
1. <i>Rails & Transport</i>				4. <i>Manufacturing</i>			
Atchafalca	82½	89½	88½	Briggs	45½	45½	45
Balt. and Ohio	32½	33½	33½	Chrysler	111	114½	114½
B.M.F.	32½	34	34	Electric Autolite	35	38	38
Can. Pac.	12½	13½	13½	General Motors	55½	59½	59½
Ches. and Ohio	57½	58½	58	Hudson Motor Car	18½	19½	19½
Gt. Nthn. Ry. Pl.	49½	53	52½	Murray Corp.	13½	14½	14½
Illinois Central	29	31½	31½	Nash Kelvinator	19½	20½	20
N.Y. Central	45½	46½	46½	Packard Motor Car	9	10	9½
Nor. Pac.	30½	33½	33½	Bendix Aviation	20½	21½	21½
Pennsylvania R.R.	43	43½	43½	Boeing Airplane	34½	37½	37½
Southern Pac.	53½	57	56½	Douglas Aircraft	51½	53½	53½
Southern Ry.	35½	38	38	United Aircraft	25	25½	26½
Union Pac.	141	144	144	Air Reduction	72½	74½	74½
Greyhound Cp. New	13½	14	14	Allied Cheml. x.d.	234	228	227
				Col. Carbon	115	116	116
				Comm. Solvents	14½	15½	16
				Dupont	150	155½	155
				U.S. Ind. Alcohol	34½	36½	36
				Allis Chalmers	64½	62	62½
				General Electric	51½	53½	53½
				Westinghouse	133½	138½	138½
				American Can. x.d.	100½	99½	100
				Addressograph	32½	32½	32½
				Caterpillar	85½	92½	92½
				Cont. Can. x.d.	50½	56	56
				Ingersoll Rand	125	128	129
				Intnl. Harvester	104½	107½	107½
				Pac. Gas & Electric	24	25½	25½
				Pac. Gas & Electric	29	30½	30½
				Pac. Radiator	44½	46	46
				Pub. Service N.J.	42	42½	42½
				Stan. Gas & Elec.	8	8½	8½
				United Corp.	4½	5½	5½
				United Gas Imp.	13½	13½	13½
				Am. Tel. & Tel.	160½	169	166½
				Int. Tel. and Tel.	10½	11½	11½
				Western Union	60	61½	61½
				Radio	8½	9½	9½
				Radio B. Pref. New	69½	70½	70½
				5. <i>Retail Trade and Food</i>			
				Montgomery Ward	54	52½	52½
				J. C. Penney Co.	94½	99½	99
				Sears Roebuck x.d.	84½	86½	86
				United Drug	12½	13½	13½
				Walgreen x.d.	28½	29½	29½
				Woolworth	48½	49½	49½
				Borden	25	25½	26
				Gen. Foods	39½	40	40½
				Kroger Grocery	22½	22½	22½
				Nat. Biscuit x.d.	25	26½	26½
				Nat. Dairy	22½	22½	23
				Standard Brands	13½	13½	13½
				Am. Tobacco B.	81	82	81½
				Liggett Myers B.	97	98½	99
				Lorillard	21½	21½	21½
				Reynolds Tob. B.	50½	50½	50½
				National Distillers	29	30	30½
				Schenley Distillers	42½	43½	43½
				6. <i>Finance</i>			
				Commercial Credit	59½	62½	62½
				Atlas Corp.	16½	16½	16½
				Com. Invest. Trust	63½	67½	67½

HAVE YOU TRIED RE-FORMED SHELL

All Shell is now made by the 're-forming' process which rearranges the molecular structure of the petrol. The result is even smoother running, better pick-up, and an absence of 'pinking'.

YOU CAN BE SURE
OF SHELL

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1937 Jan. 1 to May 5, inclusive				Prices, Year 1937 Jan. 1 to May 5, inclusive				Prices, Year 1937 Jan. 1 to May 5, inclusive				Prices, Year 1937 Jan. 1 to May 5, inclusive					
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low				
Name of Security				Name of Security				Name of Security				Name of Security					
British Funds				British Funds				British Funds				British Funds					
87 1/2	82 1/2	84 1/2	74	Consols 2 1/2%	77	77		£ s. d.	40/-	32/-	5(a)	5(b)	Bank of N. Zealand £1	33/9	33/9		£ s. d.
116 1/2	112 1/2	113 1/2	107 1/2	Do. 4% Red. at par	110	109 1/2		3 4 11	376	334 1/2	6(a)	6(b)	Bank of England Stk.	339 1/2	339 1/2		4 14 8 1/2
102 1/2	100 1/2	101 1/2	96 1/2	Do. 4% after Feb. 1937 (a)	110	109 1/2		3 7 0	80/104 1/2	71/6	7(a)	7(b)	Barclay B. (£1)	76 1/2	76 1/2		3 12 0
108 1/2	103 1/2	103 1/2	99 1/2	Do. 3 1/2% 1948-53	100	100		3 0 0	48/3	40/-	2 1/2(a)	3(b)	Barcl. (Dom. &c.) A	42 1/2	40 7/8	1/10 1/2	2 14 0
108 1/2	106 1/2	106 1/2	100	Do. 3 1/2% after 1961	102	102		3 8 9	£49 1/2	£44 1/2	8(c)	8(c)	Bk. of Australasia (£5)	91	91		4 4 3
110 1/2	108 1/2	108 1/2	100	Do. 4 1/2% 1940-44	107 1/2	107 1/2		2 1 0	29 1/2	27 1/2	5(c)(i)	5(c)(ii)	Bk. of Montreal (\$100)	£47	£47		3 9 8 1/2
112 1/2	110 1/2	110 1/2	104 1/2	Do. 5 1/2% 1944-51	113 1/2	113 1/2		2 17 3	101 1/2	87 1/2	6(c)	6(c)	Bk. of N. Wales (£20)	£97	£97		2 19 0
95 1/2	92 1/2	93 1/2	87 1/2	Funding 2 1/2% 1953-57	93 1/2	93 1/2		3 5 3	17	16 1/2	7(c)	7(c)	British Overseas A £5	150 1/2	151		6 13 3 1/2
104 1/2	101 1/2	101 1/2	95	Funding 2 1/2% 1953-57	93 1/2	93 1/2		3 4 6	16 1/2	14 1/2	34(a)	34(b)	Comst. Bk. of Aus. 10/-	151	151		3 9 3 1/2
110 1/2	108 1/2	108 1/2	100	Funding 3% 1959-69	111	111		3 5 0	58/-	52/-	5(a)	5(b)	District A £5, £1 pd.	87/6	87/6		3 16 0
110 1/2	108 1/2	108 1/2	100	Funding 4% 1960-90	111	111		3 5 0	58/-	52/-	5(a)	5(b)	Do. B £1 fully paid	55/-	55/-		3 12 0
113 1/2	111 1/2	111 1/2	104 1/2	Victory Bonds 4%	110	109 1/2		3 10 6	108/9	95/-	12 1/2(b)	13(a)	Eng. Scot. & Aust. £5 3/4pd	95/-x	97 1/2	+2/6	4 1 0
108 1/2	104 1/2	105 1/2	100	War L'n 3 1/2% after 1952	104 1/2	104 1/2		3 8 8	11 1/2	11 1/2	18(c)	18(c)	Hambros £10, £2 pd	111 1/2	111 1/2		4 1 0
98 1/2	94 1/2	96 1/2	89	Local Loans 3%	88 1/2	88 1/2		3 7 10	£120 1/2	£109 1/2	2 1/2(a)	3(a)	Hong. and S. (£125)	£119	£119		4 12 5
103 1/2	101 1/2	101 1/2	97	Austria 3% 1933-53	100	100		3 0 6	69/-	59/-	6(a)	6(b)	Lloyds £5, with £1 pd.	61/-	61/-		3 18 0
76 1/2	70 1/2	72 1/2	62	India 2 1/2%	64 1/2	64 1/2		3 17 6	10	8 1/2	7(a)	7(b)	Martins £24 pd.	91	91		3 16 0
98 1/2	95 1/2	95 1/2	87 1/2	Do. 3%	77 1/2	77 1/2		3 17 11	94/6	81/-	8(a)	8(a)	Midland £1, fully pd.	89/-	90/-	+1/-	3 11 0
120 1/2	116 1/2	116 1/2	112	Do. 3 1/2%	90	90		3 17 6	44	39	9(a)	9(a)	Nat. of Egypt £12 pd.	40	39 1/2		3 16 0
107 1/2	104 1/2	105 1/2	100	U.K. 4 1/2% 1958-68	114 1/2	112 1/2		3 12 6	47	39	9(a)	9(a)	Nat. of India £25, £12 pd.	411	411		3 19 0
113 1/2	109 1/2	109 1/2	104 1/2	U.K. & Arg. 4 1/2% (A) 1947	104 1/2	104 1/2		3 10 4	16 1/2	15 1/2	7(a)	7(b)	Royal Bk. of Scotland	475	477	+2	3 11 0
106 1/2	102 1/2	105 1/2	100	Australia 5% 1945-50	109	109		3 14 9	16 1/2	14 1/2	7(b)	7(b)	St. of S. Af. £20, £5 pd.	141	141		4 4 0
118 1/2	114 1/2	116 1/2	113 1/2	Canada 4% 1940-60	104	104		2 16 9	101/4 1/2	81/-	9(a)	9(b)	Westminster £4, £1 pd.	92/-	92/-		3 18 8
120 1/2	117 1/2	117 1/2	115 1/2	Gold Coast 4 1/2% 1956	115	115		3 8 6									
114 1/2	108 1/2	109 1/2	104 1/2	Nigeria 5% 1950-60	116	116		3 8 3	94/6	75/-	9(a)	10(b)	Alexanders £2, £1 pd.	83/9	82/6	-1/3	4 12 0
108 1/2	106 1/2	107 1/2	104 1/2	N. Zealand 5% 1946	105 1/2	105 1/2		4 8 0	6 1/2	5 1/2	5(a)	5(b)	National A £18, fully pd.	51	52		4 6 0
117 1/2	113 1/2	114 1/2	110 1/2	Queensland 5% 1940-60	105	105		3 9 6	16 1/2	14 1/2	9(a)	17(b)	B 7 1/2, £24 pd.	144	144		4 11 9
				S. Africa 5% 1945-75	113	113		3 6 3	54/9	45/-	10(b)	10(b)	Union £1 of stock	52/6	51/3	-1/3	3 18 0 1/2

CAPITAL ISSUES

TOTALS OF CAPITAL ISSUES DURING WEEK

Net Sales of National Savings Certificates, week ended May 1, 1937, Dr. £100,000

	Nominal Capital	Conversions	New Money
To the Public	Nil	Nil	Nil
To Shareholders only	1,790,670	1,200,000	851,858
By Stock Exchange Introduction	350,000	---	580,000
By Permission to Deal	292,536	---	474,760

	Including Conversions	Excluding Conversions	Total offered for Subscription—Including Conversions	Excluding Conversions
1937 (New Basis) ...	272,141,181	239,454,639	Whole Year (New Basis)—	
1937 (Old Basis) ...	184,417,362	154,362,755	1936 ...	642,017,245
1936 (New Basis) ...	186,842,288	127,554,136	1935 ...	698,313,125
1936 (Old Basis) ...	136,618,541	78,230,390	Whole Year (Old Basis)—	
January 1 to date (Old Basis)—			1936 ...	402,470,003
1935 ...	112,263,683	33,771,597	1935 ...	548,351,393
1934 ...	224,906,732	74,565,334	1934 ...	410,980,300
1928 ...	205,824,233	---	1933 ...	467,921,500
			1928 ...	683,000,056

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis) ...	200,390,074	37,911,425	1,153,140	239,454,639
1937 (Old Basis) ...	146,307,340	8,055,415	Nil	154,362,755

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis) ...	130,331,821	14,882,156	94,240,662	239,454,639
1937 (Old Basis) ...	117,333,223	9,038,215	27,991,317	154,362,755
1936 (New Basis) ...	57,789,581	13,663,358	56,121,197	127,554,136
1936 (Old Basis) ...	50,232,330	6,038,210	21,959,850	78,230,390
Whole Year (Old Basis)—				
1928 ...	212,917,900	45,062,600	111,177,600	369,158,100
1933 ...	222,064,300	12,733,700	9,982,500	244,780,500
1934 ...	102,769,300	21,461,000	44,878,400	169,108,700
1935 ...	167,185,509	31,696,741	37,265,387	236,147,637
1936 ...	160,521,116	24,429,647	70,626,230	255,570,993
Whole Year (New Basis)—				
1935 ...	193,599,713	48,806,822	115,118,905	357,525,440
1936 ...	184,255,833	41,580,731	268,303,201	494,139,765

BY STOCK EXCHANGE INTRODUCTION

Ensign Lamps, Ltd.—Issued capital, 300,000 5s. ordinary shares. Electric lamp manufacturers, established 1924. Net assets, £76,020 (stocks, £37,076). Profits, after depreciation, years to June 30: 1934, £15,096; 1935, £17,845; 1936, £16,262. Six months to December 31, 1936, £12,260. Provincial Stockbrokers Trust, Ltd., take 166,666 ordinary shares at 11s. 11d. average.

Associated Clay Industries, Limited.—Particulars of £150,000 4½ per cent. first mortgage debenture stock, purchased by Equity and Law Life Assurance Society at par, less 1 per cent. commission. Redeemable at par March 31, 1962, or from 1944, at 102½ on notice.

BY TENDER

Bilston Gas Light and Coke Company.—Offer for sale by tender at £8 minimum of £5 "B" shares to realise £35,000. Ranking for 7 per cent. standard subject to sliding scale; similar shares receive 9 per cent. Serves 8 square miles. Population, 50,000; consumers, 12,861. Sales 1936, 1,660,500 therms. Profits, after maintenance and interest, years to September 30: 1934, £14,463; 1935, £16,884; 1936, £17,047.

BONUS ISSUES

Calcutta Electric Supply.—Issue of 400,000 new £1 ordinary shares at par, to existing ordinary shareholders.

Tilling and British Automobile Traction.—Meeting, May 13th, to sanction creation of 650,000 £1 ordinary shares; 666,667 shares are to be issued in proportion of one for five held.

Central Provinces Manganese Ore.—An extraordinary meeting will be held to consider capitalising £150,000 of the reserve fund and paying as capital bonus. Each stockholder to receive three new shares of 10s. for £5 10s. stock held.

ISSUES TO SHAREHOLDERS ONLY

Kennedy's (Bournemouth) Ltd.—Issue of 27,058 6 per cent. "B" cumulative £1 preference shares at 22s. and 27,062 £1 ordinary shares at 26s.

Savory and Moore.—Issue of £36,550 5 per cent. debenture stock at 101.

Joshua Hoyle and Sons.—Offer of £1,200,000 4½ per cent. first mortgage debenture stock to holders of 7 per cent. first mortgage debenture stock, in conversion in proportion of £100 new stock and £11 12s. 3d. cash for each £100 converted. The issue of 5,000,000 new ordinary 2s. shares in proportion of four new shares for each preference and one new share for each ordinary share held on April 19th is at par, and not at 3s. as previously stated.

FORTHCOMING ISSUES

Steel Corporation of Bengal.—Lists will open on Monday next, May 10th, for an issue at par of £1,000,000 4½ per cent. guaranteed convertible mortgage debentures. The prospectus will show that the Corporation has been formed to build a modern steel works in close association with the Indian Iron and Steel Company, who unconditionally guarantee the debentures as to principal and interest. Debentures are convertible for 10 years into ordinary shares at rate of one Rs.10 ordinary share per 25s. of debenture. Initial production aimed at, 200,000 tons of finished steel products. Estimated profits, not less than £465,000 per annum.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	April 28, 1937	May 5, 1937
Dixor Ord. 1/-	4/-	4/-	3/4-3/7½	3/3-3/6
Dufay-Chromex Ord. 5/-	5/-	2/-	---	1½d. dis- 1½d. pm
Do. 6% Pref. 20/-	20/-	10/-	---	6d dis-par 3d dis-3d pm
Fison Packard, etc., 2nd Pref. £1	20/6	10/-	---	6/4-6/7½
Francis (F.) Ord. 5/-	5/-	5/-	6/4-6/7½	9/3-9/9
Do. 5% Pref. £1	20/-	20/-	9/0-9/6	2/6-3/6
Holmes Goodrich 2/-	3/3	3/3	11/6-12/3	11/6-12/3
Houndsditch Warehouse 5/-	15/-	15/-	19/4-19/10½	18/6-19/-
Do. do. 5% Pref. £1	20/-	20/-	12/3-12/9	14/0-14/6
Lake George Mining 10/-	---	---	5/7-5/10½	5/4-5/7½
Mason Scott 4/-	---	---	1/3-1/9 pm	1/4-1/10½ pm
Midland Counties Electric 4½% Pref. £1	£1	10/6	---	1½-2½
National Defence 2½% Loan	99½	5	---	1½-2½
Nchanga Consolidated £1	---	---	1½-2½	4/7-4/10½
Oxley Engineering 5/-	5/-	5/-	5/6-6/3	4/8-5/3
Steel and Company Ord. 5/-	7/9	7/9	19/3-19/9	7½-8½ dis
Do. 6% Pref. £1	20/-	20/-	---	---
Thomas (Richard) 4% 1st Debs.	99½	25	7-6 dis	---

OIL OUTPUTS

PHENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix group for March was 61,062 tons.

TAMPICO OIL, LTD.—The total production from the company's properties in Mexico during March was 14,053 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,054 barrels.

TRINIDAD CONSOLIDATED OILFIELDS, LTD.—Production for March was 66,000 barrels, against 57,500 barrels for February. Well No. 28 was brought into production on March 26th, the output for the first 24 hours being 250 barrels. Well No. 29 came into production April 1st, the production for the first 24 hours being 420 barrels. Drilling was commenced on March 31st on Well No. 1 on Siparia Area. Well No. 28 brought into production on March 26th. Production for the first 24 hours was 250 barrels.

TRINIDAD LEASEHOLDS, LTD.—Oil produced during March, 51,659 tons. Oil purchased during March from other companies, 83,173 tons.

TRINIDAD PETROLEUM DEVELOPMENT COMPANY, LTD.—Production for March, 117,852 barrels; deliveries for March, including purchased oil, 119,206 barrels. Production for week ended April 3rd, 28,240 barrels; April 10th, 29,399 barrels; April 17th, 28,895 barrels. Production for the week ended April 24th: 29,092 barrels.

COMPANY MEETINGS

UNION-CASTLE MAIL STEAMSHIP COMPANY, LIMITED

INCREASED PROFIT ON VOYAGES

BALANCE SHEET NOW REVEALS THOROUGHLY SOUND POSITION

FLEET OF FIRST-CLASS AND UP-TO-DATE MAIL VESSELS

ACCELERATION OF SERVICES

MR ROBERTSON GIBB ON FUTURE OF SOUTH AFRICA

The annual ordinary general meeting of the Union-Castle Mail Steamship Company, Limited, was held on Thursday, May 6th, at Southern House, Cannon Street, London E.C.

Mr Robertson F. Gibb, Chairman and Joint Managing Director, presided.

Mr A. H. Milbourne (Joint Secretary), having read the notice convening the meeting and the report of the auditors,

The Chairman said: Ladies and Gentlemen,—Before dealing with the business of the meeting, I must refer, with profound regret, to the fact that since our report was issued we have suffered the loss of one of the directors, Mr R. A. Murray, who died on April 29th. Mr Murray joined the board in 1933 and proved himself a highly valued and much-respected colleague, whose wise advice, great experience and keen interest in the well-being of the company will be greatly missed. (Hear, hear.)

The report of the directors and the audited accounts of the company for the year ended December 31, 1936, were despatched to you about a fortnight ago, and I conclude that, as customary, you will agree to take them as read. (Agreed.)

VOTING RIGHTS

Before turning to the accounts, I wish to refer briefly to the settlement which was arrived at last year of the question of the preference shareholders' voting rights.

You will recollect that, at the class meeting of the six per cent. "A" preference shareholders and at the extraordinary general meeting of the company which were held on July 30th last, I was able to announce that agreement had been reached between your directors and the representatives of the ordinary stockholders in regard to this matter.

As part of the terms of settlement, the latter undertook to arrange for the company's ordinary stock to be widely distributed among the general public and agreed that every holder of preference shares or ordinary stock in the company should henceforth have one vote for every £1 of nominal capital. It was also agreed that four new directors suggested by the ordinary stockholders and acceptable to your board as then constituted should be added to the board.

NEW DIRECTORS

These terms of settlement received approval at the meetings to which I have referred, and the alterations in the voting rights came into operation forthwith, being embodied in the new articles of association which were adopted on that day.

In September last, Lord Catto, Mr C. L. Dalziel, Sir Ernest Harvey and Sir Campbell Stuart—the four directors nominated by the ordinary stockholders—were co-opted on the board. At this, the first general meeting of the company held since that date, I should like, on your behalf, to extend to them a very cordial welcome. (Hear, hear.) We have already found their experience and advice helpful, especially in connection with financial matters, and personally I think that we, as a company, may consider ourselves fortunate in having at our disposal the services of such able and prominent men of affairs. These gentlemen will shortly come up for re-election, and I do not doubt that you will readily assent to their continuance in office.

PLANS FOR DEALING WITH ORDINARY STOCK

The major portion of the company's ordinary stock is still held by the R.M. and E.D. Realisation Companies, and circumstances

have not yet permitted its distribution in accordance with the terms of settlement. I am given to understand by the boards of the Realisation Companies, however, that it is not likely to be long before effect is given to this. As soon as that is done, the efforts of your directors to ensure, so far as practicable, that the control of the company shall not once again pass into the hands of one individual or group will have reached their successful conclusion.

Incidentally, as the changes in our articles of association necessitated by the terms of settlement were somewhat extensive, we took the opportunity to bring the articles fully up to date in conformity with modern legislation and practice. At the same time we thought it well to add clauses to the memorandum of association empowering the company to establish and maintain air services. We have no immediate intention of building or operating aircraft, but, having regard to developments in this connection, we felt it prudent that our memorandum should embrace the power to run air services in the event of it being in the interests of the company at any time that our services should be extended in this direction. These new clauses in the memorandum were sanctioned by the Court on November 10th last.

INVESTMENT POSITION

As you are aware, the efforts of your board during the last few years have also been directed to bringing about the rehabilitation of the company's financial position, which had been so adversely affected by its association with the old Royal Mail Group of Companies, and here again we have very nearly reached our goal.

From time to time during the past three or four years, we have allocated sums to a reserve which we had created to provide for the losses we sustained through the depreciation of the investments in the Royal Mail Group, but, even when this reserve had been taken into account, the book values continued to be greatly in excess of actual values, to which fact the auditors drew attention each year in their report.

At our last annual general meeting I mentioned that the time was rapidly approaching when it would be necessary to write off some of our largest investments completely, and, as the accounts before you to-day reveal, it has been possible this year to take the final step in rectifying the investment position as a whole.

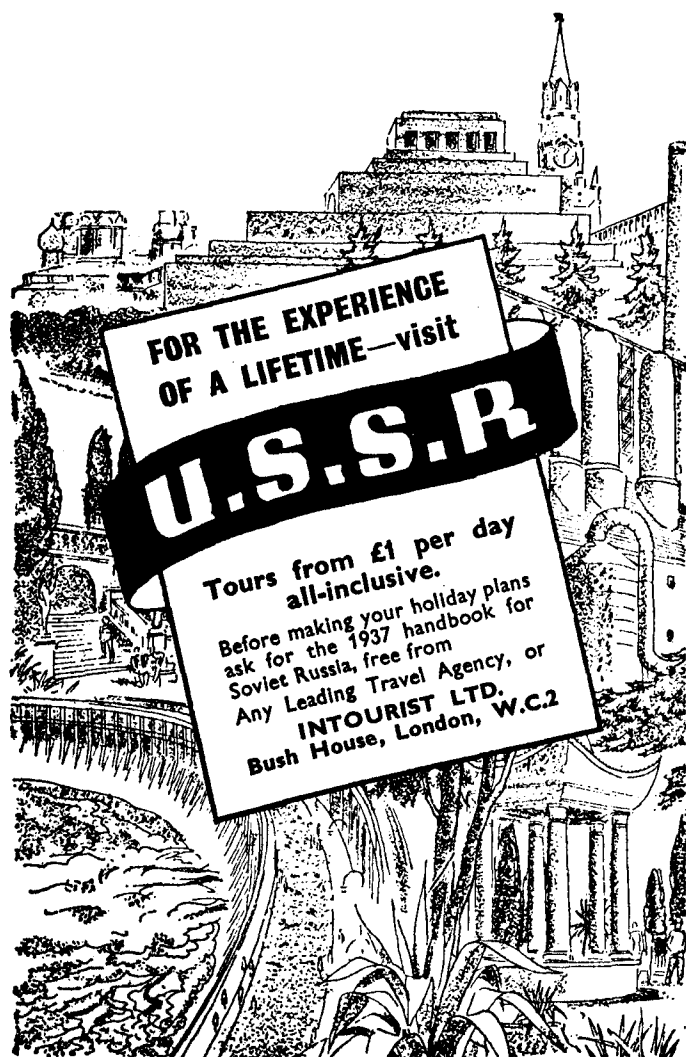
By utilising £642,521 of the insurance reserves and by transferring the reserve account of £450,000 and taxation and other reserves no longer required amounting to £197,802—a total of £1,290,323—we have been able to reduce the total book value of our investments to £892,863, which your directors and the auditors consider makes full provision for the depreciation of these assets.

Having thus been able to clear up the balance sheet satisfactorily, the board hope, if present conditions continue, to be able to deal with the arrears of dividend on the 6 per cent. preference shares out of the profits for the current year.

There are various other points in the accounts to which I think I ought to make special reference, and I propose now to deal with them.

IMPROVED EARNINGS

Turning first to the profit and loss account, it is gratifying for me to be able to draw your attention to the fact that the profit on voyages last year, after providing for depreciation on ships on the customary five per cent. basis and on property and plant and



after deducting taxation, administration and other expenses, amounted to £473,450, which is a satisfactory advance on the corresponding figure for 1935. Much of this increase can be attributed to the success of our new tonnage, thus fully justifying your directors in embarking upon the considerable shipbuilding programme commenced in 1934.

The income from investments and properties is also somewhat higher at £120,278, and it may perhaps be appropriate for me to mention here that all our subsidiary companies showed a net profit last year.

From our total net revenue from these two sources amounting to £593,728 have to be deducted interest charges and directors' fees, with the result that the net profit for the year is £435,828.

ALLOCATION OF PROFIT

After payment of the dividends on the 4½ per cent. preference shares for the past year and on the 6 per cent. "A" preference shares for twelve months to June 30, 1935, there remains a balance of £349,355.

As you know, we are at present spending a large sum of money in re-engining five of our existing mail vessels in connection with the acceleration of our mail service. This entails disposing of the engines originally installed in these ships at considerably lower figures than their book values. We have therefore considered it prudent to allocate the sum of £200,000 as special depreciation on the five vessels being re-engined, thus leaving a balance of £149,355, which it is proposed to carry forward.

There are one or two other points in the profit and loss account of which you may require me to give an explanation. The general interest charge for 1936 is nearly twice that for the preceding year. This, of course, is due to the fact that in the course of the year we have borrowed further sums for shipbuilding purposes, and the amount of interest which we shall have to pay during the current year will be greater still.

Furthermore, you may have observed that the sums shown in respect of preference dividends are in excess of those included in our 1935 accounts. This results from the fact that during the year the Inland Revenue Authorities agreed to our claims for Dominion income-tax relief in respect of two past years, and the proportionate amount of this was passed on to our preference shareholders on the occasion of the last payment of dividend.

BALANCE SHEET

I have already alluded, in connection with the investment position, to various changes in the balance sheet, but there are certain other features about which I ought, perhaps, to say a word or two.

You may have observed that the item "Advance under Loans Guarantee Act (Northern Ireland) secured by mortgage on one of the company's vessels," which stood at £160,000 in the balance sheet for 1935, has disappeared. This represented a loan, originally amounting to £1,000,000, in respect of the construction of the "Carnarvon Castle," which has been reduced periodically and has now been completely paid off, thereby finally disposing of all commitments in respect of past shipbuilding. Our existing shipbuilding liabilities are wholly in respect of new ships either under construction or recently delivered.

The amount of advances made to the company in respect of new tonnage is naturally considerably higher than the comparative figure at the end of 1935. Five new vessels were delivered to the company last year, and on their completion further sums became payable to the builders, part of which was borrowed under our loan facilities. Other vessels are at present under construction for the company, and further advances will require to be obtained from time to time towards their cost. Whilst these loans have been secured on favourable terms, they are repayable over a comparatively short period of years and, as foreshadowed in the directors' report, it may become necessary later on for us to deal with these liabilities on a more permanent basis.

Of the twelve vessels which we have ordered since the beginning of 1934, ten were contracted for before the recent increase in shipbuilding prices commenced, and the actual value to-day of our new vessels now in service is probably substantially in excess of their cost.

FINANCES ABSOLUTELY SOUND

Since our investments have now been written down to a fair book value and our properties, which in many cases have increased in value during recent years, appear in our books at moderate figures, it will be seen that our assets as a whole are now valued at a conservative figure, and therefore, whilst it may seem a little disturbing that so considerable a proportion of the company's

reserves has been utilised for depreciation, the financial position of the company may be regarded as absolutely sound.

Naturally, we are somewhat apprehensive regarding the effect, so far as this company is concerned, of the proposed new National Defence Contribution. As you know, the past few years have been difficult ones for shipping generally, and it would be regrettable if the incidence of this new tax should fall harshly upon industries just emerging from the effects of a long period of depression. Sufficient information is not yet available to enable any exact computation to be made as to the effect of the tax upon individual companies, but the shipping industry, as a whole, is making representations on the subject to the Chancellor of the Exchequer and I trust that the proposals may ultimately be so modified as not to prove injurious to an industry like ours, which is so vital to the preservation and well-being of the British Commonwealth.

NEW MAIL VESSELS

In accordance with the policy which this company has always adopted, the fleet has been maintained at a high standard of efficiency during the past year.

Our two oldest mail vessels, "Armada Castle" and "Kenilworth Castle," which had given us long and useful service, were disposed of in 1936, as was also the "Eider," which had been engaged in our Continental service, whilst the "Iansa," which was also employed in this service, has been recently sold.

Our fine new mail vessels, "Stirling Castle" and "Athlone Castle," each of over 25,500 tons, together with the "Dunnottar Castle" and "Dunvegan Castle," were put into commission in the course of the year. The latter vessels were constructed for our intermediate service, but they are being temporarily employed in the mail service to relieve the mail vessels withdrawn for re-engining. All these four new vessels have come fully up to our expectations and are proving very popular with the travelling public.

The "Walmer Castle," which we ordered for our Continental cargo feeder service between Southampton and Hamburg and Bremen, was also delivered before the end of the year and is satisfactorily fulfilling our requirements in this respect.

REFRIGERATED CARGO MOTORSHIPS

The "Roslin Castle" and "Rothesay Castle," which have now been in service for two years, continue to prove very useful in conveying fruit from South Africa to this country, and the further two fully-refrigerated cargo motorships, "Rochester Castle" and "Roxburgh Castle," will shortly be put into service.

In the spring of next year we expect our third new mail vessel, the "Capetown Castle," to be ready.

Since the commencement of the present year we have ordered two further intermediate vessels, one of which should be available by November of next year and the other some four months later.

RE-POWERING PROGRAMME

Our re-powering programme is proceeding satisfactorily, and although, on account of the unfortunate mishap to the "Llandovery Castle," which struck a mine off the Spanish coast some two and a half months ago, we were obliged to retain the "Windsor Castle" in service for another voyage before withdrawing her temporarily, I am glad to say that this will not cause any delay in the completion of the programme.

We are taking the opportunity of embodying certain improvements in these vessels while they are laid up, and when they are in service again, with the three new ships, we shall have one of the finest and most up-to-date fleets of mail vessels in the world, of which we may well be proud.

Our various services were regularly maintained throughout the year.

In August the "Stirling Castle" performed the first accelerated voyage of 13½ days from Southampton to Capetown. She and the "Athlone Castle" have continued to make the run in the shorter time ever since, and during the course of the next eighteen months they will be joined in turn by the re-powered vessels and the "Capetown Castle," so that by the end of next year the accelerated service should be in full operation.

PASSENGER TRAFFIC

I am pleased to be able to report that our passenger business generally showed an appreciable advance during the past year, both the number of passengers carried and the earnings exceed-

ing those of the previous year in our outward and homeward mail and intermediate services.

Unfortunately our East African service did not disclose the same tendency, as there was a slight falling off in passengers and earnings on this route. This was doubtless due partly to the fact that, unlike South Africa, East Africa during the earlier part of last year at any rate was still suffering from the effects of the depression, but, now that primary producers in the East African colonies, in common with others throughout the world, are receiving higher prices for their commodities, it is probable that more will be paying visits to the home country during this and succeeding years.

We have continued to receive good support for our special "holiday tours" and "round Africa tours," whilst an increasing number have taken advantage of the short Continental trips which we run during the summer months in connection with our intermediate service. Our special facilities for trips to Madeira, the Canary Islands and the Mediterranean were also well patronised.

CARGO TRAFFIC

As regards our cargo traffic, I am glad to say that the total volume and the revenue derived therefrom showed an improvement last year, as compared with 1935, although here, too, our East African service, both out and home, suffered a slight setback in earnings, whilst our service between the United States and South Africa continued to operate at a loss owing to the competition of various American lines, which has necessitated the reduction of the rates of freight below the economic level.

On each occasion that I have presided at an annual meeting of this company I have paid a tribute to the value of the work of our staff, and I trust that the regularity with which I make these remarks will not appear in any way to detract from their sincerity. The success of any company must depend in large measure upon the loyalty and efficiency of its personnel, and again I wish on your behalf, and on behalf of my colleagues on the board and myself, to express our appreciation of the faithful and diligent service of the company's staffs at home, abroad and afloat during the past year.

I have not long returned from a fairly extensive tour of East Africa, Southern Rhodesia, Portuguese East Africa and the Union of South Africa. This afforded me the opportunity of personal contact on the spot with the administrators, Ministers and responsible officials, as well as the leaders of the business communities, of those territories, and of discussing with them at first hand many matters of mutual interest. On all hands I was received with the utmost cordiality, and once again gathered the impression that such visits on behalf of our company are greatly appreciated in those far-off lands as assisting on both sides to a greater understanding of the problems associated with their development, which to so large an extent are interwoven with those of transit by sea.

DISTINGUISHED VISITORS

Many distinguished visitors from the countries we serve, including General Hertzog, the Prime Minister of the Union of South Africa, with other South African Cabinet Ministers, the Prime Minister of Southern Rhodesia, and representatives of the East African territories, are now arriving on our shores for the Coronation and forthcoming Imperial Conference, which will, I hope, give us further opportunities for renewing personal contacts and talking over various questions affecting the services we render.

In East Africa, Southern Rhodesia and Portuguese East Africa I found in the course of my travels a spirit of cautious optimism engendered by the recent substantial improvement in the prices of almost all primary products. One beneficial effect of the depression has been that producers were obliged to reduce their expenses to an absolute minimum, with the result that they are now able to make satisfactory profits when their products realise prices which formerly would have been considered uneconomic. Thus it is that prosperity is gradually returning to these countries, which should bring about an increase in the volume of cargo and passenger traffic.

PROSPERITY OF SOUTH AFRICA

As far as South Africa is concerned, the Union is still enjoying a period of prosperity resulting almost entirely from the present high premium on gold, a factor which is by no means as certain of continuance as some would like to believe. In the circumstances, there is a feeling of uncertainty in some quarters about the future, but the Government of the country, by its conservative financial policy—evidenced, for example, in its utilisation of

Budget surpluses for the reduction of debt rather than of taxation, and its efforts to encourage the development of as many primary and secondary industries as possible—is doing everything in its power to provide against untoward contingencies. Therefore, it may be that if and when the Union's income from gold diminishes, her other sources of revenue will be found sufficient to maintain a reasonably high level of prosperity.

This company of ours has been associated with the overseas trade of South Africa for over eighty years, during which time there have been many alternating periods of prosperity and depression. On the whole, the progress and development of the Union have been remarkable, and this company has endeavoured continuously to keep pace with developments by providing up-to-date facilities for the sea-borne trade of the Union.

In recent years we have provided a number of fine new vessels, the best of their type that can be built, and several others are under construction. These have involved a costly shipbuilding programme, and although, as I have mentioned, cargo and passenger business has been satisfactory on the whole, I may point out that, by the terms of the Freight Agreement with the Union Government, our rates are restricted, whereas in many trades freights generally have undergone a rapid change in an upward direction. On the other hand, operating expenses have risen considerably, advances having taken place in the cost of fuel, victualling, stores, wages and repairs, as well as for new ships.

CONFIDENCE IN FUTURE

Personally, I have great confidence in the future of South Africa, with which great country this company's fortunes are so closely bound up. Given the continuance of general progress and prosperity, we, with our new and up-to-date tonnage, are well placed to participate in the further development of the overseas trade of the Union. (Applause.)

I now have pleasure in proposing "That the report of the directors and the statement of accounts for the year ended December 31, 1936, now submitted, be and they are hereby received and adopted."

Sir F. Vernon Thomson, K.B.E. (deputy-chairman and joint managing director), seconded the resolution which, in the absence of questions or comments, was carried unanimously.

The Chairman moved the re-election of the four new directors whose names he had mentioned in his speech. They were:—Lord Catto of Cairncatto, Mr C. L. Dalziel, Sir Ernest Harvey, Bt., K.B.E., and Sir Campbell Stuart, K.B.E.

The Duke of Abercorn, K.G., K.P., seconded the resolution, which was carried unanimously.

On the motion of Sir F. Vernon Thomson, seconded by Sir Ernest Harvey, the Duke of Abercorn and Mr R. A. Murray, who retired by rotation, were re-elected.

The auditors (Messrs Deloitte, Plender, Griffiths and Company) were re-elected on the proposition of Mr F. Coward, seconded by Mr F. E. Stafford.

VOTE OF THANKS

Mr Alex Holm, C.M.G., C.B.E., proposed a hearty vote of thanks to the chairman and directors. In evaluating a company of this kind, one naturally considered the efficiency of its fleet which, in the case of their company, was of a high order. When one realised the production, trade, and commerce of the countries it served, it was clear that the fleet was very favourably placed. Apart from the enormous development of the gold mining and cognate industries, great strides had been made in which their company had taken a leading part, and had been ever ready to carry out its great responsibilities.

He submitted that it was the example, the sagacity, the capacity and the patience, in difficult situations, of their chairman and his colleagues that had enabled so satisfying a report to be made that day. The motion which he submitted to the meeting was a genuine expression of the shareholders' appreciation of the success which the company had attained. (Applause.)

Mr W. Starling seconded the resolution, which was carried with acclamation, and the chairman, having briefly responded, the proceedings terminated.

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

IONIAN BANK, LIMITED

A SUCCESSFUL YEAR

SIR JOHN STAVRIDIS ADDRESS

The ninety-eighth annual general meeting of the Ionian Bank, Limited, was held, on the 30th ultimo, at the offices of the company, 25-31 Moorgate, London. Sir John Stavridis, the chairman of the company, presiding.

The Chairman, in moving the adoption of the report and accounts, said he would like to convey to shareholders an impression very forcibly brought to his notice during his last visit to the Near East. For some years past he had found that the influence and prestige of England had become impaired, and with every fresh political development on the Continent of Europe it appeared to dwindle. This year, however, he had found a remarkable change; the masterly way in which the Constitutional crisis had been surmounted had come as a surprise to their friends, and when the proposed re-armament programme was made public an air of relief had become manifest in those nations who had been endeavouring to strengthen their alliances and to re-arm themselves. The prestige of England appeared to have been completely restored and the benefit thereof to the world at large should not be long in showing itself.

During the period under review in Greece the task of the new Government there had been heavy and difficult. It had had to put an end to class disputes, to rehabilitate the finances, balance the State budget, reorganise the defences of the country, complete the productive works, and above all to carry out the final establishment of the refugees and solve the difficult problem of social services.

It was impossible for the moment to pass judgment on the Government, but it was certain that the tendency towards deterioration of both public and private economy had been checked. One of the most stringent measures taken was that concerning the flight of capital, which had imposed severe restrictions on the movement of exchange. That some such measure was necessary was perfectly clear; a complete system of illegal export of capital had been organised and resulted in a serious depletion of the gold reserves of the Bank of Greece. That the steps taken had been successful was proved by the fact that the flight of capital had practically ceased. Whereas in August last the gold reserve of the Bank of Greece amounted to £2,573,000, it had reached the figure of £3,173,000 at the end of December.

DEVELOPMENT OF NATIONAL INDUSTRIES

The agricultural production last year on account of bad weather conditions had not been satisfactory. As to industrial production, 124 new factories were established last year, mostly for the manufacture of foodstuffs. Owing to the difficulty in obtaining permits for the import of foreign goods the national industries were rapidly developing and should prove a source of strength to the country, particularly when, as was the case now, international trade was at such a low ebb. Another source of strength, and one which substantially helped in reducing the adverse balance of trade, was the Greek mercantile marine.

The development of the bank's business in Greece had proceeded upon well-ordered lines, but they were still severely handicapped by the moratoria granted to debtors and the leniency of the Greek Courts.

EGYPT AND CYPRUS

The outstanding event in Egypt had been the signing of the Anglo-Egyptian Treaty, which had raised Egypt to the status of an ally of Great Britain. It was sincerely to be hoped that the anti-British propaganda that had been rife for so many years would now die down. The bank had also to record an improvement in that sphere of its operations.

Their operations in Cyprus were small as compared with those in Greece and Egypt, and the opportunities did not exist for any spectacular increase, but the attention of the world had in a small measure been focussed on that island, and he thought that they might look forward to a period of development.

Dealing with the accounts, the Chairman said that the net profit for the sixteen months' period amounted to £21,177, which compared favourably with the profit of £12,079 shown for the twelve months to August 31, 1935, and in the circumstances the directors were able to recommend the payment of a dividend of 3 per cent. for the period. Since the end of 1936 there had been no falling off in the bank's activities, and, provided there were no serious disturbances in the Near East, they should be able to show further progress in their undertaking during the present year.

The report and accounts were unanimously adopted.

THE UNION BANK OF SCOTLAND, LIMITED

IMPROVED TRADING CONDITIONS

The annual meeting of shareholders of the Union Bank of Scotland, Limited, was held, on the 5th instant, Sir A. Steven Bilsland, Bt., M.C., chairman of the bank, in the chair.

The Chairman, in submitting the directors' report, said that one of the most important events of the past year had been the break up of the gold bloc in Europe, which had removed an important obstacle to the stabilisation of currencies. While this obstacle had been removed, he did not mean to suggest that the time for stabilisation had arrived, but a position had been reached in which the main barriers had gone.

Another important event had been the rise in commodity prices since the autumn of last year, which had become particularly marked within recent months. This rise was due partly to the break up of the gold bloc, partly to the expansion of world trade and particularly as regards Great Britain to the re-armament programme. In the case of wheat it was due to short crops, both in importing and exporting countries. The increase from the abnormally low price levels was an important feature, because it brought the world economy into better balance. It was to be hoped that the higher price level would be sustained by a further healthy expansion of world trade, and that, on the other hand, it would not go too far and become inflationary.

The expansion of world trade, under the lead of Great Britain and the Empire, to which reference was made last year, had continued and had spread to the United States and to certain parts of the South American Continent. The volume of world trade was now about 85 per cent. of the 1929 figure. Further expansion towards that figure must depend largely on improvement in the political atmosphere of Europe.

The general recovery in trade and the re-armament programme were not yet being felt in Scotland to anything like the extent that they had been felt in England. For example, their figure of unemployment in Glasgow stood in March at 87,603 against a figure of just over 16,000 in Birmingham. For the most part, their industries were of a type to which recovery came late in the economic cycle. One of Scotland's great disadvantages was the narrow basis of its economic structure. The Government re-armament programme offered a special opportunity to assist the Special Areas by giving them preference not only as regards contracts but as regards sub-contracts. It was the stated policy of the Government to give this preference as regards contracts, and they hoped it might be the practice. If before the next period of depression they could not achieve an increase in the variety of their industries and particularly in the development of lighter engineering trades, they should, when such depression came, be relatively in a worse position than at the time of the last slump compared with other areas in Britain.

In introducing what was presumably his last Budget, Mr Chamberlain had caused great anxiety on account of the indefinite nature of the provision for raising a contribution from industry for national defence. They all agreed that Mr Chamberlain had performed outstanding services as Chancellor in restoring the credit of Great Britain, in maintaining cheap money over a period of six years, and in protecting trade and industry against abnormal competition. The country supported the policy of rearmament, and it was salutary to recognise that large Government expenditure, for whatever purpose, must be paid for. They accepted both the necessity to pay and the principle that those who benefit by the expenditure should pay at least their full share of the cost. But it was clearly our duty to call immediate attention both to the discriminatory character of the national defence contribution and to the effect which it seemed bound to have on those areas in which recovery came late in the economic cycle.

If they turned to the bank's balance sheet they would see, on the liabilities side, that deposits were higher by £880,000 at just under £33,000,000, and that notes in circulation showed a further increase of £104,000—a sign of improved trade and turnover.

Profits of £318,000 were very much the same as last year, and the dividend of 18 per cent. was the same as for a considerable period. This represented only 7 per cent. on their combined capital and reserves and, of course, less than that on the whole of our own resources. Ordinary banking business was still far from remunerative, and it was only because of the conservative policy pursued in the past in not distributing too much that they were able to make such a good showing.

The report was unanimously adopted and a dividend at the rate of 18 per cent. per annum declared.

CALEDONIAN INSURANCE COMPANY

SATISFACTORY RESULTS—RECORD NEW LIFE BUSINESS

MAJOR-GENERAL SIR WALTER MAXWELL SCOTT'S ADDRESS

The one hundred and thirty-second annual general meeting of the Caledonian Insurance Company was held, within the company's office, Edinburgh, on May 6, 1937.

The chairman, Major-General Sir Walter Maxwell Scott, Bt., C.B., D.S.O., in moving the adoption of the report, said:—Ladies and gentlemen,—The annual report and accounts for the year 1936 have been before you for some time. I presume, therefore, that I may take them as read.

LIFE DEPARTMENT

The net new life assurances granted during 1936 amounted to £2,039,320, the premiums thereon being £68,300, including £19,064 by single payments. The new sums assured of £2,039,320 constitute a fresh record and compare with £1,685,886 for 1935, which in itself was a record for the company.

The death claims for the year 1936 were £236,764 as compared with £207,284 in the previous year, but were within the expectation of the new mortality table, to which I shall refer later. The surrenders amounted to £65,151 as compared with £62,674 for 1935.

The expenses for the year 1936, excluding those applicable to annuities, showed a slightly lower ratio to premium income, the figure being 15.8 per cent. as compared with 15.9 per cent. for 1935.

The average rate of interest on the combined life assurance and annuity fund (excluding reversions purchased) was £4 os. 4d. per cent. after deduction of income tax, as compared with £3 19s. 3d. per cent. for the previous year.

In comparison with the figures of a year ago the valuation of our Stock Exchange securities, as at December 31st last, shows a further substantial appreciation over the values at which the securities stand in the life balance sheet. In accordance with our usual practice, in arriving at the market value in the case of all securities quoted in currencies other than sterling the rates of exchange on London as at December 31st last have been used.

The results of the triennial valuation of the life fund are set out in the report, and you will see therefrom that the rates of bonus declared for the three years ended December 31, 1936, were £2 2s. per cent. per annum in the sum assured for whole life assurances, and £2 per cent. per annum for endowment assurances. In arriving at these results, the recently published mortality table of the Faculty and Institute of Actuaries, known as the A 1924-29 Table, was used on this occasion for valuing the liabilities under the life assurance contracts, and the rate of interest assumed was 2½ per cent. instead of 3 per cent. as on previous occasions. The additional reserve for contingencies has been maintained at £30,000, and the carry-forward, after providing for the bonus distribution, is £98,348 as compared with £103,174 brought forward from the 1933 valuation.

I think you will agree that these results are satisfactory, especially as they have been arrived at without taking into account any part of the appreciation in value of the Stock Exchange securities.

The directors have resolved that the same rates of bonus as have been declared for the past triennium shall be paid as interim bonus in the case of policies becoming claims during the year 1937, and that the rates for policies becoming claims in 1938 and 1939 shall be determined at the beginning of each of these years, having regard to the conditions prevailing at the time.

FIRE, ACCIDENT AND MARINE INSURANCE ACCOUNTS

There are two innovations in these accounts to which special attention has been drawn in the annual report. The first is the combination of the various accident accounts into one account, as foreshadowed in my predecessor's speech a year ago. The second innovation is the discontinuance of our former practice of allocating interest to the fire, accident and marine revenue accounts—all such interest having been carried direct to the profit and loss account for 1936. These changes have been made with a view to simplifying our accounts.

FIRE DEPARTMENT

As you will see from the report, the premium income for the year was £714,938 compared with £733,294 in the previous year, and the profit (excluding interest) was £70,289 compared with

£82,499 for the year 1935. The fire fund on December 31, 1936, amounted to 110 per cent. of the premium income for the year.

ACCIDENT DEPARTMENT

The combined account shows that the total premium income for 1936 was £521,323 as compared with £483,674 for the previous year, and that the profit (excluding interest) was £16,415 compared with £17,313 for the year 1935. The total accident fund on December 31, 1936, amounted to 78 per cent. of the premium income for the year.

MARINE DEPARTMENT

The premium income for 1936 was £86,208 as compared with £86,218 for 1935. The first year's claims in 1936 were £16,336, being 19 per cent. of the premium income.

After a transfer of £10,000 to the profit and loss account, the marine fund at December 31st last amounted to £173,728, representing 201 per cent. of the premium income for the year.

GENERAL RESERVE FUND

This fund, which is additional to the departmental funds previously mentioned, has been increased as at December 31st last to £575,000 by a transfer of £25,000 from the trading profits of the year.

STAFF PENSION FUND

The balance of this fund as at December 31st last, after crediting interest received and charging pensions paid during the year, was £115,807. This amount appears in the general balance sheet as a loan from the trustees of the staff pension fund, in security of which specific Stock Exchange investments are now held.

PROFIT AND LOSS ACCOUNT

You will observe that on this occasion only one-third, namely £12,871, of the shareholders' portion of the life profits for the triennium has been transferred to profit and loss account, instead of the whole portion of £38,614. The balance of £25,743 appears in the general balance sheet, and will be transferred to profit and loss account in 1937 and 1938 by two equal instalments.

The balance at credit of profit and loss account at December 31, 1936, including the sum brought forward from the previous year, amounted to £271,798. Out of this sum, the directors recommend that £15,000 be carried to the staff pension fund as at January 1, 1937, and that a dividend be declared at the rate of 15s. per share, subject to deduction of income tax, to be paid by equal half-yearly instalments on May 15th and November 11th next.

It was stated in the annual report that the dividend recommended would cost £88,641 (after deduction of tax at the then current rate of 4s. 9d. per £), and, together with the allocation of £15,000, would absorb £103,641, leaving a balance of £168,157 to be carried forward, compared with £154,726 brought in from the previous year.

Since the report was issued, the rate of income tax has been increased to 5s. per £, but provisional relief in respect of Dominion income tax has now been agreed with the Revenue authorities at 3d. per £, so that on this basis the cost of the net dividend for the year would remain unaltered at £88,641. Before payment, however, of the instalment of dividend due in November, 1937, an adjustment in respect of Dominion income tax may be found necessary. Any such adjustment would alter the cost of the net dividend paid and the balance on profit and loss account to be carried forward to the 1937 account.

GENERAL BALANCE SHEET

From the directors' certificate appended to the general balance sheet you will observe that the Stock Exchange securities stand in the aggregate at less than the value at middle market prices at December 31, 1936. As in the case of the life department, in arriving at the market value of all securities quoted in currencies other than sterling, the rates of exchange on London as at December 31st last have been used.

UNITED STATES BRANCH

In the course of his speech a year ago my predecessor mentioned that plans had been approved by the directors for the construc-

tion of a modern building in Hartford, Connecticut, for our United States branch. I am glad to be able to inform you that the building has now been completed, and that, from the photographs and general information we have obtained from our United States manager, we feel sure that the building, designed by Mr Carl J. Malmfeldt, of Hartford, will be worthy of the standing of the company. Amongst special features of the building will be a reproduction in bronze of the company's coat of arms. This has been modelled and cast by Mr Charles Henshaw, of Edinburgh, for the pediment over the portico. The formal opening ceremony is to take place on June 2nd, and, to mark the occasion, it has been decided by the board that my successor as chairman Mr Wallace Cowan, and I, together with the general manager, should be present at the function. It is also our intention to visit some of our principal connections in New York and Montreal and in certain other centres in the United States and in Canada.

LONDON BRANCH

During the past year Sir Walter St. David Jenkins, C.B., C.B.E., accepted a seat on our London board on his retirement from the important position of Director of Navy Contracts at the Admiralty. We consider that we have been fortunate in securing his services.

OFFICIALS, STAFF AND AGENTS

Our annual general meetings are the only occasions on which the shareholders and the board of directors can join in giving recognition to all the good work done by the general manager, officials and staff at the head office and branches, and by the company's agents and representatives, including the marine managers and the underwriter. The progress made by the company is due to their loyalty and efficiency. You will, I know, join with me in offering them our appreciation and thanks for their services during the past year.

I now beg to move, ladies and gentlemen, that the report be adopted, that the allocation of £15,000 to the staff pension fund be approved, and that a dividend of 15s. per share, subject to a deduction of income tax, be declared for the year 1936, payable in equal half-yearly instalments on May 15th and November 11th next.

The report and accounts were adopted.

EQUITABLE LIFE ASSURANCE SOCIETY

RECORD NEW BUSINESS

The one hundred and seventy-fifth annual general meeting of the Equitable Life Assurance Society was held on the 5th instant, in London.

Mr H. L. M. Tritton (the president) said that the new life business for 1936 amounted to over £1,700,000—the largest amount of new sums assured ever obtained by the society. During the year 1936 every £1,000 whole life with profits policy which became a claim had, on the average, brought in £2,290. He had always maintained, and should continue to do so, that this fact was the finest advertisement that any insurance office could have, and he did not believe any other office in the world could approach the old Equitable's record in this respect.

The funds had grown by about £650,000, and, broadly speaking, it might be said that for some years now the annual rate of increase in the funds had been about £500,000. In arriving at the total funds the assets were taken at or under middle market prices as at 31st December, 1936, and there was a substantial margin not only in the Stock Exchange securities, but also in the society's interest in its three subsidiary companies and its freehold and leasehold properties. Opportunity had been taken to increase the loans on parochial and other public rates by about £200,000 in comparatively short-term investments. The amount invested in debenture stocks had increased by about £350,000, while freehold property had increased by about £80,000. This was partly due to the purchase of income-producing property and partly to the purchase of two buildings adjoining the office, one of which was now being rebuilt and amalgamated with the present office of the society in Coleman Street.

In spite of the difficulty of finding remunerative investments at the present time, it was satisfactory to record that the net rate of interest, after deduction of tax, was still well over 4 per cent.

Looking to the future and bearing in mind the increase in the rate of income tax, some further reduction in this rate was to be expected, and this would be accentuated if there were a continuance of the low rate of interest on which new investments could be obtained.

The report and accounts were unanimously adopted.

ALLIANCE ASSURANCE COMPANY, LIMITED

A SATISFACTORY YEAR

The annual general court of the Alliance Assurance Company, Limited, was held on the 5th instant at the head office, Bartholomew Lane, London.

Mr Lionel N. de Rothschild, O.B.E., the chairman, said that they had been operating in Spain for some ten years. The bulk of their business there was ordinary fire insurance and they did not anticipate any serious claims. In a number of cases they had granted cover against risk of damage from riot and civil commotion, but that did not give protection against civil war. In various other countries they had suffered from an extension of restrictive legislation and discrimination in favour of national companies and, in view of that and of the unstable exchanges, he was afraid that the outlook in the foreign field was not too brilliant.

They had not been altogether unprepared for developments abroad and had endeavoured during the last few years to extend their home business in order to compensate, as far as possible, for the probable loss of foreign business. The results of the home business during the past year had been very favourable and he was sure that the accounts and balance sheet would be regarded as quite satisfactory.

DEPARTMENTAL RESULTS

The new Life business was a few thousand pounds less than in the previous year. Ordinary life business had increased, but there had been a falling off in business transacted under special schemes for building societies. They had every reason to anticipate that at the close of the quinquennium on 31st December, 1938, the surplus for distribution would be satisfactory.

The fire business was that which had been most affected by foreign events. Nevertheless, owing to the development in home business, they could congratulate themselves on the results of their trading operations in the fire department during the past year. The fire fund was now about 150 per cent. of the fire premium income, so that the position of the account was one of exceptional strength. In the accident department there was a further substantial increase of nearly £60,000 in premium income. To that increase practically all the many sections of the business comprised in the term "Accident" had contributed.

MOTOR BUSINESS

The results of the motor business showed an improvement which was particularly gratifying in view of the conditions which prevailed with regard to underwriting and the settlement of claims. An increasingly important section of the company's activities in the accident department included the issue of administration and other forms of Court Bonds as well as indemnities relating to various types of contingency arising out of legal and financial transactions. An equally important section dealt with public liability indemnities.

In the marine account their net premium income for the year was about £10,000 higher, no doubt due to the greater activity in trade. Both at home and abroad their cargo business had improved. The account for 1934 had been closed, and the balance in respect of that year was £70,070. They had placed £25,000 to suspense account and the balance of £45,070 had been transferred to profit and loss account.

THE TRUSTEE DEPARTMENT

The trustee department continued to develop satisfactorily and the total funds which were now administered in that section amounted to £17,000,000. Those, of course, were entirely independent of the company's assets and were not included in the accounts.

Turning to the profit and loss account, they had again transferred £150,000 to the general reserve, which now stood at £1,650,000, and £50,000 to the staff pension fund. Including the £100,000 additional reserve in the fire account, and allowing for a reduction of about £13,000 in the carry-forward, the final result was that after paying their dividend and all expenses their reserves had been increased during the year by nearly £287,000.

With regard to their assets, the excess of market values over book values at the date of the balance sheet was actually greater than on any previous December 31st. Since the close of the year there had been a sharp fall in price, which had been greatly accentuated since the introduction of the Budget. He thought it no exaggeration to say that the proposed National Defence Contribution Tax had been a severe shock to the City. It was to be hoped that the modifications which the Chancellor had promised to make in the original proposals would achieve the objects which he had in view.

The report was adopted.

ATLAS ASSURANCE COMPANY, LIMITED

SATISFACTORY RESULTS IN ALL DEPARTMENTS

NEW LIFE BUSINESS RECORDS

MR F. A. JOHNSTON ON CONDITIONS ABROAD

The annual general court of proprietors of the Atlas Assurance Company Limited was held, on the 30th ultimo, at the Chartered Insurance Institute, 20 Aldermanbury, London, E.C.

Mr F. A. Johnston (chairman of the company), in the course of his speech, said:—In view of the continued difficulties in carrying on our foreign business to which I have had to allude on previous occasions, the account we submit to you to-day may be considered very satisfactory.

FIRE DEPARTMENT

In our fire department the premium income was almost identical with that of 1935, and it would have been larger by some £30,000 had it not been for loss on exchange caused by devaluation of certain Continental currencies. This particular account calls for no further comment by me except to point out to you that the ratio of profit of 10 per cent. is distinctly good.

ACCIDENT DEPARTMENT

In our accident department the account shows a steady increase in the premium income. Both home and foreign business have contributed to this development. The ratio of profit at 6.1 per cent. is somewhat lower than that of last year, but a substantial contribution is nevertheless made by this particular department to profit and loss account. We have in the past been very fortunate in our accident results, but restrictive legislation in certain areas leaves us almost in the position of rendering social service with little, if any, profit to the company. It is possible for that reason, therefore, that we may as time goes on have to be content with a more modest return from this department unless the volume of our accident business increases sufficiently to offset to some extent the effects of what I have mentioned.

PROGRESS OF MARINE DEPARTMENT

In our marine department we had in 1936 a very satisfactory year. Claims were below normal. The increasing cost of repairs, owing to the rise in prices and to other causes, are, however, likely to be reflected in the claims of the current year. After the transfer of £200,000 to our general reserve fund, to which I shall presently refer, the fund of £240,108 remaining in this account is sufficient to run off the entire account and to still leave a substantial margin of profit.

RECORD NEW LIFE BUSINESS

The life department is able to record once more an increased business. Premium income and interest revenue both show larger figures, in each case constituting a fresh record. The new business in 1936 of £4,315,147 was £750,990 larger than that in the previous year, and also constituted a record in progress. Interest on the life funds yielded on the average fund for 1936 a return of £4 8s. 6d., after deduction of income-tax, against £4 10s. 4d. in the previous year.

The life profit for the past year was £281,573, to which has to be added £307,516 brought forward, making a total of £589,089. Of this sum £60,000 has been used to increase the additional reserve in our valuation from £550,000 to £610,000, £40,000 has been applied to strengthening the reserve held against future bonuses under limited payment policies, and £43,144 to interim bonuses and to the usual payment to the proprietors, leaving a balance of £445,945 to be carried forward. Ignoring interim bonuses it seems probable that our bonus at the end of 1937 at the current rate of 42s. will cost approximately £525,000. You will see, therefore, in what a very strong position the life department finds itself with a carry-forward of £445,945 at the end of the second year of the current triennium.

STRONG FINANCIAL POSITION

You will have noticed in the annual report a readjustment of the company's reserves, a reform which we have for some time wished to introduce and which has now been carried out. It will give a clearer picture of the company's financial position.

The fire fund has, as you are aware, up till now contained two reserve funds, 40 per cent. being a reserve for unexpired risks and 60 per cent. a free reserve, and I may here incidentally remark that from a long experience 40 per cent. is a more than ample provision for unexpired risks. The free 60 per cent. in

the fire fund, amounting to £1,311,403, has now been transferred to the general reserve fund, and we have dealt in a somewhat similar manner with our accident and marine reserves, transferring to the general reserve from those free funds £100,000 and £200,000 respectively.

These particular transfers, with a contribution of £138,597 from profit and loss account, create, with the amount of £250,000 already in the general reserve, our new general reserve fund of £2,000,000. You will appreciate, I am sure, our objects in making this alteration, not the least benefit of which is the facility with which people at home, and especially abroad, will now be able to appreciate at a glance the strong financial position of the company.

PROFIT AND LOSS AND DIVIDEND

If you will look at our profit and loss account you will, I think, see a satisfactory picture; the comparison with the previous year is rather confused and obscured by the transfer of £138,597 to our general reserve fund from "profit and loss," but as this transfer is made from past profits the true surplus for the year 1936 after payment of income tax and expenses, making a transfer of £25,000 to our staff pension fund, and providing for the dividend, is £101,589, against £102,203 in 1935. That amount goes to strengthen the company's reserves. It may interest you to know that since the year 1931, the year in which this country went off the gold standard, the surplus income left in the profit and loss account or added to reserves has amounted to £622,000, in addition to which £95,000 has been added to the company's staff pension fund.

Owing to the transfer to the general reserve, to which I have already referred, the carry-forward to 1937 has been reduced from £348,682 to £311,674, but remains nevertheless at a substantial and satisfactory figure. We pay to you on 1936 account the dividend which shareholders have now received for some years—namely, 8s. per share, free of income tax.

OVERSEAS BUSINESS DIFFICULTIES

The rise in the wholesale prices of commodities which has taken place during the past six months is, of course, of immediate advantage to the business of insurance companies, whose revenue is benefited in many directions by the consequent increase in the value of insurable goods. Such an advantage, however, when the gold standard was practically universal and allowed to function in a healthy manner, was more distinct than it is to-day, when trade is liable to be harassed by currencies of uncertain value.

It was recently pointed out by a distinguished financial authority that a *de facto* stability of currencies is not enough and that until currencies had been fixed *de jure* it was idle to look for any recovery in world trade, and he was certain that whatever currency system was finally adopted it would be incomplete if it lacked a physical backing of gold. That is an opinion which, rightly or wrongly, appeals, I think, to the ordinary man of business far more than idealistic conceptions which often seem to lack the possibility of practical application. I refer particularly to this subject as it has assuredly an important bearing upon our interests and upon those of other insurance companies carrying on a foreign business.

TRADE AND NATIONALISM

It is evident, I think, that the currency regulations which are in force in certain countries and the quotas and the restrictions against which traders have now rather wearily to contend almost force nations to impose tariffs not, as the authority I have quoted remarked, for revenue purposes, but in order to bolster up a policy of economic self-sufficiency.

I need not point out to you how prejudicial to the interests of insurance companies with foreign connections a continuous policy abroad of economic self-sufficiency may in the long run be. Nationalism may sound a fine word to the unreflecting, but it does not make for world prosperity in trade. I think one may claim, however, that the world is slowly moving on to a healthier plane in financial matters, and insurance men, whose outlook is world-wide, will greatly welcome the advent of happier conditions.

The report and accounts were unanimously adopted.

LONDON AND LANCASHIRE INSURANCE COMPANY, LIMITED

INCREASED PREMIUMS AND INTEREST EARNINGS

BALANCE OF WORLD TRADE

The seventy-fifth ordinary general meeting of this company was held, on the 5th instant, in London.

Sir Frederick Pascoe Rutter (governor and chairman), in proposing the adoption of the reports and accounts, said: For generations we have been dependent upon our world-wide commerce, built up on a Free Trade policy, the open door. That open door had to be slightly closed in self defence, but our power, our position, would obviously be of little account unless we had our close association with so many great countries throughout the world—that association producing so much of the business upon which we live.

Now, let me illustrate what I have been endeavouring to say by a few figures, from which you can easily draw your own conclusions, and I think you will then realise that these are still much to be desired. You are all aware of the simple statement, which is axiomatic, that, if there is an excess of imports over exports, this can only be practically, truly, offset by what are called invisible exports—the income from our operations overseas, interest on foreign investments, shipping, banking and insurance.

You are also aware that, in theory, if it could be attained, it would be preferable if our exports could be made to balance our imports. But this, from the nature of our world-wide commerce, and of our position as a large creditor, is impossible; and when you get an exceptional and considerable incident—such as this re-armament programme—disturbing the equilibrium, it has had the natural effect of further increasing our imports to a much greater extent than our exports. The importance of this factor has been accentuated by the figures which have been published for the first three months of this year, which show that the visible adverse balance is much greater than it was in 1936, and still more so than 1935. Hence, there is so much more leeway to be made up by the invisible exports if the account is to be balanced at all.

Comparing then our position with that of 1929, and taking that at 100 per cent., in 1933 it was only 70 per cent.—a drop of 30 per cent.—but, in 1936, it had recovered 10 per cent. of that drop, and at the present moment you can assume our world trade to be about 80 per cent. of what it was seven years ago.

Then take the invisible exports. In 1929, they were 460 millions; by 1932 they had fallen to 260 millions; but, by 1936, they had recovered to 330 millions. That recovery came from income from foreign investments, to a less extent from shipping, and, I am sorry to say, there has been no apparent recovery in the other sections, particularly banking and insurance. This, I think, will be explicable to you because of the nationalism, restrictions to trade, and other embarrassments which have hampered both the banks and insurance companies during the past decade.

GRATIFYING RESULTS

To deal now briefly, but, I hope, clearly, with our operations in 1936, I believe you will have concluded that, considering everything, it was again another good year. For it was rife with problems and difficulties, and as regards that important section America, it had to bear the consequences of the reduction in rates promulgated in 1935.

In any case, I am sure you will be struck with the soundness of the account, in that each department contributed so fairly and well to the profit.

The premiums amounted to £6,225,193—an increase of £183,098, of which £163,006 came from the accident department, £85,771 from marine and there was a decrease of £65,679 in the fire. This decrease was only to a small extent due to the United States, and was chiefly caused by disturbances on the Continent and depreciated currencies. And, if Continental countries are so myopic as to go on sabre rattling, quarrelling amongst themselves and taking sides, there is of course no likelihood of any early improvement.

FIRE BUSINESS

Our home business was quite steadily satisfactory and produced the usual handsome result.

Generally speaking, our foreign business proved quite lucrative with the exception of America, where the profit from the United

States produced only a little over three per cent. against almost ten per cent. in the previous year. Canada is often a reflex of the United States, and there also the premiums were less and the profit only half of what it was in 1935. Notwithstanding these drawbacks, the total fire profit amounted, after the usual 40 per cent. correction, to £357,202, or 13 per cent. against £443,789, or 15.8 per cent., in 1935.

The accident department is now the one from which, without pressing, we expect and receive a gradual accretion of income. Indeed, as in the United States, casualty business seems to be gradually outstripping in volume the business of the fire departments.

I am glad to say that each of the accident sections, to a greater or lesser degree, contributed to the total profit of £107,025, or 4.5 per cent., against £72,717, or 3.3 per cent. in the previous year.

The marine business, whilst not up to the high water mark of 1935, yielded the substantial profit of £129,520, or 11.5 per cent., against £185,508, or 17.8 per cent., in 1935.

We therefore have a total profit, before deducting British income tax, of £593,747, or 9.5 per cent., against £702,014, or 11.6 per cent. And, if you could count upon as good a result in every year, I am sure you would be more than satisfied.

LIFE DEPARTMENT

The life business I do not propose to refer to in any detail, because, as you are aware, it is transacted entirely through the medium of The Law Union and Rock. You will be glad to have found that the conduct of this life business and its healthy progress during the past year gave ground for general satisfaction, and I hope you will kindly remember to give this life department your individual support.

INTEREST EARNINGS

Our interest last year showed some improvement, which, to me, was very welcome, because, on your account, I had watched with regret the yearly diminution which had been taking place, due to the causes of which you are all well aware. It was therefore satisfactory for us to find at the end of the year that there was an advance in income from the yield both on actual investments and property, the result being that, apart from the life surplus, there was a total of £481,952, as against £474,099 in 1935. I am hopeful that this means at last a real turn in the tide and that a steady recovery may take place.

The appreciation in the actual market value of our investments, which I have referred to annually, continued, as you would naturally expect, during the financially prosperous year with which I am now dealing. And, if we could only be certain of it, and secure it, we should have a very handsome sum to place to our credit.

Summarising, then, you will find from the profit and loss account that, after including the surplus from the fire, accident and marine accounts, the interest, and, on the other hand, the debits for pension funds and for the dividend of £573,000 for the year, there remains a credit in the profit and loss account to be carried forward of £2,461,006, as against £2,134,191 for last year.

SEVENTY-FIVE YEARS PROGRESS

You will have noticed from the report that we have now completed seventy-five years of our existence and, having in remembrance the serious difficulties which the company encountered at its inception, it must be a source of considerable gratification to many of you who have—in some cases to my knowledge for forty or fifty years—continued your allegiance, to know that we have reached this stage in our career, robust, and with an organisation and a name which time has established so indisputably.

The one important convincing fact which each succeeding year has shown you, is that, whatever may happen to British insurance; whatever disconcerting and troublesome incidents may arise, this company, by its record and by its prestige, remains firm upon the solid foundation which has earned for it its exceptional reputation, not only in this country, but in every other country, as I have had so many vivid opportunities of learning and appreciating.

The report and accounts were unanimously adopted.

GRESHAM FIRE AND ACCIDENT INSURANCE SOCIETY, LIMITED

SATISFACTORY RESULTS

FINANCIAL POSITION STRENGTHENED

The twenty-seventh annual general meeting of Gresham Fire and Accident Insurance Society, Limited, was held on the 6th instant, at the head office of the society, 188/190 Fleet Street, London. The Hon. W. B. L. Barrington (the chairman) presiding.

The Chairman said:—In the fire account, the premium income of £125,495 is less than in the preceding year by £7,231, but I am glad to be able to tell you that this is not due to any loss of business or connections but to the substantial fall in the value of certain foreign currencies. On the other hand, the claims are lower by £7,529, and the ratio at 50.5 per cent. has improved by nearly 3 per cent.

The amount of commission and expenses has fallen but not quite proportionately to the decrease in income, so that the ratio is higher at 45 per cent., against 43.6 per cent. in the previous year. The profit in the account amounts to £6,897, which represents 5½ per cent. of the net premiums, and this sum has been transferred to the credit of the profit and loss account. You will notice that the additional reserve of £10,000 which has been built up during the last few years, has now been transferred to the general reserve in accordance with the decision of your board to consolidate the society's free reserves, as far as possible, under one heading.

In the accident account the premiums amounted to £212,385, an increase of £15,903, while the ratio of claims has fallen from 49 per cent. to 47.4 per cent. Having regard to the fact that this account contains a large proportion of motor insurance, this ratio may be considered very satisfactory.

The commission and expenses are somewhat higher at 44.8 per cent., against 44.1 per cent. in 1935, but the profit ratio is 2 per cent. better at 5.1 per cent. The profit of £10,951 has been transferred to the credit of the profit and loss account and the additional reserve of £10,000, as in the case of the fire account, has been transferred to the general reserve.

The valuation of the society's investments as at the 31st December last discloses a further improvement in the position, the excess of the market value over the book value having increased materially during the year. I need hardly remind you that the reserve constituted by such a surplus provides a margin of security on any reversal of the trend of investment values experienced during the last few years. The investment reserve fund of £50,000 affords us in its entirety an important additional protection against fluctuation contingencies.

The profit and loss account, after crediting the underwriting profits, the interest income and other items and debiting taxation and directors' fees, shows an available balance of £38,592 against £31,022 in the preceding year. Out of this balance your directors have allocated £10,000 to the general reserve and £5,000 to staff pension reserve and recommend the payment of a dividend at the rate of 6 per cent. less income tax, absorbing £13,500. This will leave to be carried forward in the account the sum of £10,092 as against £8,079 brought forward from 1935.

During the past year progress has been made with the scheme for closer co-operation with our parent company, the Gresham Life Assurance Society, and for unity of working with the Legal and General Assurance Society which I mentioned a year ago. Although it is too early yet to expect to see material results from these efforts, much preliminary work has been done and the prospects in this direction are encouraging.

Once more may I remind you that in our opinion it must be our primary consideration for many years to build up reserves so that the Society's financial position may be unassailable. The importance of this can hardly be exaggerated and it goes without saying that the necessary provision can only be made out of the profits earned by the society. The process is necessarily slow if combined with due underwriting caution, but shareholders must be patient and will I know approve the conservative policy which first of all aims at strengthening reserves and providing the absolute security which the society must offer to its policyholders, and adopt as a secondary consideration an increase of dividends. In due course the latter should naturally follow the former.

On the whole, I think the operations of the year may be considered satisfactory, and I now beg to move: "That the directors' report and accounts be approved and adopted, and that a dividend for the year 1936 at the rate of 6 per cent., less income tax, be paid upon the paid-up capital of the society."

The report and accounts were unanimously adopted.

GRESHAM LIFE ASSURANCE SOCIETY LIMITED

CONTINUOUS PROGRESS

PREMIUM INCOME PASSES MILLION MARK

The eighty-eighth ordinary general meeting of the Gresham Life Assurance Society Limited was held, on the 6th instant, at the chief office of the society, 188-190 Fleet Street, London.

The Hon. W. B. L. Barrington, the chairman, presided, and in the course of his speech said:—The figures which are submitted to you to-day are, I think, satisfactory evidence of the continued progress of the society notwithstanding the fact that during the year we were compelled to cease our activities in Spain, where, as you know, the Society has transacted a large and progressive life business for many years. During the twelve months under review the society issued 8,308 life and endowment policies assuring the sum of £3,758,931, this being a net figure after deduction of re-assurances.

The total net premium income shows an increase over the previous year's figure of no less than £98,887. It has now passed the million mark, the actual amount received being £1,096,723. The total income of the society from premium, interest, dividends and rents was £1,544,491 and the total assets of the society increased by the sum of £474,164 and now amount to £10,661,326. The average net rate of interest realised on the society's funds was £4 6s. 3d. per cent. compared with £4 8s. 9d. per cent. in the previous year. It is a matter of regret that I should have to record this further fall in our rate of interest, but having regard to the trend of yields over the past few years, the reduction will not be unexpected. In the circumstances, I think that the rate earned can be considered as satisfactory.

The usual valuation of assets has been made as at December 31st last, and this showed again a value in excess of the book values appearing in the balance sheet.

Whereas it is impossible to anticipate the result of the terrible conflict in Spain so far as it will affect our business in that country, I would like to emphasise the fact that as the society's assets and liabilities are in the same currency, we have no reason to fear any loss which need give us cause for concern.

As foreshadowed in my speech last year, our business in India has now been entirely reorganised, and in lieu of our previous representation we have established a branch office in Bombay under the management of British officials. A valuable site has been acquired in the best part of the city, where a building is now in process of erection which will become our new chief office for India, Burma and Ceylon. We look forward to a satisfactory expansion of our business in that part of the world.

I should now like to offer our congratulations to Mr Stebbing, our manager and secretary, on the results of the year and to express to him, to our chief officials and to all members of our staff both at home and abroad, our thanks for the valuable services they have rendered. In this expression I desire, as usual, to include all our branch managers, agency representatives and connections to whose loyal co-operation we are indebted and whose support has contributed so largely to the satisfactory results attained.

With regard to our managing director, Mr Workman, I will content myself with saying, as before, that his qualities and experience make him invaluable to the society, and that he never spares himself in his efforts towards progress and efficiency. I am sorry to say that Mr Stebbing has expressed a wish to retire owing to ill-health and advancing years, and in deference to this wish the directors have reluctantly agreed to release him from the responsibilities and cares of office on June 30th next.

Mr Stebbing joined the society on August 2, 1888, and for more than 20 years of his 49 years' service occupied positions of responsibility abroad. He became assistant manager in July, 1930, and was appointed chief officer on January 1, 1934. He has served the society faithfully and well during all these years, and we all trust that he may be restored to health and be able to enjoy a well-earned leisure for many years to come.

To succeed Mr Stebbing the directors have appointed Mr David McAfee, F.C.I.I., as manager and secretary of the society as from July 1st next. Mr McAfee has been assistant manager since April 1, 1935, and we feel confident that in him the society will have an able and conscientious leader. As from the same date the directors have appointed Mr H. C. H. Highton, who has been our superintendent of foreign branches since March, 1935, to be assistant manager, and Mr N. P. Mogensen, who has been in our service since January, 1900, to be assistant secretary. To all these new officials we tender our good wishes.

The report and accounts were unanimously adopted.

FRIENDS' PROVIDENT AND CENTURY LIFE OFFICE

AGGREGATE FUNDS NOW OVER £18,000,000
MR HAROLD J. MORLAND'S ADDRESS

The annual general meeting of the Friends' Provident and Century Life Office was held, on the 5th instant, in Edinburgh.

Mr. Harold J. Morland, M.A., J.P., F.C.A. (the chairman), in the course of his speech, said: You will have seen from the report that the new life assurances have once more made a considerable advance, reaching the new record of £2,502,110, which, together with the Century's contribution of £215,861, gives a total of £2,717,971.

The annuity premiums received amounted to £1,291,188. We now provide facilities whereby persons of, say, 60 or over may invest their capital with the office, receiving either 5 per cent. or 6 per cent. income thereon for their lives, with the guaranteed return at death of an agreed substantial proportion of the capital. Thus not only is an adequate income secured, but the trouble and responsibility of investment supervision is avoided.

The sinking fund new business of the Friends' Provident and the Century together amounted to £1,282,592.

The life premium income advanced by £29,133. This trend was even better than it appears, because single premiums were £4,441 less than for 1935. The relative expenses were moderate at 15.14 per cent. The mortality experience was very favourable. The amount of the claims by death was only £190,098, which was £8,777 less than for 1935, and £89,848 below the figure for 1934, notwithstanding the larger business on the books. The proportion of actual to expected claims under the British offices A 1924-29 table was 65 per cent.

INTEREST RATE

The interest rate earned on the life and annuity assurance fund was £4 16s. before, and £4 1s. 11d. per cent. after, deduction of income-tax. It will be seen that, although the current rate of income-tax averaged over 4s. 8d. in the pound for 1936, the net effective rate suffered was about 2s. 11d. The reason for this reduction is that a rebate of income tax is allowed in respect of commission and expenses of management, and it is only the net cost of the income tax which is finally deducted from the gross interest. There is also available a credit for income-tax in respect of the amounts applicable to annuity payments. Some life offices, as in our case, deduct this from the annuity payments: others apply the credit to improve the net rate of interest earned on the combined life and annuity fund. This difference of method in some instances at least will result in a large variation in net interest rate. If we had adopted the alternative method the net interest rate would have been £4 8s. 9d. per cent. for 1936, an apparent improvement of 6s. 10d. per cent.

CENTURY REVENUE ACCOUNTS

The fire and accident premium income from Great Britain and Ireland, which derives much support from the holders of life policies, is steadily rising. We are looking forward to further progress, especially in this home field, for our well-established and completely equipped fire and accident departments.

The year's results shown by the Century were generally satisfactory. The profits transferred from underwriting accounts, excluding interest, amounted to £53,328; interest, after deduction of income tax, came to £48,635.

The investments of the Friends' Provident, the Century, and of their associated companies are under centralised control. In the case of the largest funds, those of the Friends' Provident, endeavour has been made to hold at least half the investments in secured loans, mortgages, ground rents, and office properties, which, subject to the underlying security being adequate, are little subject to fluctuations in capital value. At the end of 1936 the proportion in these less variable categories was just over 50 per cent.

The aggregate funds during 1936 were increased by over £2,000,000, and now exceed £18,000,000, of which nearly £13,500,000 relates to the Friends' Provident.

Our annual survey of the staffs at our head offices and branches has impressed your directors afresh with the quality of the service rendered by those upon whom the responsibility rests of maintaining and enhancing the reputation of our combined offices.

Mr. Robert H. Marsh, F.C.A., seconded the adoption of the report, which was carried unanimously.

The elections of directors and appointment of auditors were made.

NORTH BRITISH AND MERCANTILE INSURANCE COMPANY, LIMITED

CONTRIBUTION OF ALL DEPARTMENTS TO
GOOD RESULTS

The 127th annual general meeting of the North British and Mercantile Insurance Company Limited was held, on the 5th instant, in Edinburgh.

The Rt. Hon. The Viscount Wakefield of Hythe, G.C.V.O., C.B.E., L.L.D. (the chairman), in the course of his speech, said: I should first like to refer to certain changes in the directorate and management of the company. To our great regret Mr Robert Cross resigned at the end of the year for reasons of health. He had held office as a director for upwards of 35 years. During the whole of that time he took a keen interest in the affairs of the company and we wish to record our high appreciation of the valuable services which he rendered for such a long period.

I am also extremely sorry to say that Sir Arthur Worley decided to retire from active management at the end of the year and tendered his resignation of the position of managing director. Sir Arthur has always given to its business his unremitting care and attention and has assiduously applied his outstanding abilities to its advancement. I am glad to say that he will be willing to retain the office of deputy chairman. The Hon. Robert H. Brand has been elected a deputy chairman of the General Court of directors and his added help in this capacity will be of great value to us. Following Sir Arthur Worley's retirement, Mr H. S. Milligan was appointed general manager; Mr Thomas Frazer deputy general manager and secretary; and Mr A. E. Ridoutt joint secretary.

DEPARTMENTAL RESULT

The year was the first of a new valuation period for the life department and a very good start has been made. Policies were written for the record amount of sums assured exceeding £5,800,000, the bulk of which was retained at the company's own risk. The mortality was favourable. The total claims under our life assurance contracts exceeded £2,400,000, a sum nearly equal to the total premiums received in the year.

The results of our fire department fall somewhat short of the high profit level attained in 1935 but they are still good. The fire loss ratio was 41.11 per cent. of our premium income as compared with 37.32 per cent. for 1935. The fire surplus of £369,286 represents a profit ratio of nearly 11 per cent.—a result which we are very pleased to achieve. The premium income for the year was £3,401,993, which showed a small increase over the 1935 figure.

The results of our casualty business, which is transacted by the Railway Passengers Assurance Company, again show a healthy position. The combined interest and profit amounts to £242,834. The marine premium income for 1936 amounted to £236,216, showing an increase of nearly £20,000 on that for 1935, but, owing to the reduction of rates, these premiums represent an increased liability in respect of Hull risks on which claims will have to be met. We are satisfied that the reserves which we are carrying for the winding-up of 1935 and previous years are adequate, and we have again transferred to profit and loss account £40,000 from the profits of closed years. Another very good account has been produced by the Fine Art and General.

RESULT OF YEAR'S WORKING

Turning to the summary of the figures of our various accounts you will see that we commenced the year with an aggregate balance brought forward of £6,578,173. Our combined underwriting profits totalled £598,498 and our combined net interest totalled £590,187. One-fifth of the profits from the life branch amounted to £67,460, and sundry items amounted to £9,123. Turning to the other side of the accounts, we paid away in "North British" ordinary and preference dividends £583,980 and income tax on profits accounted for £115,971. We added to our superannuation fund £50,000, and "Railway Passengers" wrote off premises £2,000, leaving a combined balance carried forward of £7,091,490.

In other words, after payment of dividends and making provision for the various other transfers mentioned above, our profit and loss balance has been increased during the year by £513,317. Altogether I think we have every reason to be pleased with the results of the year's work, and with the fact that each section of our business has contributed handsomely to the figures presented. We propose to pay the same dividend as last year—namely, 6s. 3d. per share, less tax.

The report was unanimously adopted.

SPILLERS LIMITED

RECORD ANIMAL FOOD DELIVERIES

SIR MALCOLM ROBERTSON ON MARKET
CONDITIONS

The Rt. Hon. Sir Malcolm A. Robertson, chairman of Spillers Limited, presided at the annual general meeting of the company, on the 1st instant, at Cardiff.

In moving the adoption of the report and accounts, he said that the amount due to depositors under the head of creditors had been reduced largely as the result of the board's decision to cease to accept money on deposit at three months' notice, while the total of the reserves had been increased by £100,000 as the result of an addition of that amount to the general reserve. On the assets side, the value of stocks had increased by some £540,000, which was due to the increase in the price of wheat and grain, which necessitated the use of additional capital. It was also mainly due to that factor that investments had decreased by about £800,000.

The board had seriously considered the advisability of paying a jubilee bonus, but the directors had thought it best, in present-day circumstances, to conserve the resources of the company. They had been fully aware of the probability of increased taxation in order to finance the heavy cost of the re-armament programme, and, further, the rise in the price of wheat during the year had been so severe that it had led to a considerable increase in the amount of money required for daily use.

DIFFICULT CONDITIONS IN WHEAT MARKET

The wheat market during the year had been extremely difficult. For the first half of the year it stood at about 30s. per quarter, but during the latter half there was, for various reasons, a rise of about 10s. per quarter. A further rise to well over 50s. per quarter took place after the end of the company's financial year. Press publicity added momentum to the upward trend and caused widespread participation by outside speculators, who, by subsequently liquidating their holdings, caused a severe break in prices of about 8s. per quarter. In those very difficult conditions the board have unwaveringly maintained their policy of buying only for milling requirements. There was an unavoidable element of risk in the nature of the industry, but all speculation had been rigidly avoided. High prices of raw materials led to high prices for the finished article, which was of no advantage whatever to the company. While profit margins remained about the same, it was obvious that sales tended to diminish in quantity as prices rose.

When considering the recent rise in wheat prices it was well that the Government and those clamouring for storage of six months' or a year's supply of wheat should reflect what might happen if Great Britain went into the market and endeavoured to purchase that amount. If bad harvests and heavy purchases by Germany and Italy were responsible for increasing the price from 30s. to over 50s. per quarter in a few months, what would be the effect of Great Britain suddenly deciding to purchase six months' or a year's supplies in competition with other nations seeking to do the same?

ANIMAL AND POULTRY FOOD TRADE

The company's animal and poultry foods trade continued to grow in volume and importance in relation to the business as a whole. Deliveries during the year created a new record, which was all the more gratifying as the period had been one of great difficulty and trial for all those engaged in agricultural pursuits. The geographic position of the company's mills and depots, however, enabled the company to give unique delivery service, and with the maintenance of the high standard of quality at economic prices, the company's connection with agriculture was rapidly expanding. The company's dog foods trade also continued to make good progress, and an expansion in deliveries had again to be reported.

With regard to the company's new mill at Newcastle-on-Tyne, the silos which were now complete had been designed to store over 150,000 quarters of grain, and ships' cargoes could be discharged into those silos at the rate of 150 tons an hour. The flour mill and provender mill were situated above the warehouse, so that manufactured goods could be placed in store by force of gravity only. It was the first building of its type in Europe, and the highest mill building in the world. It was confidently expected that the mill would be in production at the date of the next annual meeting.

GOOD WORKING CONDITIONS

It was a source of much gratification to the board that the satisfactory dividends declared for the past year had not been

earned through a policy of low wages to the company's employees. Wages in the flour milling industry were generally at a higher level than in any comparable industry, and there was no reduction during the recent depression. Since March last, moreover, a reduction of approximately two hours per week in working time had been introduced without any diminution in the rate of wage. A further great advance had been pioneered by the milling industry by guaranteeing its employees in England and Wales a system of security whereby they would not suffer by reason of unemployment due to short time running.

The industry was also very proud of the fact that, for the past eighteen years, employees had enjoyed on full pay a week's annual holiday in addition to all statutory holidays, in total amounting to a fortnight in each year.

The labour conditions on the provender side of the industry had not been quite so satisfactory in the past; but, as a result of lengthy negotiations, a Provender Milling Employers' Federation had been formed. The company had joined the employers' side of the Whitley Council, which had, in the past, operated for the seed-crushing and compound cake trades only, but would now be extended to include the provender millers. It was hoped as a result that there would be a general raising of wages for men in the provender industry throughout the country which would bring many of them into line with the wages paid to the company's employees.

The report and accounts were adopted.

LICENSES AND GENERAL INSURANCE COMPANY, LIMITED

GRATIFYING RESULTS

The forty-seventh ordinary general meeting of the Licenses and General Insurance Company, Limited, was held, on the 5th instant, in London.

Lord Ernest Hamilton (Chairman of the Company), who presided, said that the tremendous improvement which had been registered in commerce and industry generally throughout the country during a further twelve months found a definite reflection in the figures submitted to the meeting.

It would indeed appear that the industrial barometer was standing at a very satisfactory "set fair," and that there did not seem anything at hand to warrant real apprehension for the immediate future. But it was not for him to embark on an exploration of the industrial outlook—that was for each one to see and judge for himself.

Since they last met in general meeting the shareholders had acceded to the necessary formalities for the creation of a new department. That addition—in the practice of life assurance—made their Company in all respects a composite office.

The result of the Company's newly established life department for its first eight months' working had frankly exceeded anticipations, and the Board were quite convinced that the step taken was wise.

The public realised more and more fully the merit of life assurance which, for the great mass of the population, was a very fine form of investment, while the life offices of this country in their quiet endeavour as trustees of part of the nation's savings, were, in themselves, a bulwark for the stability of the State.

Their fire department showed an increased income by nearly £3,500, and while the personal accident department had not been so fortunate, the steady improvement in the motor account had enabled them to transfer therefrom to profit and loss £11,042 as against £6,000.

In the general account there was an improvement in income and likewise in profit. The account was representative of quiet and steady advance—a matter of between £9,000 and £10,000 in the present year.

The total premiums in all departments showed the satisfactory increase of £52,448, and in the profit and loss account the balance available showed an additional £7,168. The Board recommended the payment of a final dividend of 14 per cent., making 20 per cent. for the year, the same as since 1927, the carry-forward being increased to £27,129. The increase in the assets of the Company was £51,980, bringing the total to just over three-quarters of a million pounds.

As to the future, the Board looked forward to 1937 for further evidence of advancement. Income showed a steady upward tendency: expenditure for the moment was on a reducing scale, and, if general conditions over which they had no control remained peaceful and prosperous, the Board looked forward with steady confidence in the affairs of the Company.

The report and accounts were unanimously adopted.

BRITISH AND CHINESE CORPORATION, LIMITED

IMPROVED CONDITIONS IN CHINA

MR D. G. M. BERNARD'S SURVEY

The thirty-ninth ordinary general meeting of the British and Chinese Corporation, Limited, was held, on the 5th instant, at the registered office of the Corporation, 3 Lombard Street, London, Mr D. G. M. Bernard (chairman of the corporation) presiding.

The Secretary (Mr E. R. Morris), having read the notice convening the meeting and the report of the auditors.

The Chairman said:—Gentlemen, the past year has been the most useful and most hopeful for the industries and trade of China since the check due to the Great War. Chinese public men, not only statesmen, but merchants and bankers as well, taught by sad experience the virtue and the necessity of self-reliance, have at long last addressed themselves to the task of setting their house in order with praiseworthy energy, and with a measure of success which affords grounds for encouragement.

CHINESE RAILWAYS LOAN CREDIT

In the sphere which is of most interest to our corporation—railway development and finance—we have had the satisfaction of seeing a general clearing up of loans in default. The terms of composition are undoubtedly very favourable to China, but the bondholders were probably well advised to accept them in view of the unanimous recommendations of committees representing holders in the capitals of Europe and America, including, I believe, also those of Japan. The resumption of service payments on Chinese railway loans generally may be regarded as a satisfactory result of the various loan settlements to which I have referred. A further effect of these settlements has been to re-establish the credit of China at a point where she may once again hope to borrow on reasonable terms, and Dr Kung, Minister of Finance, who gave his invaluable support, and Mr Chang Kia-ngau are to be congratulated on the satisfactory issues of the negotiations.

The Minister of Railways is faced with a large programme of railway construction, and it seems his principal difficulty is to know where he can best make a start. He has before him plans, not perhaps as far-reaching as those laid down by Sun Yat-sen in 1912, but upon a more practical and, it may be hoped, more profitable basis. We ourselves are in touch with him at many points, and I think you may rest assured that when railway work starts in China in earnest our Corporation will play its appropriate part.

I referred last year to the confidence we felt in the new Minister of Railways, Mr Chang Kai-ngau, and our sanguine expectations have been amply fulfilled by the results of his energetic and business-like control of his Ministry and the personal attention he has given to the financial condition of the National railways.

THE FUTURE

The finance of overseas enterprise is confronted with many difficulties, and railway development in China has more than its share. There is, in the first place, what is known as the "Treasury Ban," which prohibits free lending on pre-war lines. Secondly, we have our international obligations to consider, by which I mean the obligations imposed upon us by the Washington Treaty and the Consortium Agreement of 1921. Thirdly, we have the cloud of political unrest, which is not confined to Central Europe, but has a focus of its own in the Far East.

These formidable obstacles stand in the way, but no one of them is insuperable. We do not propose to rush our fences, but we believe that by patient negotiation we shall shortly be able to overcome them.

Not even the most cursory survey of affairs and prospects in China is possible without reference to her relations with foreign countries, for in no place in the world are business and politics so closely interwoven. Great Powers and lesser Powers all see in China a free market for their goods and services, and a vast field from which to obtain the raw materials of which they stand so much in need. All therefore are candidates for China's good will, not excepting Japan.

During the past year there have been various moves in the direction of a better understanding between these two great Asiatic Powers, China and Japan. Only last month I read in a reliable semi-official periodical, under the heading "China," that the Japanese Trade Mission in Shanghai was told by the Chinese authorities that there was no prospect of economic co-operation until the Japanese policy in North China was changed, and, under the heading of "Japan," that the Japanese Foreign Minister

had said that his policy towards China aimed at economic and cultural co-operation before taking up political negotiations.

The world at large, anxious only for peace, may almost be said to be indifferent whether a political agreement is reached before an economic or after. If I may venture to give a lead in this matter, I should say: Stand not upon the order of your settling, but settle!

EFFECT OF DEPRESSION

The effects of the general trade depression, which were acutely felt in China towards the close of 1935, have been reflected in the official revenue returns of the railways for the fiscal year ended June 30, 1936, which showed a general decrease in gross earnings, with increases in operating ratio. An exception is the Tientsin-Pukow Railway, whose earnings continue to increase and whose revenues for the calendar year 1936 constitute a record, together with a very considerable reduction in operating ratio. In the second half of 1936 there has been an encouraging increase of gross revenue in the traffic returns of all the railways financed by the Corporation, with the exception of the Canton-Kowloon Railway, where a small decrease was recorded. This improvement has been continued and increased in the early months of the present year, together with reductions in the operating ratio. Generally speaking, there is now a growing confidence in business and financial circles regarding China's prospects, and the general spirit of progress and modernisation noticeable in all Government Departments is reflected in the management and control of the railways.

REVENUE AND TRADE

Since the enforcement of the currency decrees of November, 1935, exchange stability has been maintained, and the interest of our Government in the future prospects of trade is indicated by the appointment of Mr Kirkpatrick as resident representative of the Export Credits Guarantee Department in China. I have no doubt that the facilities afforded by this action will stimulate the trade with China in the export of British capital goods.

Unification of the country has made satisfactory progress, and the settlement of the crisis in the south under the firm yet patient diplomacy of General Chiang Kai-Shek has contributed greatly to this end. The Customs Revenue collection for 1936, notwithstanding the serious loss of revenue due to the great extent of smuggling in North China, showed an increase of about \$9,000,000. The salt revenue also increased by over \$21,000,000 as compared with 1935, and this revenue has shown remarkable expansion in recent years, the total for 1936 being more than three times that of 1929, the year in which the Chief Inspectorate of Salt Revenue was re-organised. In agriculture, too, China had a prosperous year, with bumper crops in many provinces. The crops harvested during the year were estimated to be worth \$3,000,000,000 more than the crops of 1935.

ACCOUNTS

The accounts show that the net profits received during the financial year ended December 31, 1936, were £19,046 19s. 5d., as compared with £17,449 11s. 6d. in the previous year, and that in the profit and loss account of the balance sheet there is a credit balance for appropriation of £43,957 6s. 8d. As stated in the directors' report, it is proposed to pay a dividend of 15 per cent. on the paid-up capital, subject to deduction of income tax at 5s. in the pound, to increase the general reserve to £325,000 by the addition of £5,000, and to carry forward £20,207 6s. 8d. You will notice on the assets side of the balance sheet that the sterling advance, which stood last year at £235,362, has been cleared, and there only remains the currency advance, the equivalent of which at the exchange rate of 1s. 2½d. is £537,915, as compared with £499,448 a year before, the difference being the interest which has accrued during that period. Our investments, which stand in our books at below market quotations, have increased from £150,000 to £391,750.

After the negotiations now pending for the settlement of the Nanking-Hunan advances, amounting to £537,915, have been brought to a successful conclusion the board will take into consideration the suggestion which has been put forward to obtain power to increase the amount paid up on our shares by capitalising part of our reserves.

I beg to move: "That the directors' report and accounts now presented be, and they are hereby, received and adopted, and that a dividend of 15 per cent. be, and the same is hereby declared payable, subject to income tax, on the 6th instant."

The report and accounts were unanimously adopted and the recommendations of the directors approved, and the proceedings terminated with a vote of thanks to the chairman and directors.

NEW KLEINFONTEIN COMPANY LIMITED

(INCORPORATED IN THE UNION OF SOUTH AFRICA)

INCREASED TONNAGE MINED AND MILLED

ENCOURAGING DEVELOPMENTS

MR GEORGE MACKENZIE'S ADDRESS

The forty-first ordinary general meeting of shareholders of the New Kleinfontein Company, Limited (incorporated in the Union of South Africa) was held in the Board Room, Consolidated Building, Fox Street, Johannesburg, on Wednesday, the 21st ultimo.

Mr George Mackenzie presided.

In moving the adoption of the report and accounts, the chairman said:—

Gentlemen,—I have now to submit for your adoption the reports and accounts for the year ended December 31, 1936, which have been in your hands for some time.

No change has taken place in your company's claim holding which remains at 2,597 claims. Notice of the Government's intention to proclaim approximately 148 claims on farm Reitfontein, to which I made reference last year, appeared in the Union Government Gazette in the early part of this year and the matter is now proceeding. When these 148 claims have been transferred, your company will have a total holding of 2,745 claims.

BALANCE SHEET

In the balance sheet you will observe that the item "property development and equipment" has been increased by £93,404 10s. 8d. made up as follows:—South shaft sinking and equipment, £63,051 17s. 2d.; Apex No. 7 shaft new hoist, £11,901 5s.; and additions to reduction plant, £18,451 8s. 6d.

The revenue from gold for the year amounted to £1,038,064 7s. 9d., and the result of the year's operations was a working profit of £272,758 8s. 5d., as compared with £166,408 19s. 2d. for the previous year.

The balance carried to the appropriation account, including £3,794 18s. 2d. being excess provision for taxation for 1935, and £92,022 4s. 8d. unappropriated at December 31, 1935, amounted to £382,283 7s. 2d., which was dealt with as follows:—Dividends, £218,480 5s. 11d.; Miners' Phthisis Compensation Fund, £7,778 11s. 11d.; funds transferred in respect of expenditure on capital account, £83,599 15s. 2d.; and balance carried forward, £72,424 14s. 2d.

MINE OPERATIONS

I will now deal briefly with the operations at the mine. The tonnage mined was 905,982 tons, and the tonnage milled 801,700 tons, being an increase on the previous year of 100,622 tons in the tonnage mined and 116,300 tons in the tonnage milled. Working costs at 19s. 1½d., show a reduction of 1s. 4½d. per ton milled. The total footage developed was 53,840 feet, of which 37,155 feet were sampled and 14,080 feet were payable, equivalent to 37.9 per cent. of a value of 5.65 dwts. over 57 inches.

In the Kleinfontein section of the mine, development during the year has been confined to the opening up of isolated blocks of ground on the Main Reef previously considered unpayable, and to the exploitation of the 200-foot reef. Although the payable ore disclosed in this section has been somewhat limited, it has continued to contribute substantially to the tonnage of ore sent to the mill.

In the area to the east of the Apex shaft, development has been practically completed above the strike fault met with on the 14th level, and the reef disclosures have been encouraging. In order to expedite the development on the lower side of the strike fault where shoots of high grade ore are likely to be met, the main shaft is being sunk to the 16th level which should be completed within the next few months.

ENCOURAGING DISCLOSURES

On the western side of the Apex section, development disclosures have been encouraging in the No. 1 leased area on the 1st and 3rd levels where pay reef has been exposed. The 3rd level west has now reached the No. 2 leased area and recently has shown encouraging values. The 6th level west has also penetrated the No. 2 leased area, but so far the values have been somewhat disappointing.

In order to serve the east winze area where ore bodies of exceptional width are available for stoping, it is proposed to instal equip a new haulage between the 1st and 4th levels. The ore

reserves were again calculated on the basis of a pay limit of 3 dwts. and on that basis it was estimated that at the end of the year there were 2,569,318 tons of ore reserves of an average value of 4.96 dwts. over 54 inches.

I do not think it is necessary for me to go into details of the development footages and values for last year. These are given in the manager's report and from the plan which accompanied the annual report you will be able to see the progress made. The reduction plant will be increased during the current year by the addition of another tube mill and rotary filter, which when installed, a larger tonnage can be crushed and will permit of finer grinding of the ore and a reduction in the average value of the residues.

NEW SOUTH SHAFT

The chairman referred to the difficulties caused by encountering water in the New South Shaft, and said that the permanent pump station had been completed in January and that it was anticipated that the shaft would be down to the required depth about the end of the year.

GRADE OF ORE

There is one question I should like to deal with, and that is the grade of ore sent to the mill during the last three years. In this connection I think it is better to link the grade with the tonnage.

I give the following comparative figures:—

For the year 1934: The tonnage milled was 649,000 tons; average grade, 3.75 dwts.; profit, £65,062; ore reserves, 1,028,191 tons.

For the year 1935: The tonnage milled was 685,400 tons; average grade, 3.90 dwts.; profit, £166,409; ore reserves, 1,945,079 tons.

For the year 1936: The tonnage milled was 801,700 tons; average grade, 3.99 dwts.; profit, £272,758; ore reserves, 2,569,318 tons.

Shareholders will see that notwithstanding the increase in the milling tonnage during 1936—an increase of 116,300 tons over the previous year—the grade of ore to the mill has been increased from 3.90 dwts. to 3.99 dwts. When we take into consideration that the Kleinfontein Mine is a producing mine and at the same time a developing one, the first essential is to establish a strong ore reserve position, and I think we can claim that this is being done.

PRESENT POSITION

When the company was taken over in 1931 there were only available some 286,000 tons, whereas at the end of 1936, although the pay limit had been lowered to 3 dwts., we have two and a half million tons. The grade of ore milled can only be increased by removing a larger percentage from payable reserves, but your board feels that in view of the fact that the mill is now crushing a larger tonnage, it is in the interest of the company to maintain and possibly improve the present ore reserve position.

At present development in the lower levels of the Apex is being pushed ahead where high grade blocks of ore exist. The lay-out in the bottom levels, however, is such that development and stoping cannot be conveniently carried on together, but as soon as the south shaft has reached the reef horizon, probably about the end of the year, and the ore bins completed, it will be possible to increase the grade of ore milled, and the monthly profits.

The programme which has been set down by your board is as follows:—

In September of this year, when another tube mill and the second Oliver filter have been installed, the monthly tonnage crushed will be increased from 71,000 tons to about 75,000 tons, which will result in an increase in the monthly profits without any increase in the grade of ore milled.

Since our last meeting, Mr Geo. D. Stephan, B.Sc. (Mining), has been appointed consulting engineer to the company, and I have to express our appreciation to him and to Mr Calderwood, your manager, for the work accomplished.

I now move that the directors' report, balance sheet and accounts for the year ended December 31, 1936, laid before the meeting, be adopted.

The resolution was carried.

CROWN MINES, LIMITED

MR JOHN MARTIN'S REPORT

Mr John Martin, presiding at the annual meeting held in Johannesburg, on the 5th instant, in moving the adoption of the report and accounts, said that the company had had another successful year. The tonnage milled and the working revenue had been the highest in the history of the company, and dividend declarations, totalling 190 per cent., had been 20 per cent. more than the previous record of 170 per cent.

It was indicative of the scale of operations that the tonnage crushed in 1936, at 4,277,000 tons, had been 945,000 tons more than during the gold standard year in 1932, an increase which, in itself, was approximate to the total of many an individual Witwatersrand mine. The yield in 1936 of 4.782 dwt. per ton milled had been lower by 0.12 dwt., but the greater tonnage had produced a substantial increase in the total yield of gold, which, at 1,022,625 fine ounces had been 41,521 fine ounces more than that of 1935, and had been only 20,876 fine ounces less than the peak output in 1933, when the yield per ton had been more than one dwt. higher. Development results on the Main Reef Leader had been, on the whole, satisfactory, although, in the extreme western area, exposures had continued to be disappointing. Indications had, however, been more favourable in that section during the current year. Development on the South Reef had not been as large as in the previous year, the work on that reef having been concentrated to a large extent on a more favourable central section where the percentage of the amount payable was high, but the value of the ore comparatively low. The total ore developed and classed as payable was 4,219,980 tons with an average value of 5.3 dwt. per ton. Tonnage thus developed had been 229,796 tons less than tonnage developed in 1935, but the value of ore disclosed showed an increase of 0.4 dwt., owing to the greater proportion of Main Reef Leader developed.

The total ore reserve as re-estimated at the end of the year was 25,541,900 tons of an average value of 5.30 dwt. over an estimated stoping width of 49.3 inches. That included 5,470,500 tons of an average value of 6.16 dwt. in shaft and safety pillars not at present available for stoping. The available reserve was, therefore, 20,071,400 tons, which had an average value of 5.06 dwt. Compared with the previous year, the available reserve showed an increase of 254,275 tons, the average value being 0.01 dwt. lower.

It was of interest to record that the sinking of the third shaft—No. 15B—in number 15 shaft system, which was itself a unit in four deep level shaft systems of the mine, had been completed, the bottom of the shaft, at 8,527 feet below the collar of the first shaft in the system, now being the lowest on the Rand and 2,927 feet below the sea level. The work of installing in No. 15B shaft permanent equipment for hoisting purposes had made rapid progress.

"EFFICIENT AND LOYAL" EMPLOYEES

Figures quoted revealed little of the human element that was concerned with that vast organisation. The maintenance of the present scale of operations was in a large measure dependent not only upon the efficiency and the loyalty of the large labour force of 3,266 Europeans and some 25,000 natives, but also upon the availability of adequate supplies of labour. So far as European workers were concerned there was no reason to anticipate that the requirements of new and developing mines could not be met. The native labour position was less assured. The wastage of native employees was due, for the most part, to the expiry of contracts, which was considerable. At Crown Mines the daily wastage was between 50 and 60, which meant that every month between 1,600 and 1,700 natives had to be recruited. It was therefore important for every mine on the Witwatersrand that there should be no decrease in recruitment and that requirements of new and developing mines should be met without reducing the labour quota for producing mines. It had become necessary to look outside existing sources to meet future needs. In doing so, they had to be assured of the physical ability of the natives from other areas, such as tropical areas, to adjust themselves to a variety of climatic and mining conditions on the Witwatersrand and also that their treatment satisfied the natives themselves and the Government authorities concerned. The mortality and sickness rates among tropical natives allocated to Crown Mines for experimental purposes showed that the precautions taken and the training of natives, whether tropical or other, in hygienic and sanitary methods were meeting with very encouraging results. As tropical natives had more than average susceptibility to

pneumonia they were, on arrival at the mine, given light work on the surface for a fortnight to become accustomed to variations of temperature experienced on the Rand.

ACCLIMATISATION PROCESSES

Mr Martin proceeded to describe in some detail a further process of acclimatisation of the tropical native: the constant medical supervision to which all natives were subject as a matter of routine: the training natives received in ordinary precautions against catching cold, such as using heavy coats with which they were provided: the precautions taken in the mine itself to protect natives from contact with cold ventilation currents when returning from work: and the scrutiny of all natives as they came off the shift and their immediate treatment for any cuts or injuries.

The Chairman went on to describe features of the natives' life in the mine compounds. Any visitor to the compound at Crown Mines, he said, could not but be impressed by the neat appearance of asphalted streets, the lawns and flower gardens and the clean and regularly painted buildings, with their equipment of wash houses, shower baths of hot and cold water and water-borne sewerage and electric light.

The cooking and general kitchen arrangements were organised on modern lines with electric or steam-heated boilers and appliances. Meals were based on a regulation diet specially selected for its high nutritive value from foodstuffs suited to the native palate. Recreation facilities were provided, there being four large sports grounds adjoining the bigger compounds. A free cinema performance once a week in each compound and loud speakers connected with wireless-receiving and gramophone sets gave natives entertainment in their leisure hours.

"These are some of the features of compound life on Crown Mines," said Mr Martin, "and with minor variations they are typical of the measures taken on gold mines of the Witwatersrand to care for the health and comfort of the native employees."

The report and accounts were adopted unanimously.

CITY DEEP, LIMITED

RECORD TONNAGE MINED AND MILLED

Mr C. L. Read, chairman, presiding at the annual general meeting held in Johannesburg on the 5th instant, said the company's mining property had been increased by the acquisition, under lease from the Government, of approximately five and a half claims forming an island block in the eastern section of the mine.

Compared with the previous year's figures the tonnage mined had increased by 138,836 tons, derived mainly from the comparatively low grade south reef.

Ore milled had reached the fresh record of 1,277,000 tons, of which 127,800 tons came from surface dumps, or less than half the quantity drawn from that source during 1935.

The yield per ton had been lower by .09 dwt., which, with the fall of 1s. 10d. in the average price realised for gold, had resulted in a decrease of 1s. per ton milled in working revenue.

Working costs had been lower by 2d. per ton and the working profit had been reduced by 10d. per ton to 3s. 11d. per ton milled.

After reviewing the financial results the Chairman recalled "at the capital of the company had been increased in June last year by 300,000 shares of £1 each issued at a premium of 7s. 6d. per share.

THE NEW VERTICAL SHAFT

The net yield of the new issue had been £407,882. The additional capital was to finance the major portion of the programme, which included the sinking of a new vertical shaft in the eastern area and the provision and installation of equipment incidental thereto. Preliminary work on the sinking of the new shaft (No. 5) had been undertaken. The steel headgear had been erected and the collar put in. Delays had occurred in the delivery of the hoists, but one had been ready to operate and the second had been in the course of erection at the end of December. The offices and other buildings had been completed and railway facilities had been well advanced. While this work had been proceeding, the shaft had been sunk 144 feet with light tackle, its total depth below the collar at the close of the year having been 164 feet. With the second hoist in commission about the middle of February the footage sunk had been increased and the total depth at the end of April was 1,183 feet.

Development footage, including the incline shaft-sinking but excluding the vertical shaft, totalled 78,722 feet, and was a record for the company, representing an increase of 11,590 feet or approxi-

GOLD CORPORATION LIMITED

IMPROVING PROSPECTS

The third ordinary general meeting of Gold Corporation, Limited, was held, on the 6th instant, in London.

Sir Edward A. Ruggles-Brise, Bt. (the chairman), said that the accounts for the year ended March 31, 1937, showed liquid assets at £231,537, against an issued and paid-up capital of £207,698. Since the close of the year they had been able to invest some of their cash balance at prices which ought to show substantial appreciation during the current year and which showed a highly satisfactory yield.

The Quartz Block (143 acres) had continued to show very good values and was now under option to a syndicate acting on behalf of the Dome Mining Corporation until June 4th. With regard to Monument Hill, the company had a large interest in that producing mine; unfortunately, the grade at the moment was rather low, but Mr Stuckey, the managing director, told them when he was in England recently that he felt certain that values would improve, and recent results had justified that. Shareholders would see from the accounts what steps the directors had taken towards putting the company on a sound and profitable basis. Further reductions in the running costs of the company were in hand and some had already been put into effect.

It was never intended, nor was it the object for which the company was formed, to speculate in gold-mining shares, but they were prepared to participate with the gold groups when they were financing newly-discovered projects, or to consider participations in the form of shares.

Again they must reiterate that time must be given for these things to progress, and in the usual way a developing company could not be expected to pay large dividends at first. In spite of the recent heavy setback in markets, he considered the outlook for mining enterprises of the first order to be encouraging.

Regarding permission to deal in the shares, they had been unofficially advised not to make the application whilst outstanding calls remained unpaid—a position since cleared up. It was now their intention to make application for permission to deal.

The report was adopted.

JOHNSON AND PHILLIPS, LIMITED

SUBSTANTIAL EXPANSION

The thirty-second annual general meeting of Johnson and Phillips, Limited, was held, on the 6th instant, at Winchester House, London.

Mr G. Leslie Wates, J.P. (the chairman) said that the profit for the year had substantially increased, it being £181,000 as compared with £144,000 for the previous year. Their balance sheet, succeeding as it did three years of steady improvement, reflected the increase in prosperity which had gradually been permeating the whole country after the slump of 1929 to 1932. That prosperity, having been gradual, had every prospect of being a stable condition.

Their output for 1936 showed an increase over the figures for the previous year of approximately 25 per cent. in value and their carry-forward of orders in hand into 1937 was practically 50 per cent. up on the previous year's total. To some extent that difference was, of course, due to higher prices, but it was largely an increase in volume of business as well, as the main rise in raw materials which had taken place did not begin to be felt until nearly the end of 1936. That increase in output had been spread fairly uniformly over practically all their departments.

While work for the War Service Departments was always a feature of their business, the Re-armament Programme could not be said to have affected their turnover for 1936. Its effects were undoubtedly beginning to be felt, both directly and indirectly, but even during the war the demand upon them had been largely for their own standard lines of manufacture. A matter they had particularly in mind was the maintenance of their service to their overseas customers. At a time like the present there was, perhaps, some temptation to concentrate on the active home market, but they fully realised that to do so to the neglect of their valuable connections abroad would be a very short-sighted policy. Their business with their overseas branches, agencies and customers was being maintained.

The newer departments of their business continued to make progress and their subsidiary, British Permel Enamelled Wire, Limited, had worked to capacity throughout 1936, the high quality of its products attracting as much business as their plant could cope with.

The report was unanimously adopted.

mately 17 per cent. on the footage accomplished in the previous year.

Expenditure charged to working costs upon development was £184,232, or 2s. 10.6d. per ton milled.

Payable ore development amounted to 1,300,900 tons, valued at 4.91 dwt. per ton over a stoping width of 51.5 inches.

ORE RESERVE

The total ore reserve at the end of the year was estimated at 3,993,700 tons of an average value of 5.2 dwt. over a stoping width of 51.4 inches.

The estimated available ore reserve was made up of 2,517,900 tons of the Main Reef Leader, averaging 5.31 dwt. over an estimated stoping width of 49.3 inches and 879,500 tons of the South Reef, averaging 4.03 dwt. over an estimated stoping width of 65.2 inches.

Compared with the estimated available ore reserve at the end of the previous year on the Main Reef Leader, there was an increase of 230,100 tons, with a decrease of 0.22 dwt. per ton in the average value, and on the South Reef there was an increase of 133,700 tons, with no change in the average value, but an increase of 3.2 inches in the estimated stoping width. Combined, there was an increase of 363,800 tons, with a drop in the average value of 0.18 dwt. and an increase in the average stoping width of 0.7 of an inch.

Exposures on the Main Reef Leader in the lower levels of the mine between No. 4 C incline shaft and the western boundary has been below the average value of those made in previous years. On the other hand, east of No. 4 C incline shaft, exposures had been more encouraging. On the South Reef, on the upper levels of No. 1 shaft and at No. 2 incline shaft, considerable tonnage of payable but low-grade ore had been developed and was included in the reserve.

The increase of 363,800 tons in the available ore reserve was satisfactory, but the underground position was still difficult owing to concentration of the Main Reef Leader reserve in the south-west corner and in the lower levels of the extreme east.

Richer blocks of the Main Reef Leader left above the thirty-second level in the west were approaching the remnant stage and had to be mined with great caution, and consequently output from them was restricted.

The output from the large pay blocks in the extreme east was restricted by reason of ventilation and transport difficulties which would be removed when No. 5 vertical shaft came into commission.

Development of exposures in the western section adjoining the Robinson Deep boundary had recently shown decreased values, although this had to some extent been offset by improving prospects east of No. 4 C incline.

The position had been eased by the development in the upper levels of large tonnages of the payable South Reef, but which were of low grade and showed no large margin of profit.

Another feature which prevented any material improvement in grade was that considerable tonnages of unpayable ore intervening between stretches of payable ore had to be mined over incline shafts to protect shafts from dangerous pressure.

"We are making steady progress towards better conditions," Mr Read said, "but the stage of difficulties is not yet behind us."

IMPROVED TAXATION POSITION

It had been necessary, he added, to provide only £382 in respect of sundry taxes during the year. As explained last year the new method of taxation of the profits of gold-mining companies allowed accumulated losses brought forward and amortisation of capital expenditure to be taken into account. These allowances in 1936 extinguished all the company's liability for Government taxation on profits derived from gold mining, and the same condition would apply to 1937.

The report and accounts were adopted unanimously.

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SOUTH-EASTERN GAS CORPORATION, LIMITED

YEAR OF STEADY PROGRESS

The fifth ordinary general meeting of the South-Eastern Gas Corporation, Limited, was held, on the 5th instant, in London, Sir David Milne-Watson, LL.D., D.L. (the chairman) presiding.

The Chairman in the course of his speech said that the balance of profit for the year, after paying the preference dividend, was equivalent to 7 per cent., less tax, on the ordinary shares. The directors were not recommending, however, any increase in the dividend paid in previous years of 6 per cent., and a substantial sum had therefore been added to the carry-forward.

The group of companies offered very great possibilities for the expansion of gas sales. One of the greatest benefits to be derived from such geographical grouping under one control was that it permitted the adoption of a long-term policy, so that the development and extension of each member of the group formed part of a planned and co-ordinated scheme for the whole area. Omitting the very small undertakings, all the companies of the group showed increased sales of gas.

Last year he had expressed fears as to the upshot of the District Marketing Scheme under the provisions of the Coal Mines Act, 1930, and unfortunately their fears were being realised. They were finding that they could not obtain additional coal or renew expiring contracts except at considerably increased prices and, further, there had been difficulty in obtaining deliveries under contracts negotiated some time ago. The board felt that the main force of public opinion was with them in a determination, if public utility undertakings found themselves faced with any crude expression of the monopoly spirit, to resist, both on their own behalf, and that of the ultimate consumer, exploitation by sales monopoly.

He would not like to miss the opportunity now afforded of making some comments upon the report of the Joint Parliamentary Committee on Gas Charges published last week. The whole tenor of the report implied a most gratifying vote of confidence in the management and conduct of the industry and its sense of responsibility towards its consumers.

The report was unanimously adopted.

CALCUTTA ELECTRIC SUPPLY CORPORATION, LIMITED

NEW ORDINARY SHARES TO BE ISSUED

The annual meeting of the Calcutta Electric Supply Corporation, Limited, was held, on the 3rd instant, in London.

Lord Meston (chairman), in the course of his speech, said that the capital expenditure during the year was just over £400,000, which was not in excess of what they were now coming to regard as their normal requirements for the steady extension of the business. Net divisible profits came to £211,454, against £220,282 for 1935, enabling the board to recommend a repetition of last year's dividend, viz.: 12 per cent., free of income tax.

The Calcutta Corporation intimated their intention to buy in October, 1938, that part of the undertaking which lay within their area. This step was communicated in the board's circular letter of November 12, 1936; and, acting on competent legal advice both in London and in Calcutta, the directors informed the Corporation that they did not accept their intimation as a valid notice of purchase under the law. The Corporation expressed regret that they took this view, and nothing further had happened up to now. The directors then proceeded to carry out their original purpose of lowering the domestic rate, and it came down to two annas per unit from March 1st last. At the same time, the cooking and heating rate was reduced, as an experiment, from one anna to $\frac{3}{4}$ anna per unit.

The agitation against the company in Calcutta was largely a protest against so high a dividend as 12 per cent. being paid by a public utility company. On all grounds, therefore, the directors were bound to advise that 10 per cent. be regarded as the standard rate of dividend in future instead of 12 per cent.

It was intended this year to redeem at the earliest permissible date the mortgage debentures raised at a time when money was dear. In order to meet the needs immediately in sight, the board proposed to issue, early in June, 400,000 new ordinary shares, to be offered to the ordinary shareholders in the ratio of their existing holdings, at the price of £1 per share, and to rank for the dividends payable in respect of the profits of 1937 and thereafter. The offer would carry the ordinary right of renunciation.

The report and accounts were unanimously adopted.

IDEAL BUILDING AND LAND DEVELOPMENT COMPANY LIMITED

IMPROVED POSITION

The third ordinary general meeting of this company was held, on the 6th instant, in London.

Sir Thomas Keens, D.L. (the chairman) said that, whilst regretting that the profits had declined in comparison with the previous year, the directors submitted that the balance sheet was, on the whole, quite satisfactory. It showed the company to be in a sound position, and in many respects better than a year ago. With one exception, every estate the company had developed had been visited by the directors of one of the building societies with which the company did most of its business, who had expressed themselves as more than satisfied with the condition of them and of the conservative lines upon which development had been and was being carried out. They had also inspected the new estates which the company had recently acquired for their 1937 building programme, and in every case they had expressed their approval of the company's choice of area. As the question of the relationship between the building societies and the company was a matter of great importance to the company, the fact that the building societies had such confidence in the company made its negotiations with them so much easier. He wanted to impress upon shareholders the fact that the company was in the position to obtain the best possible terms for its client purchasers and thus for itself.

They had recently commenced development in the Midlands and an estate had been acquired in Birmingham where building and selling had just been commenced, and extensive developments in the area were now under consideration. For the first 11 months of the current year sales had been much lower than in the same period last year, but obviously that position had been aggravated by the continuously bad weekends. However, sales over the Easter period and up to date had been much more promising. Enquiries received in response to their advertisements were coming in at a rate which offered favourable promise for a continuance of a steady rate of selling. The quality of their sales and the enquiries showed a marked improvement over those of the past, and he thought it would be agreed that that was an encouraging sign.

The report was unanimously adopted.

LONDON ELECTRIC WIRE COMPANY AND SMITHS, LIMITED

IMPROVED RESULTS

The twenty-eighth annual general meeting of this company was held, on the 6th instant, in London.

Mr W. J. Terry, chairman and managing director, said that their current liabilities amounted to £200,417, whereas current assets appeared at £989,067, showing that the company was in a strong liquid position.

With regard to commodity prices, during last year they advanced steadily. The company did not speculate, but covered their copper requirements from day to day. In so far as the company was concerned, the only effect of the increased price in copper was the further absorption of their cash resources in the conduct of the business. It was customary to pay for copper on arrival, whilst it was the practice of the trade to make contracts with their customers which could be taken over a period of twelve months in accordance with their requirements.

The company's products had been maintained at a high standard of quality and the demands for their products increased during 1936, which resulted in the highest tonnage output as yet recorded.

Their export sales had increased in a similar proportion to their home sales, and the policy of a further development of the overseas markets would be persistently pursued.

In view of the prevailing conditions, it was not possible to make any definite forecast as to the future, but it might be said that the electrical industry—which had been referred to as the "hand-maid of other industries"—continued to make substantial progress, and existing orders on hand indicated that their company's output in the current year would equal or possibly surpass that of 1936, provided conditions remained unchanged.

It was hoped that the Government expenditure in connection with distressed areas would be made in reviving, as far as possible, the industries which were indigenous to those districts, so that their prospects might be assured on a sound economic basis.

The directors recommended that the final ordinary dividend should be raised to 5½ per cent., making 7½ per cent. for the year under review, as against 6½ per cent. for the previous year.

The report and accounts were unanimously adopted.

GENERAL CEYLON RUBBER AND TEA ESTATES, LIMITED

SATISFACTORY INCREASE IN PROFIT

The fortieth annual ordinary general meeting of General Ceylon Rubber and Tea Estates, Limited, was held, on the 6th instant, at 4 Lloyd's Avenue, London.

Mr D. Errol Sinclair, who presided, said that the balance at profit and loss was £16,853, against £9,396, which with £1,424 brought in made a total of £18,278 available. From that an appropriation of £5,000 had been made to reserve account, bringing that account up to £75,000. Out of the balance of £13,278 the directors recommended the payment of a dividend of 4 per cent., less tax, which would absorb £12,242.

Tea was the predominant partner and had provided the greater part of the revenue in recent years. The profit on tea for 1936 was £12,140 against £10,920 in 1935, and on rubber £10,480 against £300 in 1935. Tea crop exported under regulation was 1,808,000 lbs. against 1,777,000 lbs., and the gross average was 1s. 1.36d. against 1s. 1.16d. The f.o.b. costs in the past three years had been 9.86d., 9.87d., and 9.87d. respectively.

The regulation of export scheme was steadily improving the statistical position. The chairman was confident that the future of the industry would yield a reasonable return on the capital invested therein.

The rubber crop exported was 918,000 lbs. against 945,000 lbs., and the net average was 8.10d. against 5.54d. Forward sales were:—114 tons deliverable during 1937 at a gross average of 9.54d. c.i.f. No forward sales had yet been made for delivery during 1938.

It was almost useless at the present time to estimate the effects of N.D.C. upon the future profits of the company. Since the Chancellor's announcement on April 20th, that form of taxation it had been the target of a very large amount of criticism, and it appeared unlikely that that impost would become law in anything like the form as was at first understood.

In the absence of any further untoward circumstances or shocks the immediate future was bright for both their products. The properties were reported on as being in excellent condition.

The report and accounts were adopted and the dividend as recommended declared.

LONDON ASIATIC RUBBER AND PRODUCE COMPANY, LIMITED

IMPROVED OUTLOOK

At the annual general meeting of the London Asiatic Rubber and Produce Company, Limited, held on the 3rd instant, Mr H. J. Welch, the chairman, in the course of his speech, said:—We have very few areas which are not still capable of many years of useful production. We have also a very satisfactory proportion of quite young mature rubber. The development of our younger areas is reflected in our assessment for standard production, which, at about 12,788,000 lb. for 1937, is some 915,000 lb. higher than in 1936. Our issued capital is just under £32 per planted acre, but of this about £8 10s. per acre represents surplus liquid assets, so that the net capital cost per acre is only £23 10s.

Crops allowed under the working of the restriction scheme were slightly lower in 1936 than in 1935, but the estate management nevertheless secured some further reduction in the cost of production per pound. The crop was sold at an average of 8.39d. per lb. on London landed terms. This was 2d. per lb. better than in 1935 (and 6d. per lb. better than in 1932).

Our profit for the year is £120,646, from which we are recommending payment of a dividend of 10 per cent. The profit-sharing bonuses payable to staff are fully twice as large for 1936 as for 1935. We are also recommending a special additional grant of £1,500 to the estates staff retirement fund and a grant of £1,000 to inaugurate a similar fund for the estates subordinate staff.

The estates continue to be maintained in first-class order and are managed with marked efficiency and success by the company's staff. As at present arranged, the quarterly exportable percentages in for 1937 are to average 83½ per cent., against 62½ per cent. in 1936; therefore, at prices such as are now current, we may expect 1937 to be a very successful year. At 83½ per cent. our much improved trading results in 1937. Forward sales for 1937, exportable crop would be 4,780 tons. Total 1,367 tons, at made from the middle of last year onwards, total 1,367 tons, at prices averaging 9½d. per lb. London equivalent. We have also sold 756 tons for shipment in 1938 at an average of 11.3d. London equivalent.

The report and accounts were adopted, the dividend of 10 per cent. was approved, and the retiring directors were re-elected.

PATALING RUBBER ESTATES LIMITED

DIVIDEND OF 10 PER CENT

The seventeenth ordinary general meeting of this Company was held, on the 7th instant, in London.

Mr H. Eric Miller, in the course of his speech, said:—Compared with the previous year the crop accounted for was some 326,000 lbs. higher, despite a lower international release, the explanation being that our 1936 standard exceeded that for 1935 by over 695,000 lbs., and export rights in respect of 106,902 lbs. were purchased at prices which showed the company a profit on the rubber exported against them. The cost of production, as was to be expected, showed a small increase. The average net sale price was 1.93d. per lb. higher than in 1935.

All our advices from the East are to the effect that the properties are in first-class order. This statement is amply borne out by the crop figures for last year—2,850,000 lbs. of rubber were produced by tapping an average of less than 23 per cent. of our mature area on any one day. As further evidence that the standard assessment granted the company is by no means high, although for 1937 it averages 492 lbs. per assessed acre, and certain of the young areas have not yet attained their maximum figures, we are advised that the full 100 per cent. assessment can easily be produced on a conservative tapping system and without opening Katumba Estate.

The year's working resulted in a profit of £39,041, and we recommend the payment of a final dividend of 7 per cent. (making 10 per cent. for the year), from which income tax at 5s. in the £ will be deducted.

Many authoritative criticisms have already been voiced about various aspects of the proposed National Defence Contribution, and I will not enlarge on that topic to-day, because the Rubber Growers' Association is assuming the arduous responsibility of representing to the Chancellor of the Exchequer the case of the plantation rubber industry. As you know, Harrisons and Crosfield have a number of companies in their office, and we cannot see how under the N.D.C. even rough justice can be done as between the various companies engaged in this industry. How much more difficult will it therefore be to treat one industry fairly in relation to the others coming within the scope of this tax!

The report was adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended May 1, 1937, amounted to £11,855,000, against ordinary expenditure of £31,028,000. After allowing for an increase in Exchequer Balances of £21,656, the operations for the week, as shown below, increased the gross National Debt by £19,424,000, to approximately £7,931 millions.†

(000's omitted)			
Public Department Advances...	+ 19,220	Treasury Bills	- 4,256
24% National Defence Bonds	+ 4,960	National Savings Certificates	- 100
		P.O. and Teleg. (Money) Act.	- 400
			- 4,756
	+ 24,180		

† Including £375 millions on Account of Exchange Equalisation Fund.

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Note. Ordinary revenue and expenditure for the week ended April 24th should have been given as £11,164,000 and £7,106,000 respectively.

An analysis of the approximate position of the National Debt as at March 31, 1937, appeared on page 47 of *The Economist* of April 3, 1937.

Revenue	Total Receipts into the Exchequer			
	April 1, 1936, to May 2, 1936	April 1, 1937, to May 1, 1937	Week ended May 2, 1936	Week ended May 1, 1937
ORDINARY REVENUE	£	£	£	£
Inland Revenue—				
Income Tax	9,092,000	10,894,000	1,906,000	2,720,000
Sur-tax	2,500,000	2,780,000	580,000	280,000
Estate, etc., Duties	7,920,000	7,880,000	1,340,000	2,080,000
Stamps	950,000	1,410,000	490,000	710,000
Other Inland Revenue Duties	40,000	40,000	—	—
Total Inland Revenue	19,602,000	23,134,000	4,086,000	5,790,000
Customs and Excise—				
Customs	17,156,000	20,152,000	3,942,000	3,667,000
Excise	8,666,000	9,460,000	968,000	960,000
Total Customs and Excise	25,822,000	29,612,000	4,908,000	4,627,000
Motor Vehicle Duties	12,914,000	2,937,000	1,272,000	402,000
Post Office (Net Receipt)	3,650,000	3,580,000	600,000	580,000
Crown Lands	160,000	160,000	160,000	160,000
Receipts from Sundry Loans	277,607	190,036	73,534	—
Miscellaneous Receipts	583,707	586,093	251,882	296,316
Total Ordinary Revenue	53,009,314	60,199,129	10,351,416	11,855,316
SELF-BALANCING REVENUE				
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	3,700,000	3,670,000	1,350,000	1,620,000
Total	56,709,314	63,869,129	11,701,416	13,475,316

Expenditure	Total Issues out of the Exchequer to meet Payments			
	April 1, 1936, to May 2, 1936	April 1, 1937, to May 1, 1937	Week ended May 2, 1936	Week ended May 1, 1937
ORDINARY EXPENDITURE	£	£	£	£
Interest and Management of National Debt	35,612,480	35,854,383	13,412,509	12,580,289
Payments to Northern Ireland Exchequer	230,393	248,464	—	—
Other Consolidated Fund Services	270,207	280,058	13,150	21,521
Post Office Fund	—	—	—	—
Total	36,113,080	36,382,905	13,425,659	12,601,810
SELF-BALANCING EXPENDITURE				
Total Supply Services (excluding Post Office and Broadcasting)	148,757,000	44,925,850	14,621,500	18,425,850
Total Ordinary Expenditure	84,870,080	81,308,755	28,047,159	31,027,660
SELF-BALANCING EXPENDITURE				
Post Office Vote and Vote for Broadcasting	3,700,000	3,670,000	1,350,000	1,620,000
Total	88,570,080	84,978,755	29,397,159	32,647,660

† Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purpose of comparison.

The aggregate revenue from April 1, 1937, to May 1, 1937, is shown below:—

Expenditure	(000's omitted)			
	Revenue	Decrease in balances	Gross borrowing	Less New Sinking Fund*
81,309	60,199	69	£21,586	525
			Net borrowing	21,041
81,309				81,309

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1937 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding	May 2, '36	Mar. 31, '37	May 1, '37	May 1, '37
Advances by Bank of England	7,500,000	—	—	—
Advances by Public Departments	26,010,000	23,535,000	37,525,000	+19,220,000
Treasury Bills outstanding	752,735,000	674,595,000	681,495,000	—4,255,000

Total Floating Debt

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury Bills were opened on April 30, 1937. The amount applied for was £89,540,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday at £99 17s. 4d. about 17 per cent. and above in full. The average rate per cent. was 10s. 4-18d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,580,000	27,500,000	0 6 1-84
July 5, 1935	40,000,000	80,905,000	40,000,000	0 12 4-32
January 2, 1936	35,000,000	88,075,000	35,000,000	0 10 10-72
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1-27
January 18, 1937	40,000,000	74,450,000	40,000,000	0 12 5-63
April 15, 1937	40,000,000	83,350,000	40,000,000	0 10 6-54
April 22, 1937	40,000,000	94,265,000	40,000,000	0 10 5-54
April 30, 1937	40,000,000	89,540,000	40,000,000	0 10 4-18

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended April 10, 1937	624,646	£468,484
Week ended April 17, 1937	645,598	484,198
February, 1916, to April 17, 1937	1,291,268,640	1,014,889,318

At the end of February, 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,398,986.

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,

MAY 5, 1937

ISSUE DEPARTMENT

Notes Issued:—	£		Government Debt	£
	In Circulation	In Banking Department		
In Circulation	475,158,646	38,503,278	10,015,100	184,113,574
In Banking Department	—	—	Other Securities	4,860,115
			Silver Coin	11,211
			Amount of Fiduciary Issue	200,000,000
			Gold Coin and Bullion	313,661,924
				513,661,924

BANKING DEPARTMENT

Proprietors' Capital	£		Government Securities	£
	Rest	Public Deposits*		
Rest	8,181,111	16,381,047	103,095,480	—
Public Deposits*	—	—	Other Securities	—
Other Deposits:—			Discounts and Advances	£5,441,217
Bankers	£97,175,165	—	Securities	£20,982,271
Other Accounts	£37,980,934	—	Notes	26,403,488
			Gold and Silver Coin	949,031
				168,951,257

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

Both Departments	Amount, May 5, 1937		Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
	£	£		
Note circulation	475,158,646	+ 6,342,320	+ 52,517,192	—
Public deposits	16,381,047	+ 9,780,307	+ 7,200,925	—
Bankers' deposits	97,175,165	+ 9,609,305	+ 8,833,028	—
Other deposits	37,980,934	+ 1,916,976	+ 1,004,230	—
Total outside liabilities	626,375,792	+ 4,254,342	+ 69,555,075	—
Capital and rest	17,784,111	+ 20,129	+ 3,276	—
Government debt and securities	298,224,134	+ 3,526,414	+ 49,292,752	—
Discounts and advances	5,441,217	+ 26,741	+ 4,006,573	—
Other securities	25,822,386	+ 833,501	+ 13,584,323	—
Silver coin in issue department	11,211	+ 279	+ 883,825	—
Coin and bullion (bank's reserves)	314,610,955	+ 58,982	+ 110,150,626	—
Reserves of notes and coin in banking department	39,452,309	+ 6,401,302	+ 2,366,566	—
Proportion of reserve to outside liabilities—				
(a) Banking Department only ("proportion")	26.1%	— 3.8%	— 5.0%	—
(b) Gold stocks to deposits and notes ("reserve ratio")	50.2%	— 0.4%	+ 14.2%	—

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1937	£	£	£	£	£	£	%
Apr. 14	513,662	485,694	22,371	96,897	37,921	Nil	2
" 21	513,662	484,024	25,586	91,182	38,889	Nil	2
" 28	513,662	488,818	26,181	87,586	39,578	Nil	2
May 5	513,662	475,159	18,381	97,175	37,661	Nil	2

(000's omitted)

Date	Issue Department		Both Depts.	Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities		Govt. Securities	Discounts & Advances	Other Securities	
1937	£	£	£	£	£	£	%
Apr. 14	198,916	8,074	314,572	80,930	6,908	22,147	48.578
" 21	198,911	8,082	314,893	80,930	6,908	22,147	48.578
" 28	198,908	8,021	314,870	80,930	6,908	22,147	48.578
May 5	195,129	4,860	314,811	103,095	5,441	20,982	39.452

BANKERS' CLEARING RETURNS

	LONDON (000's omitted)			Total
	Town	Metropolitan	Country	
January 1 to April 21 1937	£	£	£	£
Week ended April 21	11,964,524	688,548	1,188,673	13,841,745
Week ended April 28	772,210	39,201	65,938	877,349
Week ended May 5	728,294	46,846	83,511	858,651
Total to date, 1937	13,465,028	774,595	1,338,122	15,577,745
Total to date, 1936	11,372,250	702,643	1,194,439	13,269,332
Increase or decrease in 1937	+ 2,092,778	+ 71,952	+ 143,683	+ 2,308,413
	= 18.4%	= 10.2%	= 12.0%	= 17.4%
Total for year 1936	35,039,358	2,039,620	3,228,064	40,307,042
Total for year 1935	32,443,575	1,867,112	3,058,534	37,369,221
Increase or decrease in 1936	+ 2,595,783	+ 172,508	+ 169,530	+ 2,937,821
	= 8.0%	= 9.1%	= 5.6%	= 7.8%

PROVINCIAL (000's omitted)

No. of working days:	Week ended May 1		Month of April			Aggregate Totals January to May 1	
	1936	1937	1936	1937	Inc. or Dec.	1936	1937
24	26	%					
BIRMINGHAM	3,150	2,522	9,558	10,383	+ 8.6	46,406	48,650
BRADFORD	1,302	1,333	4,445	4,924	+ 10.7	18,558	19,522
BRISTOL	1,581	1,392	4,896	6,121	+ 22.7	22,614	22,757
DUBLIN	6,309	5,269	3,467	3,978	+ 14.7	14,519	16,524
HULL	889	974	3,647	4,349	+ 19.2	17,156	19,214
LEEDS	1,106	702	2,969	3,297	+ 11.0	13,289	13,630
LIVERPOOL	6,694	7,049	24,142	32,476	+ 34.5	108,780	132,358
MANCHESTER	12,166	11,838	40,792	49,358	+ 20.9	181,127	198,410
NEWCASTLE	1,555	1,601	5,157	6,246	+ 21.1	22,895	25,362
NOTTINGHAM	572	453	1,971	2,216	+ 12.4	9,336	9,979
SHEFFIELD	1,305	865	3,902	4,849	+ 24.2	17,912	19,745
	37,399	34,822	105,036	128,197	+ 22.0	575,453	630,496

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Spain appeared in *The Economist* for August 15. Lithuania, in April 10. Denmark, Norway, Sweden, Poland, in April 24. Argentina, Czechoslovakia, Egypt, Estonia, France, Greece, Java, Jugoslavia, Japan, Roumania, South Africa, Portugal, Finland, Canada, in May 1.

BANK FOR INTERNATIONAL SETTLEMENTS

(In Millions of Swiss gold francs of 0.29 grammes)

ASSETS		Apr. 30, 1936	Jan. 31, 1937	Feb. 28, 1937	Mar. 31, 1937	Apr. 30, 1937
Gold in bars.....		1936	1937	1937	1937	1937
Cash		23.2	39.0	35.3	45.1	32.9
Sight funds		9.5	30.7	39.2	32.7	32.7
Bills and acceptances:—		14.1	49.4	26.5	28.5	25.2
Commercial bills	137.1	102.0	107.1	101.3	106.6	106.6
Treasury bills	188.8	144.9	131.6	130.7	133.4	133.4
Time funds	38.9	25.4	26.9	28.7	27.8	27.8
Not exceeding 3 months	227.5	253.3	259.8	259.4	263.0	263.0
Sundry bills and investments	12.8	1.5	1.4	1.4	1.7	1.7
Other assets						
LIABILITIES		125.0	125.0	125.0	125.0	125.0
Capital paid up	20.9	22.1	22.1	22.1	22.1	22.1
Reserves						
Special deposits:—	154.8	153.3	153.3	153.2	153.3	153.3
Annuity trust account	77.4	76.6	76.6	76.6	76.6	76.6
German Government deposit fund...	61.9	43.4	43.3	42.8	41.7	41.7
French Government guarantee fund	2.0	1.4	1.4	1.4	1.4	1.4
French Government deposit						
Time deposits of Central Banks —						
Not exceeding 3 months:—	108.1	112.0	110.2	105.5	103.2	103.2
For their own account	3.0					
For account of others						
Sight deposits of Central Banks:—	23.6	37.7	24.9	24.1	31.1	31.1
For their own account	7.7	4.7	3.8	4.2	4.3	4.3
For account of others	1.2	0.3	0.3	0.2	0.4	0.4
Other deposits	19.3	27.1	23.5	23.3	21.7	21.7
Sight deposits—gold	47.1	42.6	43.7	40.4	41.5	41.5
Miscellaneous						
		1937 (1900's omitted)				

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

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1937	+ or -	1937	+ or -
INDIAN							
Assam Bengal	52	1937 Mar. 31	1,300	₹ 5,19,600	10,244	₹ 8,10,217	₹ 10,54,301
Barsi L. Ry.	1	Apr. 19	292	1,43,500	8,700		
Bengal & N. Western	3	20	2,107	12,59,674	86,745	24,09,930	87,884
Bengal-Nagpur	3	20	3,288	128,11,000	3,08,188	55,19,000	6,11,783
Bombay, Bar. & C.I.	4	30	3,072	10,64,000	2,05,000	1,15,05,000	1,84,000
Madras & S. Mahr. .	1	10	3,229	23,02,000	2,31,801		
Rohilk'd & Kumaon	3	20	572	12,56,811	6,300	5,25,201	12,516
South Indian	1	10	2,542	115,79,488	6,838		
				† 10 days.	† 11 days.		

† 10 days.

† 11 days.

CANADIAN

Canadian National	17	Apr. 30	23,586	£5,333,611	149,617	62,034,587	6,712,045
Canadian Pacific	17	Apr. 30	17,224	£3,827,000	891,000	43,537,000	3,673,000

SOUTH AMERICAN

Antofagasta (Chile and Bolivia)	18	May 2	814	£17,800	7,000	309,960	69,790
Argentine N.E.	44	1	753	£155,800	17,200	6,355,000	492,400
B.A. and Pacific	44	1	2,806	£1,944,000	246,000	68,569,000	5,315,300
B.A. Central	42	Apr. 17	...	£120,586	20,831	4,152,586	436,624
B.A. Gt. Southern	44	May 1	5,084	£136,300	49,340	5,980,400	1,383,040
B.A. Western	44	1	1,930	£2,227,000	352,000	109,537,000	11,569,000
Central Argentine	44	1	3,700	£1,098,000	263,000	36,468,000	2,539,000
Central Uruguay	43	Apr. 24	274	£768,114	19,054	2,207,274	214,063
C. Ur. (East Ext.)	43	24	311	£2,419,500	816,500	112,159,000	231,2430
C. Ur. (W. Ext.)	43	24	185	£1,509,000	55,910	6,774,450	1,543,294
C. Ur. (W. Ext.)	43	24	211	£13,111	292	537,476	62,086
Cordoba Central	44	May 1	1,218	£3,142	194	104,391	15,705
Entre Rios	44	1	810	£2,404	133	73,297	10,780
G. Westn. of Brazil	17	1	1,082	£812	13	43,748	5,634
Leopoldina	17	1	1,918	£149,000	57,000	23,129,000	2,269,000
Leopoldina Term.	18	1	397	£30,580	4,960	1,391,500	166,030
Nitrate	17	Apr. 30	397	£178,700	14,900	7,377,600	1,348,900
Paraguay Central	44	May 1	274	£6,700	1,100	141,900	99,162
Salvador	44	May 1	1,200	£21,426	7,052	390,051	82,125
San Paulo	17	Apr. 28	1,534	£33,300	5,000	6,208,000	360,000
United of Havana	44	May 1	1,353	£10,294	5,257	64,581	10,936
				£3,820,000	114,000	125,163,000	22,809,000
				£26,000	6,050	1,061,208	163,812
				£2,373,232	5,239	509,180	46,120
				£36,455	2,955	1,201,843	163,775

* Converted at average official rate during week ended May 1, 1936-12 pesos to £.
 † Receipts in Argentine pesos.
 ‡ Free market rate.
 § Converted at official rate.
 ¶ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta Light	1	Apr. 10	621	£16,380	£473	...	...
Egyptian Markets	17	Apr. 29	...	£1,801	1	33,288	197
Gr. Southn. of Spain	34	Aug. 29	104	£14,208	62,843	840,732	724,859
Mexican Railway	17	Apr. 30	483	£3459,600	70,000	5,425,900	914,500

† 9 days.

SUEZ CANAL RECEIPTS

Suez Canal	16	Apr. 20	...	£287,400	£4,700	3,701,400	£36,900
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† 10 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine	17	Apr. 29	325	£647,004	14,117	10,826,078	£170,668
B. Aires Lacroze	42	Apr. 18	...	£64,918	6,560	2,882,202	126,811
Burnley, Colne and Nelson Jt. Trapt.	17	May 1	80	£5,299	386	81,850	4,580
Calcutta Tramways	17	Apr. 30	...	Rs. 10,399	6,387	1,538,522	70,282
Isle of Thanet Elec.	12	Mar. 24	...	£2,683	91	35,951	1,023
Liverpool Corp.	4	Apr. 28	...	£1,151	2,318	120,841	1,605
Madras Electric	17	Apr. 30	...	Rs. 50,586	3,914	4,11,165	14,040

† Fortnight.

MONTHLY TRAFFICS

Company	Months	Ending	De-scription	Receipts for Month		Receipts to Date	
				1937	+ or -	1937	+ or -
La Guaira and Caracas	4	Apr. 31	Gross	£6,205	+ 1,790	23,080	+ 5,705
Peruvian Corporation	10	Apr. 31	Gross	£97,082	+ 13,685	827,849	+ 41,286
Rangoon Electric	3	Mar. 31	Gross	Rs. 4,81,421	+ 12,112	14,06,711	+ 37,672
			Net	Rs. 2,35,843	+ 11,624	6,80,099	+ 24,055
International of C. America	3	Mar. 31	Gross	£591,496	+ 21,620	1,631,626	+ 68,576
La Plata Elec. Tramways	4	Apr. 31	Gross	£9,765	48	...	...

MEXICAN EAGLE OIL.—Dividend 11d. per share against 10d. on the 8 per cent. preference and the ordinary shares. Profits for 1936 £725,793, after 7 per cent. preference dividend.

CANADIAN EAGLE OIL.—Ordinary dividend 11d. per share against 9d. and 23-80 cents per Canadian share (as last year) on participating preference. Profits for 1936 £708,344 after 7 per cent. preference dividend.

LAKE VIEW INVESTMENT TRUST.—Final dividend 6 per cent. against 5½ per cent., making 8½ per cent. against 7½ per cent. for year.

SMITH'S POTATO CRISPS.—Final dividend 20 per cent. making 27½ per cent. for year against 20 per cent. for 1935, when 5 per cent. capital bonus distributed.

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked %, or Stated in Cash

Name of Company	* Interim or † Final	Date of Pay- ment	Comparison with Last Year	Total	
				Latest Year	Previous Year
RAILWAYS					
Darado Railway	...	...	...	6%	3%
South Indian Railway	21%*	July 1	Same	...	...
BANKS					
Royal Bank of Scotland	17%*	June 22	Same	...	...
INSURANCE					
Planet Assurance	...	June 9	...	13	12
Sun Insurance Office	15 p.s.†	July 1	Same	...	...
TEA AND RUBBER					
Adams Peak Tea	...	...	...	4	4
Alibherd Tea	6%†	June 17	Same	9	9
Alliance Tea of Ceylon	...	...	...	6	6
Chunhua Tea	12½%†	June 3	10%†	15	12½
Darjeeling Consolidated Tea	...	...	...	10	10
Derby Tea	10%†	...	Same	15	15
Glenside Rubber	...	June 5	...	8	11
Hampshire Tea and Rubber	...	...	...	4	2
Hongkong (Selangor) Rubber	30%†	...	15%†	45	25
Imperial Tea	...	...	...	6	Nil
Imperial Ceylon Tea	...	...	...	7½	6
Isa Wheel Tea	12½%†	...	10%†	20	15
Kepong (Malay) Rubber	8%†	...	...	114	4
Kinchallugh Rubber	17½%*	May 10	12½%*	...	...
Kimmins Rubber	...	...	...	3	2½
Kirby Rubber	2½%†	...	...	7½	12½
Landoka Tea	5%†	...	...	7½	Nil
Lok Kawi Rubber	10%*	May 26	...	...	...
Malay Rubber Planters	8%†	June 1	4%*	11	7
Mooloya Estates	24%*	May 25	4%†	...	...
Nannamaku Tea	...	May 7	Same	12½	10
New Columbia Rubber	...	June 1	...	10	3
Petowong Java Rubber	...	...	...	8	12½
Sapong Rubber	...	...	Nil†	6	6
Scottish Ceylon Tea	7½%†	...	Same	5	Nil
Tenison Rubber	5%†	...	Nil†	10	10
Tyspane Tea	...	...	...	...	...
United Sumatra Rubber	3½%†	...	...	...	...
Velikelle Tea of Ceylon	7½%†	...	Same	...	...
MINING					
Anglo-Burma Tin	10%*	May 28	Same	...	...
Broken Hill South	25%*	June 18	12½%*	...	...
Bulolo Gold	\$1.50*	June 11	\$1.40*	15	10
Ex-Lands Nigeria	...	June 17	...	12½	10
Henderson's Transvaal Estates	...	...	...	...	...
Placer Development	60 cts p.s.*	June 11	50 cts. p.s.*	4d. p.s.†	4d. p.s.†
Wahai Grand Junction	...	June 4	...	...	...
OTHER COMPANIES					
Abbots Investment Trust	...	...	...	34	3
Anglo-Newfoundland Development	24%*	July 15	Same	6	6
Associated Gas and Water	31%*	May 31	Same	5	5
Bentley's Yorkshire Breweries	4%*	...	...	...	...
Bethlehem Steel (Conn.)	\$1 p.s.	...	...	...	...
Birmingham and Midland Counties Trust	...	...	...	5	4
British Alkaloids Ord.	21%†	...	...	30	22
British Cotton Growing	...	...	...	31	3
British Match Corporation	5%†	May 18	Same	7½	7½
British Oxygen	8%†	(c)	...	15(c)	15
British Shareholders Trust	7%†	...	Same	10	10
Bromilow and Edwards	...	...	...	12½	12½
Burntisland Shipbuilding	6%†	...	5%†	8	7
Canadian Eagle Oil Ord.	...	...	...	11d. p.s.	9d. p.s.
Chrysalis Corporation (Conn.)	\$2 p.s.	...	\$1.50 p.s.	...	...
City of Buenos Ayres Trams	1/3 p.s.	May 15	Same	...	...
Davenport C. B., etc., Holdings	4%*	...	Same	...	...
Deli Batavia Co.	...	...	...	4	4
Energies Foods	10%†	...	Same	20	20
Fisher and Ludlow	...	...	...	20	17½
Fullers	7½%†	...	...	12½	10
Gaiety Cinema (Manchester)	4%†	...	Same	8	8
General Motors	\$1 p.s.	...	\$1.25 p.s.	5	2
General Scottish Trust	8%†	...	...	...	...
Glass Houghton, etc., Collieries	5%*	...	3%*	15	10(s)
Glenfield and Kennedy	10%†	June 1	...	4	4
Govt. and Gen. Invest. (Def.)	3%*	June 1	Same	...	...
Grand Junction Company	24%†	...	Same	...	...
Heinemann Holdings	24%*	May 8	5%*	...	...
International Nickel	50c. p.s.	...	30c. p.s.	11	10
Industrial and General Trust	7½%†	June 1	7%†	...	...
Lake View Investment Trust	6%†	...	5½%†	84	7½
London County, etc., Properties	5%†	...	Same	11	11
Maliken Tiles (Burslem) Ord.	22½%†	...	15%†	27½	20
Do. do. Pref.	...	...	...	12½	10½
Marks and Spencer	25%†d	...	Same	40(d)	40(d)
Mexican Eagle Oil Ord.	...	...	...	11d. p.s.	10d. p.s.
Do. 8 per cent. Pref.	...	...	...	11d. p.s.	10d. p.s.
Metropolitan Housing	5%†	...	Same	8	8
New Zealand and Australian Land	...	...	...	14	Nil
Ocean Coal and Wilsons	10%†	...	Same	15	15
Odham's Press	12½%†	...	Same	22½	...
Pressed Steel Co.	5%*	June 15	Same	...	...
Raleigh Cycle Holdings	5%*	July 1	Same	8	6
Reckitt and Sons	5%*	...	...	...	...
Richard Johnson and Nephew	5%†	...	...	...	...
Royal Sovereign Pencil	5%†	...	3½%†	7½	6
Salts (Salthouse) Ord.	3s. p.s.*	May 20	2s. 6d. p.s.*	50	50
Second Industrial Trust	5%†	...	...	7	6½
Smith's Potato Crisps	20%†(c)	...	12½%†	27½(c)	20(f)
South Western Gas	3%†	May 22	Same	5	4
Sphere Investment	...	...	...	...	...
Steel Coulson and Company	10%†	...	...	15	Nil
Stephany (Furniture Trades)	7½%†	June 1	Same	7½	84
Stroud Brewery	4%†	June 7	Same	10	10
Tea Share Trust	5%*	...	...	10	10
Tedley (Joshua) and Son	5%*	...	...	...	...
Tomaszow Artificial Silk	7%†	...	...	...	...
Thomas and Evans	10%†(c)	May 29	7½%*	5	2½
Trinidad Leaseholds	5%*	May 31	Same	...	...
Union Steel (South Africa)	5%*	June 15	Same	...	...
Wall Paper Manufacturers Ord.	5%*	...	...	...	...
Do. Def.	...	...	...	...	...
Welwyn Garden City	6%†	...	Same	3	2
Wiggins Teape	6%†	...	Same	9	9
Yorkshire Amalgamated Collieries	3½%††	...	...	5½	4

(d) Also a scrip bonus of 10 per cent. from reserves.
 † Free of income tax.
 (e) Also capital bonus 25 per cent.
 (f) Also capital bonus of 5 per cent. (c) Paid on a larger capital.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary					
						Amount	Amount				
		£	£	£	£	£	%	£	£	£	%
Breweries											
Chesters Brewery	Mar. 31	70,897	135,846	206,743	17,304	88,471	25	27,500	73,468	119,844	24
Walker (John) and Sons	Mar. 31	138,532	585,246	723,778	80,063	355,556	37½	145,000	143,159	438,426	25
Electric Lighting, etc.											
Bridgwater Electric	Dec. 31	1,058	10,785	11,843	5,810	1,500	6	3,200	1,333	10,162	6
Iron, Coal and Steel											
Dixon (William)	Feb. 28	13,727	69,201	82,928	15,000	49,200	7½†	...	18,728	58,677	6†
Lothian Coal	Feb. 28	37,050	76,212	113,262	10,950	44,200	10†	20,000	38,112	33,132	5†
Financial, Land, etc.											
British, Colonial, etc., Holdings	Mar. 31	5,226	2,854	8,080	...	2,700	10	...	5,380	2,922	10
British Hosiery Trust	Mar. 31	4,853	21,300	26,153	...	20,625	5½	2,765	2,763	19,318	4½
Brixton Estate	Dec. 31	4,728	10,388	15,116	3,750	4,800	6†	1,600	4,966	9,205	6†
Capital & Counties Property	Dec. 31	3,238	1,183	4,421	2,287	...	...	...	2,134	6,689	Nil
Forestral Land, etc.	Dec. 31	120,565	508,384	628,949	111,951	238,061	8½	150,000	128,937	364,804	6
Rubber Plantations Investment	Dec. 31	85,792	135,306	221,098	...	131,484	7½	...	89,614	89,514	5
Gas											
Severn Valley Gas	Mar. 31	5,090	39,897	44,987	15,703	{ 17,056 (a) 5½ 4,156 (b) 5½ }	...	...	8,072	32,682	{ 5(a) 5(b) }
Oil											
Maritime Oilfields	Dec. 31	724	5,243	5,967	...	5,032	6	...	935	7,383	9
New Brunswick Oilfields ...	Dec. 31	8,350	9,222	17,572	6,285	2,831	4	...	8,456	8,110	6
Rubber											
Bangawan	Dec. 31	75	11,209	11,284	6,718	...	...	1,000	3,566	7,116	Nil
Glen Bervie	Jan. 31	535	2,948	3,483	...	1,773	2,¾	750	960	401	Nil
Kasintoe	Dec. 31	5,221	6,211	11,432	...	6,000	5	...	5,432	4,167	3
Klabang	Dec. 31	14,185	14,855	29,040	...	9,000	6	9,000	11,040	6,286	3
Kuala Geh	Dec. 31	163	2,358	2,521	...	2,358	4	...	163	Dr. 541	Nil
Kuala Selangor	Dec. 31	2,225	12,032	14,257	...	11,303	14½	...	2,954	6,964	4½
Lubok	Dec. 31	2,978	7,916	10,894	...	7,200	10	500	3,194	4,320	6
Muar Itam	Dec. 31	1,127	2,185	3,312	...	1,967	4	260	1,055	48	2
Nagolle (Ceylon)	Dec. 31	764	4,853	5,617	...	5,554	3	...	63	1,666	2
Peacock and Nilambe	Dec. 31	850	4,588	5,438	2,048	3,104	2½	...	286	1,333	Nil
Scottish Malayan	Dec. 31	626	40,957	41,583	...	23,150	6	17,446	987	17,047	3
Shelford	Dec. 31	2,278	6,821	9,099	...	6,400	8	...	2,699	3,512	4
Sungei Buloh	Dec. 31	20,431	6,930	27,361	...	6,250	12½	2,208	18,903	3,222	7½
Sungei Telor (Malaya)	Dec. 31	2,780	3,628	6,408	1,459	2,625	6	Dr. 300	2,624	2,009	2½
Shipping											
Britain Steamship	Dec. 31	Dr. 59,034	25,838	33,196	...	...	...	...	33,196	Dr. 1,615	Nil
Shops and Stores											
City and Provincial Stores	Mar. 31	1,972	30,425	32,397	3,660	15,862	35	6,000	6,875	27,340	35
Tea											
Lunuva (Ceylon) Tea, etc.	Dec. 31	73,374	72,570	145,944	...	56,966	9	14,750	74,228	66,016	8
Telegraphs, etc.											
Cable and Wireless	Dec. 31	1,398	842,945	844,343	...	750,000	2½	...	94,343	1,001,397	3½
Cable and Wireless (Holding)	Dec. 31	167,762	942,737	1,110,499	922,162	...	...	...	188,337	1,026,041	Nil
Textiles											
English Sewing Cotton	Dec. 31	114,858	282,643	397,501	50,000	200,000	10	10,000	137,501	240,728	10
Full-Fashioned Hosiery	Jan. 2	13,733	6,058	19,791	...	...	...	5,534	14,257	22,100	4
Hield Brothers	Mar. 31	32,457	91,396	123,853	16,970	30,360	22½	40,000	36,523	70,969	22½
Tramways and Omnibus											
Calcutta Tramways	Dec. 31	15,325	139,846	155,171	12,500	56,000	8	70,000	16,671	152,321	9
Trusts											
Anglo-Celtic Trust	Apr. 5	26,418	38,619	65,037	23,214	9,150	3	5,500	27,173	33,427	2½
British Shareholders	Mar. 31	60,605	68,058	128,663	...	53,821	10	...	74,842	84,013	10½
Foreign, American and General	Apr. 5	64,822	98,251	163,073	43,750	35,000	4	19,500	64,823	78,757	3
Home and Foreign Investment	Mar. 31	24,041	33,321	57,362	17,203	9,125	4	5,000	26,034	25,366	2
Scottish Mortgage and Trust	Mar. 31	18,209	123,986	142,195	32,590	59,555	9½	30,000	20,050	100,882	8½
Second Secuts. of Scotland ...	Mar. 31	14,430	18,106	32,536	11,438	3,025	2	5,200	12,873	12,015	Nil
Third Scottish National ...	Mar. 31	23,924	28,696	52,620	17,250	5,703	2½	5,000	24,667	26,168	1½
Other Companies											
Beechams Pills	Mar. 31	59,365	374,757	434,122	156,333	65,718	60	152,969	59,102	330,651	50
British Indestructo Glass	Mar. 31*	5,828	16,133	21,961	...	11,487	25	...	10,474	(c)	(c)
Bruce, Peebles and Company	Dec. 31	2,054	37,796	39,850	3,830	...	...	32,000	4,020	1,261	Nil
Ciro Pearls (Holdings)	Mar. 25	21,821	23,321	45,142	8,578	14,063	7½	...	22,501	24,174	7½
East London Rubber	Feb. 28	20,928	24,621	45,549	8,387	17,500	10	...	19,662	40,487	12½
Ebonite Container	Feb. 28	7,380	17,191	24,571	...	15,300	18	...	9,271	15,740	16½
Egyptian Markets	Dec. 31	16,094	54,620	70,714	...	23,565	11½(s)	30,219	16,930	48,412	11½
Engineering Components ...	Mar. 31	384	19,730	20,114	3,431	14,141	15	...	2,542	16,247	12
Eno Proprietaries	Dec. 31	34,243	155,320	189,563	42,281	98,125	13	16,628	32,529	158,320	13½
Gadong Coconut	Dec. 31	644	3,874	4,518	...	2,928	8	943	647	(c)	(c)
G.R.A. and White City	Mar. 31	7,967	30,988	38,955	14,679	3,615	5	12,000	8,661	14,690	Nil
Lowrie (W. P.) and Co.	Mar. 31	90,583	121,952	212,535	13,612	79,013	15	30,000	89,910	123,988	15
Melbourne Hart and Co.	Dec. 31	6,987	24,385	31,372	5,719	11,200	14	7,500	6,953	23,452	14
Modern Machine Tools	Dec. 31	7,327	31,476	38,803	...	15,094	20	3,000	20,709	15,077	10
Newton (John M.) and Sons	Dec. 31	7,671	26,933	34,604	7,000	8,060	20	13,530	6,014	20,502	15
Odhams Press	Dec. 31	83,538	479,095	562,633	70,500	112,500	15	293,456	86,177	467,076	15
Portsmouth, &c., Newspapers	Mar. 31	3,551	94,426	97,977	33,977	29,588	32½	28,860	5,552	84,174	30
Smart Brothers	Dec. 31	33,559	218,219	251,778	32,406	65,116	15	116,209	38,047	246,807	10(c)
Stevenson and Howell	Dec. 31	89,485	32,500	121,985	5,951	24,224	17†	...	91,810	50,071	19†
Vavasseur (J. H.) and Co.	Dec. 31	15,741	49,589	65,330	5,000	37,500	12½	7,300	15,530	36,535	11½
Veno Drug	Mar. 31	3,562	189,760	193,322	43,344	146,250	300	...	3,728	125,143	196
Walker, Smith and Hoare ...	Dec. 31	3,858	42,313	46,171	15,000	25,000	10	5,000	1,171	55,259	10½

liquidation of many weak positions, the bull account in lead and spelter is still above normal. This fact may cause fresh liquidation if prices remain weak over a lengthy period. On the other hand, if they recover too rapidly, it seems likely, therefore, that both markets will remain sensitive for some time to come.

Sales of lead on the London Metal Exchange: 2,400 tons on Monday, against 1,500 tons last week; 1,000 tons on Tuesday, against 1,250 tons last week; 850 tons on Wednesday, against 750 tons last week. The New York quotation on Wednesday was 6.00 cents per lb., against 6.00 cents a week ago and 6.00 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £23 17s. 6d. per ton, compared with £25 1s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 2,000 tons on Monday, against 2,250 tons last week; 600 tons on Tuesday, against 2,500 tons last week; 1,300 tons on Wednesday, against 1,900 tons last week. Wednesday's quotation in East St. Louis was 6.75 cent. per lb., against 6.75 cents the week before and 7.00 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £23 per ton, against £24 10s. last week.

TIN. After heavy fluctuations, prices closed on Wednesday showing a substantial loss on the week, mainly in consequence of the absence of buying interest. Since the statistical position is strengthening, a resumption of normal buying would probably result in a marked price rise. Visible supplies increased last month, according to A. Strauss and Company, by only 92 tons to 22,348 tons. New supplies, at 10,762 tons, were 2,995 tons lower than in March, but deliveries fell by 2,068 to 10,798 tons. In view of the higher quotas, the small increase in supplies is unsatisfactory. Since deliveries are likely to recover soon, a fresh decline in stocks seems probable unless production makes a much better showing in the near future.

Sales of tin on the London Metal Exchange: 325 tons on Monday, against 675 tons last week; 325 tons on Tuesday, against 450 tons last week; 350 tons on Wednesday, against 525 tons last week. The New York quotation on Wednesday was 55.37½ cents per lb., against 55.75 cents a week ago and 60.12½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £249 to £249 10s. per ton, compared with £256 to £256 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,781 tons, an increase of 20 tons on the week.

OTHER NON-FERROUS METALS. Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was quoted at £15 12s. to £15 12s. 6d. per flask of 76 lb., as against £13 17s. to £13 17s. 6d. last week. Chinese antimony was quoted at £75 per ton, ex warehouse, as against £64 to £65 last week. Chinese wolfram for "May-June" shipment was quoted at 55s. to 57s. per unit, c.i.f., compared with 53s. to 56s. for "April-May" last week. Refined platinum was quoted on Wednesday at £11 5s. an ounce, as against £11 15s. last week.

TEXTILES

COTTON.—**Manchester.**—Although conditions in the Manchester market have continued rather unsettled, the recovery in raw material prices has been a feature, and quotations are now above the low point recently reached. The confidence of buyers of yarn and cloth has not yet been fully restored, but in certain directions there has been an increased inquiry. The technical position of the New York and Liverpool markets has been decidedly improved by the heavy liquidation of contracts by speculators. Serious losses have recently occurred in certain quarters. There has not been any distinct change with regard to the prospects for the new crop in the United States. Most private firms believe that there will be an increase of at least 10 per cent. in the area under cotton. The weather later on, however, will have an important influence on the size of the crop. World consumption continues on a large scale.

It has been a rather poor week for spinners and manufacturers so far as fresh business is concerned. Numerous buyers have adopted a waiting policy. All producers are centring attention on the completion of old contracts, and, owing to the decline in prices, it is very important that deliveries should not be late. Since a month ago, however, prices for yarn and cloth have not fallen proportionately to the drop in raw cotton quotations. Miscellaneous sales have been put through in piece goods for several markets and for the home trade, but there has been an absence of bulk lines. Yarns have been firm in quotation, but purchased rather sparingly.

COTTON PRICES

	1937				Corresponding Date	
	April 14	April 21	April 28	May 5	1935	1936
Raw Cotton—Mid. American	d.	d.	d.	d.	d.	d.
.. Sakellaridis Fully Good Fair	7-63	7-50	7-38	7-41	6-80	6-46
Egyptian	12-28	12-02	11-65	11-32	8-36	8-99
Yarns—32's twist	14½	14	14	14½	10½	10½
.. 40's twist	13½	13½	13½	13½	10½	10½
.. 60's twist (Egyptian)	20½	20½	20½	20	15½	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	21 3	21 0	21 0	20 10½	18 0	17 0
36-in. ditto, 88 yds., 18 by 16, 10 lb.	29 2	28 11	28 11	28 8	24 3	24 0
36-in. ditto, 37½ yds., 16 by 15, 8½ lb.	11 9	11 8	11 8	11 7	10 9½	10 0
	10 9	10 8	10 8	10 7	9 4½	9 0

Reorganisation of Weaving Section.—In connection with the movement in the Lancashire cotton industry towards united action to prevent price-cutting and establish profitable margins, the weaving section has lagged behind. It is being urged in some quarters that action should be taken and the Burnley and District Cotton Industry Study Group has sent a circular to over 700 manufacturing concerns asking for their opinion on certain proposals. It is pointed out that the improvement in margins, which most manufacturers have secured during the past few months, has shown that reasonable profits are possible, provided that the causes of price-cutting are removed. In 1935 the Burnley Group advocated the adoption of a scheme to eliminate or immobilise redundant plant or machinery, but the years passed by without any prospect of such a scheme being adopted. The need for some effort is most urgent, writes our Man-

chester correspondent, particularly in view of the fact that spinners have taken steps to ensure reasonable margins and that finishers are pressing forward with schemes to prevent price cutting in their section of the trade. In the circumstances, there is a danger that under present conditions manufacturers will have to bear the brunt of the pressure towards lower prices, which will result from any decline in demand. To devise a scheme for securing reasonable margins is relatively simple, but to devise a scheme which will secure the support of a sufficiently large body of manufacturers is extremely difficult. In order to assess opinion in Lancashire, the Burnley Group has drawn up three schemes, and they now ask firms affected to give their views on the proposals. Scheme 1 provides for a five years' compulsory insurance scheme, under which, for payment of a premium of 3d. per loom a week, manufacturers would be paid 2s. 6d. compensation on all looms stopped. Scheme 2 proposes that a Board be appointed to administer legally binding agreements to prohibit the sale of cloth below a fixed margin over the cost of raw materials plus wages. Scheme 3 provides for a Statutory Board to control production, under which firms would be given a percentage of a quota of production with compensation for loom activity at less than the quota. The proposals have caused a good deal of discussion in trade circles, but in the weaving section of the Lancashire industry there is great diversity of interests, and there seems to be doubt as to whether any of these schemes will obtain sufficient support at present. Manufacturers, however, realise the danger of disagreement in view of the price-fixing schemes which have recently been arranged in the spinning branch, and it is well known that during the recent revival of trade spinners have done much better than manufacturers.

JUTE. Dundee. The strike position at the Indian jute mills became very serious by the middle of last week, but some of the idle mills have since resumed work. Prices for Calcutta goods declined to some extent as the result of the improvement, while buyers were inclined to hold off and await further developments. It is understood that the workers are now being urged to return to work in all mills, so that negotiations may be entered into with the employers for increased wages and a host of other concessions demanded by the workers' leaders. Raw jute advanced in price under speculative operations, consumers showing very little interest, especially as the stocks curtailed the consumption of the fibre. In spite of the strikes, the figures of the stocks of hessians and sackings in Calcutta showed only a small decrease during April. This is due to lack of shipping accommodation, insufficient steamers being available to take away large quantities of goods awaiting despatch on the quay. During April, hessian stocks were reduced by 6,600,000 yards, and sacking stocks by 4,700,000 yards.

The weather conditions affecting the new jute crop have been very adverse this season until now, owing to lack of rain, but the latest news is that beneficial rains have fallen, and that sowings are proceeding favourably in the districts left to complete. Prices of the fibre have displayed weakness, and £21 10s. per ton is now quoted for Daisee 213 full group, and £22 2s. 6d. for Tossa 2/3, with fours at £19 12s. 6d. and £21 10s. respectively. May-June. New crop offers are absent this season, and any prices named by spinners are well below the rates ruling for old crop. Good First Marks, Lightnings and Hearts of the old crop are more or less nominal.

Spinners are all very busy, and they are very firm in their prices. Common 8 lb. cops are held for 2s. 4d. and 8 lb. spools for 2s. 5d., and offers of business at less are being refused. Twist is firm at 4½d. to 4½d. for 3 ply 8 lb., and sacking yarns are from 2½d. for 24 lb. twist and 3½d. for 8 lb. chains, while Rove is lowest at £22 for 48 lb. and £17 10s. for 200 lb. The finer yarns are quiet but firm, and carpet descriptions are being sold at 3½d. for 14 lb. warp. The cloth end of the trade is comfortably placed, and manufacturers are still entering orders at from 2½d. for 10 oz. 40 in. and 2½d. for 8 oz. A really good business has been done in 40 in. goods to replace delayed shipments from Calcutta, while meat wrappers have also been purchased. Conditions are now rather quieter. Linoleum hessians and heavy goods are firm.

GRAIN MARKETS

WHEAT. After a week of quiet trading, prices show little alteration. Although at present demand remains quiet, the tone is steadier owing to a sharp decrease in Argentine clearances and complaints of dry weather in Canada. According to the *Corn Trade News*, German buying is likely to continue for a number of weeks, but Italian demand is negligible and is unlikely to expand in the near future.

On Wednesday last, "May" futures were quoted in Chicago at 129½ cents per bushel, against 129 cents the week before and 141½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship 51s. 9d. to 53s. per 496 lbs., as against 51s. 6d. to 53s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 51s. 3d. to 52s. 6d., as against 51s. to 53s. a week ago. According to the *Corn Trade News* total shipments of wheat and flour last week amounted to 1,304,000 quarters against 1,651,000 quarters in the previous week and 1,237,000 quarters in the corresponding week a year ago.

FLOUR.—Demand for both home-milled and imported flour is slow, and prices are about unchanged. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 42s. 6d. per 280 lbs., as against 42s. 6d. a week ago; delivered inner London, 42s., as against 42s. a week ago. Manitoba patents, ex store, 39s. to 40s. 6d., as against 39s. to 40s. 6d. a week ago. Australian, ex store, 34s. to 35s., as against 34s. to 35s. a week ago.

BARLEY.—Imported feeding barley remains a quiet market. "May" futures were quoted at 72½ cents per bushel in Winnipeg on Wednesday, against 70½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed," at farm, 35s. to 36s., as against 36s. to 38s. a week ago; "English malting," at farm, 38s. to 45s., against 38s. to 45s. last week. Californian (new), ex ship, 53s. 6d., as against 49s. to 55s. a week ago. Chilean, brewing (new), ex ship, 44s. 9d. to 50s., against 44s. 9d. to 50s. a week ago.

OATS.—On Wednesday, "May" futures were quoted at 49½ cents. a bushel in Chicago, against 50 cents a week ago and 50½ cents last month. Quotations in London, Wednesday: "English black," at farm, 26s. to 27s., per 336 lbs. a week ago, as against 24s. to 26s. a week ago; "English White," at farm, 26s. to 27s., as against 24s. to 26s. a week ago; mixed Canadian feed (Vancouver), landed, 25s. 6d. per 320 lbs., as against 25s. 3d. a week ago.

MAIZE.—The market has been featureless and prices are unaltered. "May" futures were quoted on Wednesday at 132½ cents per bushel in Chicago, against 129½ cents a week ago and 125½ cents last month. Quotations in London, Wednesday: "Plate," landed, 27s. 6d. per 480 lbs., as against 27s. 6d. a week ago; "Plate," ex ship, 26s. 6d., as against 26s. 6d. a week ago; "Plate," April (new), 27s., as against 26s. 8d. a week ago; yellow maize meal, ex wharf, was quoted at £7 per ton, as against £7 to £7 5s. a week ago.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-37:—

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	May 6, 1936	Dec. 30, 1936	Apr. 28, 1937	May 5, 1937
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	82½	84½	78½	129	129½	133½
Chicago (No. 2, Winter) —Cents per 60 lb.	98½	101½	96½	135½	129	129½

The visible supply of wheat in Canada amounts to 72,230,000 bushels, against 75,675,000 bushels last week, and 109,107,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1933-34 to 1936-37:—

	1933-1934	1934-1935	1935-1936	1936-1937
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to May 1.....	154,474	181,232	213,392	141,854
35 weeks to May 1.....	9,512,732	11,884,556	11,865,252	9,426,121
Average price of English wheat per cwt.	s. d. 4 5	s. d. 5 3	s. d. 6 8	s. d. 10 0

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding weeks in each of the years from 1933 to 1936:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
	Cwts.	Cwts.	Cwts.	s. d.	s. d.	s. d.
April 29, 1933	104,449	29,960	17,566	5 3	6 5	5 8
April 28, 1934	154,474	34,343	26,882	4 5	7 11	6 1
May 4, 1935	181,232	34,778	27,962	5 3	7 1	7 0
May 2, 1936	213,392	28,177	31,324	6 8	7 4	6 1
April 24, 1937	252,553	34,709	40,164	10 3	10 3	8 8
May 1, 1937	141,854	33,987	31,398	10 0	10 3	8 7

OTHER FOODS

BACON.—Supplies have been ample this week, but demand has shown a tendency to fall off. The official quotations (per cwt. for No. 1 Sizeable) which formed the basis for dealings on the London Provision Exchange this week were: English, 92s. to 96s.; Canadian, 87s.; Danish, 95s.; against 92s. to 96s.; 87s., and 95s. last week. Arrivals in London last week included: Danish, 15,111 bales; Canadian, 6,956; Dutch, 3,064; Lithuanian, 1,300; and Polish, 3,474; as against 15,009, 6,598, 2,340, 986 and 2,609 bales, respectively, in the previous week.

BUTTER.—Prices were marked down on a quiet demand, but business has been more active at the lower level. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 104s.; Australian, choicest salted, 103s.; Danish, 110s. to 112s.; compared with 108s., 107s. to 108s., and 112s. to 113s., respectively, a week ago.

CHEESE.—The market has been firm, except for Dutch, which has been in quiet demand. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 89s. to 96s.; Canadian finest coloured, 76s. to 78s.; and New Zealand, finest coloured, 70s.; against 89s. to 96s., 75s. to 76s., and 70s., respectively, a week ago.

COCOA.—Prices have been sharply reduced this week. The spot quotation in New York on Wednesday was 8½ cents per lb., as against 9½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "May-June," was quoted at 40s. 6d. per 50 kilos, c.i.f. Continent, against 43s. a week ago. Last week's movements of cocoa in London were as follows: landed, 18,083 bags; delivered, for home consumption, 19,939 bags; exported, 10 bags; stocks, 273,411 bags, against 164,728 bags a year ago.

COFFEE.—The London spot market was quiet. The spot market in New York was firm, but with prices showing little alteration. On Wednesday, Rio No. 7 (cash) was quoted at 9 cents per lb. in New York, as compared with 9 cents per lb. last week and 9 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 149 cwt.; delivered, for home consumption, 402 cwt.; exports, 109 cwt.; stocks, 2,054 cwt., against 11,509 a year ago. Central and other South American: Landed, 6,089 cwt.; delivered for home consumption, 955 cwt.; exported, 569 cwt.; stocks, 113,600 cwt., against 125,473 last year. Other kinds: Landed, 1,822 cwt.; delivered for home consumption, 1,530 cwt.; exported, 382 cwt.; stocks, 125,178 cwt., against 181,823 last year.

EGGS.—Arrivals were fairly substantial this week, but prices generally show little alteration. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 9s. 3d. to 9s. 9d. per 120, against 9s. 6d. to 10s. last week; while Danish (15½ lb.) made 8s. 9d. to 9s., as against 8s. 9d. to 9s. last week.

FRUIT.—Business at Covent Garden remains good, states *The Fruit-grower*. Supplies, although generally rather heavy, clear well and prices are accordingly maintained at a satisfactory level. Apples are a good trade, with all new season fruit clearing readily. Pears are also going out trade, with high prices are inclined easier with plentiful supplies. Grapes are an active item and are clearing very satisfactorily, while English peaches are also in request. A few Belgian nectarines have put in an appearance, while forced strawberries are coming in for a good inquiry. First arrivals of Spanish apricots fetch 10s. to 12s. per crate, but the French and Italian cherries so far to hand are rather immature. Reliable parcels of oranges are in short supply and make better prices, while lemons are scarce and dear. Grapefruit are a more active trade, but with ample supplies quotations remain easy.

MEAT.—Fresh meat was a rather dull item at Smithfield this week, but chilled beef and frozen mutton and lamb were in steady demand.

Prices are about unchanged. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 10d. to 4s. 2d. per 8 lbs., as compared with 3s. 8d. to 4s. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,409 tons, an increase of 681 tons on the corresponding week last year. Beef and veal accounted for 4,943 tons, mutton and lamb, 3,029, and pork and bacon 981, as compared with 4,627, 2,693, and 885 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, Singapore white Muntok, spot, was quoted at 6d. per lb. in bond, against 6d. per lb. a week earlier. Black Lampung, spot, in bond, was quoted at 3d. per lb. sellers, compared with 3d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, 10 tons; delivered, 1 ton; stocks, 1,840, against 1,704 last year. White, landed, 53 tons; delivered, 29 tons; stocks, 11,904, compared with 12,397 a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 10s. per cwt. ex warehouse, on Wednesday, as compared with 10s. per cwt. a week ago. "May-June," in singles to Continent and U.K., was quoted at 9s. per cwt., against 9s. last week. Movements in London last week were as follows: Landed, 79 tons; delivered, 76 tons; stocks, 1,054 tons, against 1,286 a year ago.

SUGAR.—Raw sugar has been a rather quiet market in London this week. In New York prices have been steady. The New York spot quotation was 3.45 cents on Wednesday, as compared with 3.45 cents per lb. last week and 3.45 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August" delivery at 6s. 2½d. to 6s. 3d., against 6s. 4½d. to 6s. 5½d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 13,431 tons, against 24,751 in the previous week and 8,701 in the same week of 1936; deliveries, 19,305 tons, against 20,344 and 19,258 tons, respectively; stocks, 183,270 tons, against 189,144 and 204,493 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
	d.	d.	d.	d.	d.	d.	d.
Apr. 30, 1936	12-79	13-66	16-05	10-94	10-49	11-99	13-48
Mar. 23, 1937	14-97	15-81	17-27	Nil	Nil	13-91	15-81
Apr. 8, "	14-99	16-03	17-67	15-64	13-26	14-22	15-65
Apr. 15, "	14-82	15-83	17-68	14-15	12-94	13-83	15-47
Apr. 22, "	14-79	16-38	17-38	14-81	13-08	13-98	15-68
Apr. 29, "	15-04	16-37	17-35	13-68	12-73	14-18	15-68

At this week's public auctions in Mincing Lane, 41,019 packages of Indian and 21,696 packages of Ceylon tea came up for disposal. In response to a strong and active demand, Indian teas advanced in price. For the cheaper Ceylon teas a similar tendency was evident, but fine teas were easy and sold 1d. to 2d. per lb. below valuations.

VEGETABLES.—There has been a sharp increase in supplies of asparagus, while house-grown beans are also more plentiful, according to *The Fruitgrower's* Covent Garden report. Forced marrows sell well and Guernsey green peas are an increasing item. Tomatoes are firm on a steady demand, while cucumbers are slightly easier on larger supplies. Good quality greenstuff is doing better, although cauliflowers continue abundant and cheap. New potatoes encounter a better demand and Mataro are firm at 22s. to 23s. per cwt., against 21s. to 22s. last week. Meanwhile, old potatoes remain in good supply at London markets and prices are inclined easier this week. At the Borough on Tuesday, however, best siltland King Edward were unchanged at 10s. to 11s. per cwt.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OIL SEEDS.—Generally there is a much better feeling and prices are steady, though business is very quiet. Demand for linseed is small. At the same time there is no pressure to sell either by Argentina or India in view of the strong statistical position of supplies and the uncertainty regarding the yield of the domestic United States crop. Already Argentina has exported 925,000 tons or approximately two-thirds of this year's crop, and of this about 400,000 tons has been destined for the United States and Canada. The question is how much more North America will have to import to supplement home production. The new Indian linseed is moving off slowly. The more optimistic estimates suggest that India may have an exportable surplus approaching 350,000 tons, on which English crushers will depend as usual to a large extent. World supplies are something over a million tons or rather less than the quantity actually shipped in the remainder of last year. Linseed oil which fluctuated considerably last month, is now steadier at a lower level, but demand is restricted. The current quotation for May delivery is around £29 to £29 16s. per ton, naked, ex Hull. After some weakness in near positions Egyptian cotton seed has been steadier and quoted at about £9, May loading. Large shipments of cotton oil continue to be made from Hull to the United States under running contracts.

RUBBER.—Despite a slight rally in the United States, prices on the London market are rather lower than a week ago. Confidence has not yet been restored and fluctuations have been heavy; but prices seem likely to show some recovery when normal buying is resumed. The spot price in New York on Wednesday was 21½ cents per lb., compared with 20½ cents per lb. a week ago and 24½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 10½d. per lb., as against 10½d. on the corresponding day last week. In forward positions, business has been done at 10½d. for "June" shipment, as against 10½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 48,687 tons, against 48,828 tons a week earlier. A year ago stocks amounted to 139,750 tons.

FURS.—The London spring series of fur auctions closed early this week, after being very uninteresting for the past ten days. The general uncertainty and the slump in stocks and commodities resulted in great caution on the part of buyers. Hence sales, which had not been impressive before, became rather small. Prices eased slightly in the last week of the series, although there were no outstanding losses worth mentioning. Since the termination of the sale, conditions on the free market have been very quiet. The next London silver fox auctions will be held on May 31st. The general London summer sale, which, although still young, has already gained great popularity, will start on July 28th.

which the United Kingdom has entered on her own account, in defence of what she believes to be her vital interests. The attitude of the Dominions will clearly depend on the degree to which they regard their own vital interests as also involved. The Conference will further have to discuss important aspects of foreign relations in which the principle of support for the League Covenant cannot at present provide a clear index of policy: for instance, relations with the United States, and the Far Eastern problem. Obviously, economic questions are of peculiar importance in these fields.

Only when agreement has been reached on the broad lines of foreign policy can the Conference or its technical committees proceed to a consideration of co-operation in matters of defence. Here, as in issues of foreign policy, the starting-point must be recognition of the Dominions' national consciousness. In the present stage of the Commonwealth's development, there can be no dictated or centralised system of defence to which all its self-governing members contribute. The Dominions believe that their primary duty is to defend their own territories in their own way. That is also true to-day of India. Her leaders—including British soldiers in Indian Army commands—have repeatedly emphasised that her great defence burden can be tolerated only if it is made clear that it is incurred for the defence of India herself and not for an imperial reserve. Hence, over and above the technical co-operation (similar training, interchange of material and personnel) which is almost universal in the defence systems of the Commonwealth nations, their peace-time co-operation for defence is bound to lie mainly in the spheres of naval action, naval and air bases for joint use, and possible action by air forces at a distance from national territory in defence of agreed common interests. The field is nevertheless wide, and the expanding armament

programmes of the Dominions, as well as of this country, greatly increase the opportunities for sound and durable understandings.

Finally, the Conference will have before it a group of constitutional questions. Mr BALDWIN stated a couple of months ago that the particular subjects proposed under this head were certain matters relating to nationality, treaty procedure, the international status of the members of the British Commonwealth, and channels of communication between them. These heads could be made to cover, in fact, practically all the constitutional problems of the British Commonwealth that have come into controversy since the War. We have yet to see what they are to mean on this occasion. It has been repeatedly rumoured that certain of the Dominions are anxious for the abolition of the Dominions Office, which they regard as an anachronism. Vestiges of colonial rule are plainly out of date, and may be subject to dangerous misrepresentation. But to overburden the PRIME MINISTER, or to relegate communication with the Dominions to a department of the Foreign Office, would be even more inappropriate than the present system. Those who are inclined to think that the Dominions Office is functionless would do well to recall the skill and tact required during recent months in the handling of such matters as the abdication, the Coronation, and the Imperial Conference itself.

In conclusion, there is, happily, one aspect of our constitutional system which is conspicuous by its absence from Mr BALDWIN's list: namely the relationship of the self-governing nations of the Commonwealth to the Crown. The single but divisible kingship has become an established fact, founded no longer on the ancient law of these islands alone, but freely and separately accepted and acclaimed by all the King's peoples. Never was a symbol more fitting, or its recognition more sincere.

A Hundred Years Ago

BY a happy coincidence, the Coronation of King George VI on May 12, 1937, comes within six weeks of the centenary of the Accession of Queen Victoria on June 20, 1837. Amid the rejoicings of a free people and an independent Commonwealth of Nations we may pause and, looking over the crowded achievements of a hundred years, may see how much progress has been made in the building of democracy.

When the young Queen came to the throne in 1837, England was still ruled exclusively by a few, and was freshly scarred by the social and economic disorders of industrialism. William Lamb, Viscount Melbourne, was Prime Minister, and his political creed was simply expressed in the dictum that "the whole duty of government is to prevent crime and to preserve contracts." This was the authentic voice of aristocratic government. Although the Reform Bill of 1832 had begun the extension of the representative basis of Parliament which was not completed until 1918 and 1928, parliamentary reform had produced no change in policy.

It was a squalid England over which Victoria came to rule. New jerry-built industrial towns were filled with the cholera-ridden increase of population which industrial revolution had brought. Men, women and children were overworked for pittance wages in fields, factories and mines. The old Poor Law had broken down under the burden of land enclosure, the new industry and the new farming, the French wars and their long aftermath. A National Debt which in 1816 had reached the unprecedented height of £878 millions and which stood at £770 millions in 1837 lay heavy upon a people who relied upon a clumsy and regressive tariff for their revenue. The voice of democracy was heard only in the

discrepant tones of men like Owen, Cobbett, Hunt and the *flâneur* Disraeli. Administration was still mainly the degenerate heirloom of an earlier age.

There was no income tax in 1837, and there was virtually no sanitation; for the nation was neither able to afford nor ready to pay for the fruits of democracy in adequate social services, decent wages and healthy conditions of life. The reform of the Poor Law in 1834 and the ostracising or imprisonment of the poor and unemployed had aroused suspicions among the working classes which were not allayed by the prosecution of trade unionists and the tragedy of the Dorchester labourers.

Yet the basis of material progress was already laid. Exports were nearly four times what they had been fifty years before. The annual output of iron had risen almost ten-fold since 1815; and the consumption of cotton, largely spun by steam-driven machinery, had increased six-fold in a similar time. The annual output of coal had been trebled in thirty years. Stephenson's "Rocket" had travelled at 36 miles per hour in 1833; and by 1837 Acts for constructing all the railways which were the beginnings of the present main lines had been passed. In the year of Queen Victoria's coronation the "Sirius" and the "Great Western" crossed the Atlantic under steam.

Another powerful machine was also effectively at work in 1837—the engine of investment. Overseas lending, already over £100 millions, was to reach £150 millions in ten years and £350 millions in twenty. A rentier class, created in the preceding century, speculated in America in the 'twenties and in home railways in the 'thirties; and proceeded, in the next generation, to finance the Industrial Revolution throughout the world.

In 1837, however, industry had outgrown its immediate environment. Trade and employment were restrained by a coercive fiscal system. Investment was hampered by an inadequate company law which refused joint-stock organisation and limited liability to all but a favoured few. The crises and depressions of 1816 and 1826 were renewed in the very year of the new Queen's accession.

Nevertheless, evolution, once it began, was impressive by its rapidity; an Act of 1837 extended the privilege of joint stock, and heralded the Company Act of 1844. In 1838 the Manchester Anti-Corn Law Association was formed; and the march towards free trade, cheap raw materials and cheap bread (urged, among others, by a journal styled *The Economist Free Trade Newspaper*, founded in 1843), was accelerated by Cobden and Bright. In 1846, when Peel began the final assault on import duties which Gladstone was to complete, he restored the income tax. To him the tax was a means to balance the Budget; to William Pitt it had been the instrument of war; Gladstone called it the engine of free trade.

Though organised social services were almost non-existent in 1837 the first steps towards a better order had been taken by a devoted few. The eighteenth century had seen notable advances in medical science and practice, and death rates had been abated. But voluntary effort had become increasingly unable to tackle the degeneration of the industrial slums or to stay the onset of typhus and typhoid. Cholera stirred the nation from its apathy. Inquiries were instituted into sanitary conditions; and in 1837 the horrors of London were revealed in official reports.

The condition of England was being brought home to the governing classes by factory inspectors, blue books, novelists (Dickens wrote "Oliver Twist" in the year of Victoria's coronation), poets, social reformers, and organised working men. "Nothing is so expensive as a vicious and unhappy population," wrote Disraeli. Factory Acts, Public Health Acts and Poor Law Acts begot the administrative hierarchy which was the origin of

our modern Civil Service. The Chartist Movement, set on foot in 1837, and the Anti-Corn Law League, sent out from Manchester in 1838, established the pattern and habit of democratic politics.

When the appeal of the Chartists to the young Queen and her Parliament was ignored, the sequel was riot and disorder, three things saved the country: the profit and employment of the "railway enterprise"; the unshackling of commerce; and the fashioning of practical democracy by the passing of welfare laws, the building of central and local government to execute them, the raising of money by taxation to pay for them, and the extension of the franchise.

So began a century of crowded progress. The chart on this page shows how great that progress has been in commerce, industry and finance. An administrative machine has been created to administer democratic laws, made by a Parliament elected by the whole of the adult population. And the nation has learned that the price of democratic government must be paid. In 1837, government expenditure, apart from defence and ordnance, was £35 millions; in 1937 it will be about £730 millions.

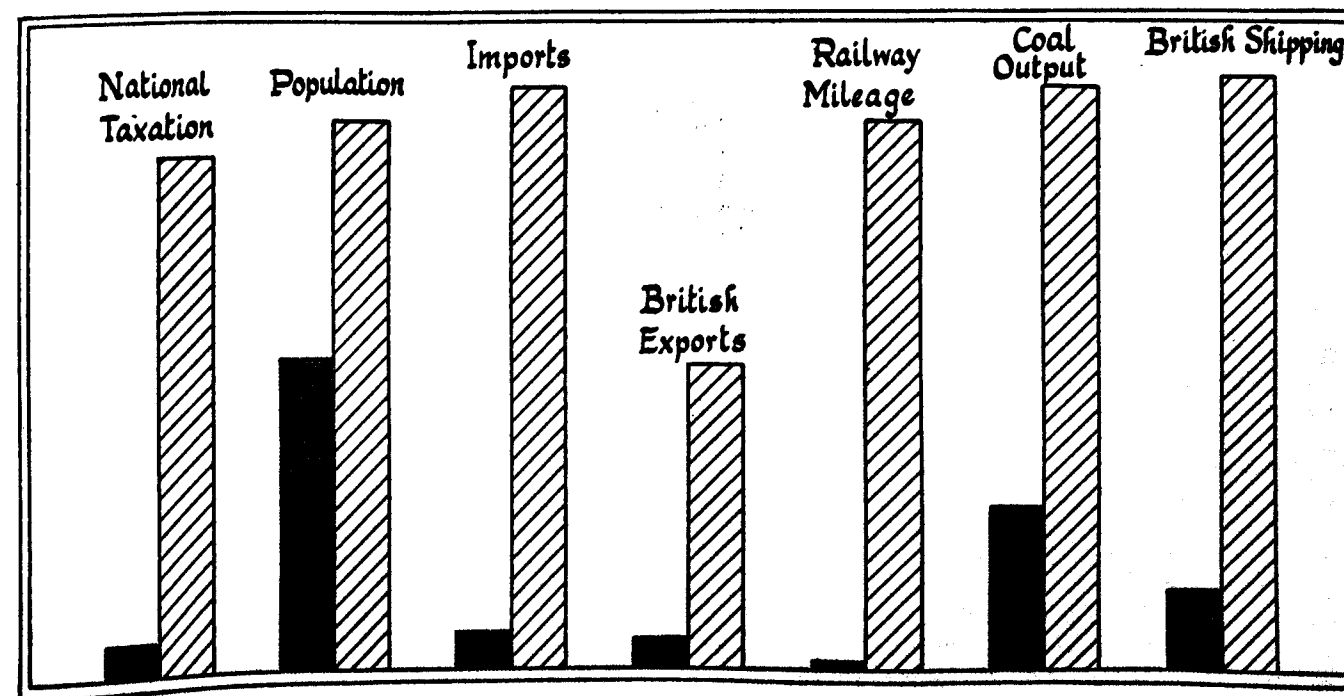
To-day, when we survey the inheritance our Victorian progenitors have bequeathed us, we have room for gratitude but little for complaisance. Within our own time, the course of trade has been partially choked again by restraints and restrictions all over the world. The cost of war challenges the cost of welfare in the national accounts. There are 1½ millions unemployed this Coronation time. The slums, malnutrition, Depressed Areas and destitution remain with us, even at the peak of current prosperity.

Mr Baldwin has declared that democracy can still practise the arts of peace in a world of strife. We may say: "Amen to that"; for on peace and freer trade depends the democracy which has built an impressive edifice of social reform, political freedom and Imperial autonomy in the last hundred years.

A CENTURY'S ECONOMIC PROGRESS

	National Taxation (a)	Population (b)	Imports (c)	British Exports (d)	Railway mileage (e)	Coal output (f)	British Shipping (g)
Unit	£	Number	£	£	Miles	Tons	Gross Tons
1837 (black on chart)*	48,462,000	26,709,000	54,737,000	42,215,000	540	64,661,000	2,296,000
1936 (shaded on chart)	755,719,000	47,098,000	848,928,000	440,719,000	36,868	228,524,000	17,285,000

* The 1837 figures, in general, include the whole of Ireland, while the latest figures exclude the Irish Free State; but comparability, except where otherwise noted, is not seriously affected. (a) Twelve months to June 5, 1838, and Mar. 31, 1937, respectively. (b) 1841 and 1936 respectively. The earlier figure includes, and the later figure excludes, the population of what is now the Irish Free State, which was 6,529,000 in 1841 and 3,013,000 in 1934. (c) Official values in 1837. (d) Declared values. (e) Reduced to single-line track, excluding sidings; 1837 and 1935. (f) 1854 and 1936, respectively. (g) Tonnage on Lloyd's Register.



Second Thoughts in Japan

AFTER the recent General Election in Japan, there was a rumour that the Japanese Government was intending before long to make an overture to the British Government for the negotiation of an agreed settlement of the present Far Eastern conflict. If this move is not insincere, to use a term which the Japanese are fond of applying to their Chinese neighbours, it is assured in advance of a sympathetic response. But the Japanese cannot fail to appreciate that there will naturally be certain conditions on our side which will have to be fulfilled if any progress is to be made towards an understanding.

To begin with, there is the question who the parties to an agreement are to be. The rumours mention Japan, China and Great Britain; but no negotiations could be serious, and no settlement lasting, from which either the U.S.A. or the U.S.S.R. were excluded. And it seems hardly likely that the British Government would be willing to enter into *pourparlers* for a Far Eastern settlement except on a Five-Power basis, at the minimum. It would be still better to extend it to Six Powers by including France, who has important territorial interests at Shanghai as well as in Indo-China, and would also almost certainly be invited to participate in any international loan for the economic rehabilitation of China which might issue from the suggested peace move.

In the second place, there is China to consider. The Japanese are said not to be intending to insist upon a recognition of Manchukuo, and to be willing on the other hand to give a pledge to respect China's integrity. But Manchukuo is presumably excluded from the limits of the China whom Japan would agree not to mutilate; and there is another serious difficulty in the reported Japanese demand for a recognition, by third parties, of Japan's special strategic as well as economic interests in North China, inside the Great Wall. In our belief, Japan will have to go farther than this if she really wants to conciliate China and thereby to secure for herself the Chinese trade which she can neither coax nor extort from a China who continues to bear Japan a grudge. While Japan may be entitled to demand guarantees that no other foreign Power shall step into her place in North China if she renounces her military domination there, we fancy that nothing short of such a renunciation—and this in Manchukuo as well—will suffice to appease Chinese feelings.

For Japan to relax her hold on Manchukuo may be difficult, but such things have been done by other Powers in recent years. The British treaties with Iraq and Egypt, and the French treaty with Syria, are valuable precedents. Japan may take her time about it; she may be asked to agree that the status of Manchukuo shall be reviewed—and revised—at stated intervals in some international forum. But sooner or later the 28 million Chinese inhabitants of Manchukuo will have to be given a genuine opportunity of reuniting their country with China if they choose. It is only when this prospect has been assured that a true friendship between China and Japan will begin to become a practical possibility. And, after all, Japan has once already, since the Great War, made a politic concession to China of equal magnitude. At the Washington Conference of 1921-22, Japan gave up not only the Chinese province of Shantung, but also the ex-German leased territory of Kiao-Chao. And now, as then, the effect would be to increase, and not to diminish, the esteem in which Japan is held.

If the Japanese can persuade themselves to go this far, they have the prospect of winning an immense reward. They will obtain the lion's share of the China trade; and they will also obtain—for this new China who will be Japan's friend as well as customer—an interna-

tional loan which will set China on her feet again economically and will make it worth while to trade with her. These two things together would give Japan the outlet which she has failed to obtain by her aggressive policy.

This policy of aggression is now palpably discredited by its fruits. The Japanese colonisation of Manchuria has been negligible. The unsuitability of the climate, and the presence in the country of a Chinese population firmly rooted in the soil, have proved insurmountable obstacles even to a Japan who has seized complete economic as well as political control over the coveted territory. Economically, Manchuria has been no asset to Japan, but a heavy liability; and in order to acquire this liability Japan has been sacrificing the substantial asset of her trade with the 400 million Chinese on the other side of the Great Wall.

Nor has the conquest of Manchuria brought Japan even a strategic gain on balance. When the Russians meekly abandoned their rights and their property in Manchuria, it looked for a moment as though Japan had gained the whip-hand over Russia on the Asiatic Continent. Her installation in Manchuria gave her the interior lines, from which she could simultaneously threaten Transbaikalia and the Maritime Province and might even hope to sever all communications between Vladivostok and Moscow. This, however, was only the first chapter in the story; for while the Russians did not attempt to challenge Japan's seizure of Manchuria, they did set out to make their own military position in their own territory relatively stronger than before. To-day, the Maritime Province of the Soviet Union is linked with the rest of the country by new lines of communication which are out of Japan's reach. The Soviet army in the Far East has its own independent munitions factories and sources of supply. And Vladivostok has been developed into an air base within bombing range of Japan's congested industrial cities.

These are all reasons for a change of Japanese policy; but is Japan likely to be rational? On this point the precedents are rather reassuring. In the recent history of Japanese foreign policy, lucid intervals have alternated with bouts of homicidal mania. The first year in which modern Japan ran amok was not 1931, after all. She had done it before as recently as 1915; and by the end of the Great War it looked as if Japan were in a fair way to make herself mistress not only of the whole of China but also of Eastern Siberia right up to Lake Baikal. Yet, in the very hour of the Japanese militarists' triumph, they were found to be unable to deliver the goods for which they had been asking so high a price from the Japanese people. Public opinion in Japan turned against the militarists and won the day. Its victory was registered in the settlement at Washington; and this settlement gave half the world peace for a decade. In the light of this precedent, it seems not unlikely that the cycle of Japanese policy may be on the point of repeating itself.

One of the first outward symptoms of a reassertion of civilian over military opinion in Japan was the emphatic disfavour with which the Japano-German "anti-Communist pact" was received. The Japanese people seem to dislike the idea of being drummed into taking their place in a world-wide Fascist front. If there is to be a conflict on the lines of Fascism *contra mundum*, the Japanese prefer that Germany and Italy shall face the music alone. They do not want to be a Far Eastern out-rigger of "the Berlin-Rome axis." This is fortunate; for if Japan refuses to play the game, Germany and Italy will have less stomach for playing it by themselves.

An Economist at the Breakfast Table—III

Burnt Coffee

THE initial article of this series described the breakfast of Mr Prohack (whose zeal for economy carried terror into the Government's Spending Departments) as consisting of bacon, dry toast, coffee and marmalade. In his preference for coffee as the regular accompaniment of his morning bacon and egg, Mr Prohack differed from the majority of his compatriots; for it is proverbial that the cup which cheers the average Englishman contains tea rather than coffee. We must presume that Mr Prohack was one of the substantial minority who find in coffee a fragrant beverage which stimulates the intellect, soothes the digestion and fortifies its devotees against the daily routine of modern life. These properties, which depend upon the presence of caffeine, have been appreciated by mankind for at least five centuries. Let us consider for a few moments the economics of the coffee bean.

The berry from which the coffee bean is extracted is the fruit of an evergreen plant indigenous to Abyssinia. The plant itself grows at a considerable altitude on well-watered mountain slopes in tropical regions. In appearance and size the fruit resembles a small cherry, which takes on a dark red hue as it ripens. The berry normally contains two hard seeds, bluish or greenish in colour, which may be separated from the fleshy portion by one of several methods. When they have been extracted, the beans must be cleaned, dried and graded; and, after they have entered into international trade, they must still be roasted and ground before they are finally ready for the coffee pot.

Coffee is known to have been used in Abyssinia in the fifteenth century, and the habit apparently spread rapidly through Arabia, despite its prohibition in the Koran. In 1652 the first London coffee house was opened in St. Michael's Alley, Cornhill, and the part played by this new institution in the subsequent life of the City of London is famous. At present, however, the United Kingdom is one of the smallest consumers, on a *per capita* basis, in the world, while the United States is one of the most important. Britain, however, has developed a considerable *entrepôt* trade in this commodity. Thus, in 1930 over one-half of our gross imports of coffee were re-exported, mainly to Western Europe. The importance of this trade has, however, recently declined.

Until the end of the seventeenth century virtually the whole of the world's demand was satisfied from the Yemen Province of Southern Arabia—where the celebrated Mocha coffee is still produced. With the growth of European consumption, however, the centre of production shifted rapidly westwards to Central America, the West Indies and Brazil. The pre-eminent position of Brazil among the world's producers at the present time is shown by the following figures:—

WORLD COFFEE PRODUCTION (In thousand bags of 60 kilos.)				Brazilian Proportion of Total Production
Season ended	Brazil	Other Countries	Total	
June 30				
1930	30,186	8,273	38,459	78.4
1931	15,678	8,633	24,311	64.4
1932	27,581	8,287	35,868	76.8
1933	14,502	9,239	23,741	61.2
1934	30,383	8,935	39,318	77.3
1935	18,496	7,699	26,195	70.4
1936	21,455	10,028	31,483	68.2

Brazil produces about 70 per cent. of the world's coffee. Of her exports, about 60 per cent. go to the United States and only 30 per cent. to Europe. Brazil inevitably has been prominent in recent endeavours to raise the price of the coffee bean. The broad features of the Brazilian Government's valorisation schemes are now common knowledge in the consuming countries. What is less widely appreciated is that restriction of supplies has been intensified during the present season

and that the price of coffee has consequently risen. The London quotation for Santos, which was little more than 38s. per cwt. a year ago, rose to almost 54s. last February, and is still 51s. per cwt.

At present no less than 30 per cent. of Brazil's annual output is destroyed. For this "sacrifice quota" the grower receives from the Government a price of 5 milreis per bag, a sum which suffices only to cover the cost of the bag and the transport charges to the Government depôts. The amount thus destroyed rose from 1,793,112 bags in 1935 to 3,731,154 bags in 1936. Except in the case of the highest grades, a further 30 per cent. must be delivered by the coffee producers to the regulating warehouses, to provide a store which enables the Government to retain a substantial measure of control over the market. The storing of the beans, incidentally, has no deleterious effect; on the contrary, it improves their quality. The remaining 40 per cent. of production may be exported by the grower at will. In addition to these restrictive measures, the Brazilian Government recently entered into a price-raising agreement with other American producers. The reasons for the recent intensification of efforts to improve the financial position of the Brazilian coffee-grower may not be wholly unpolitical; for the presidential and parliamentary elections are due next January. But the levering up of prices must ultimately be damaging to the country's long-term interests, for competition will be encouraged. Already this season's deliveries of Brazilian coffee have fallen well below last year's level.

The British consumer is only indirectly interested in the level of Brazilian prices, since a very small part of our supplies come from that country. Actually, about 40 per cent. are obtained from Costa Rica, 30 per cent. from British East Africa and some 18 per cent. from British India. Foreign coffee (not kiln-dried, roasted or ground) entering this country pays an import duty of 14s. per cwt., while supplies from the Empire pay only 4s. 8d. Despite this substantial Imperial preference, however, the distribution of supplies has shown little alteration over the past decade. The trend of consumption since 1929 has been as follows:—

UNITED KINGDOM—COFFEE CONSUMPTION
(Cwts.)

	Imports	Re- exports	Net Imports	Change in Stocks	Home Con- sumption
1929	559,272	245,830	313,442	— 11,000	324,442
1930	815,427	441,070	374,357	+ 23,000	351,357
1931	752,400	400,728	351,672	— 12,000	363,672
1932	741,943	319,913	422,030	+ 97,000	325,030
1933	658,883	344,462	314,421	+ 21,000	293,421
1934	531,268	229,773	301,495	— 10,000	311,495
1935	478,407	233,153	245,254	— 65,000	310,254
1936	440,794	155,001	285,793	— 31,000	316,793

Consumption continued to gain ground until 1931, for coffee prices were falling while real wages were still rising. Imports rose sharply in 1932, but demand fell off and stocks in bonded warehouses were consequently largely augmented. The growth of general prosperity has since been reflected in a gradual expansion of demand for coffee. Although this tendency has recently been intensified, consumption is still well below the 1931 peak. Whether this leeway will be made up in the near future will depend in part upon price changes on the world market—and here Brazilian policy is clearly a relevant factor. Whether or not the demand for coffee is inelastic, as is frequently declared, a substantial recovery in consumption is more likely to come as a consequence of the continuance of general recovery than as the result of price reductions. Present indications, indeed, are that coffee will cost more in the immediate future than in the recent past.

Spain's Mineral Resources

POLITICAL and economic motives are inextricably mingled in all modern disputes. Territorial or ideological—and the present war in Spain is no exception to the rule. It began as a well organised military rebellion which, almost for the first time in the tangled history of Spain, failed to secure its immediate objective. It has become a contest in which great European nations have fed the contestants with men and material. Those who know Spain best believe most strongly that even if General Franco were eventually successful, the rank and file of Spaniards would never submit to a state of political dominance by Italy and Germany. On the economic side, however, the potentialities are very different. A Government placed (and probably maintained) in power by German and Italian bayonets and bombers would be in no position effectively to resist foreign encroachment on Spain's natural resources.

The nature of these resources, and their distribution within the territories at present controlled by the opposing forces in Spain are shown by the map on this page. The economic significance of current military operations may be readily appreciated. Valencia, the seat of the Republican Spanish Government, is clearly the objective of the Teruel offensive. The spearhead of the Cordoba thrust threatens the richest mineral area in Spain, including the ore-fields of Penarroya, Linares and Jaen. General Franco already commands Rio Tinto and Huelva, and the seizure of the Almaden mercury mines would give him the possession of the world's richest reserve for that heavy liquid metal.

The Bilbao offensive has for its objective one of the most accessible and richest iron ore deposits in Europe. General Franco is naturally anxious to deprive the Spanish Government of its access to munition metals and sources of power. More generous ore supplies, moreover, would furnish the rebel General with assets with which to purchase further external military assistance. Copper, pyrites and sulphur from the British-owned Rio Tinto mines have been requisitioned by the insurgents in substantial amounts, and despatched to other points in Spain, to Germany and to Italy.

Britain is the leading buyer of Spain's marmalade crop of bitter oranges, her sherry production and her tomato crop—which comes mostly from General Franco's territory. Under a clearing scheme, Nationalist Spain's exports to Britain would realise enough sterling to pay off the British owners of the Spanish mines and probably to settle other British "frozen" claims on Spain as well. Imports of Spanish iron ore into Germany alone increased from 37,210 tons last December to 206,707 tons in January and 91,596 tons in February.

Spain's proved iron ore reserves total 711 million tons, with an iron content of about 349 million tons, and her probable reserves are much larger. The ore reserves of Morocco are estimated at 25 million tons, the principal iron mines being situated from 15 to 20 miles from the Port of Melilla, to which they are connected by a narrow-gauge railway. Manganese ores occur in association with iron ores in the Huelva district, at Rio Tinto, at Tharsis and near San Domingo. Deposits carrying wolframite with cassiterite are found at San Finx, Galicia, Montaro and Cordoba. It has been estimated that there are 2,000 million tons of cupriforous pyrites in the Huelva Province, within a depth of 400 feet. Given a recovery of only 1 per cent., these reserves would be equivalent to 20 million tons of metallic copper. The output of cupriforous pyrites from about 50 mines in Huelva, operated by various companies between 1922 and 1931, totalled 30 million tons—equivalent to some 400,000 tons of copper. Lead ores, often argentiferous, and frequently associated with zinc ores, are found around Mazarron, Cartagena, Málaga, Linares, Jaen, Córdoba and Penarroya.

The known and probable mercury reserves make the Almaden area the biggest mercury mine in the world.

The output of quicksilver from Almaden between 1564 and 1907 totalled 169,000 tons, compared with a total from the Italian Idria mines, the next largest in the world, between 1525 and 1908, of 72,000 tons. The Spanish reserves are estimated to be sufficiently large to supply for more than 100 years the world's normal annual consumption of 100,000 flasks of mercury. The average content of the ore is 8 per cent., of which 6 per cent. is recovered. Spain and Italy together provide nearly four-fifths of the world's production of mercury.

The Spanish potash basin lies forty miles north-west of Barcelona. It is 28 miles long and 10 miles wide, and is now recognised as rivaling in importance, and probably exceeding in richness, the German Stassfurt and French Alsatian deposits.

SPAIN'S MINERALS AND THE WAR



KEY TO ABOVE MAP

Fe. Iron.	Sn. Tin.	Hg. Mercury.	C. Coal.
Cu. Copper.	W. Wolfram.	Bi. Bismuth.	P. Power Stn.
Pb. Lead.	Mn. Manganese.	S. Sulphur.	I.S. Iron & Steel Ind.
Zn. Zinc.	Ag. Silver.	K ₂ O. Potash.	M.Ind. Metal Ind.

Spain's production of leading minerals in recent years is given below:—

Iron ore	(1935)	2.7 million tons
Pyrites { Cupriforous	(1934)	0.6 "
Non-cupriforous	(1934)	1.5 "
Copper ore	(1934)	20,610 tons
Mercury	(1934)	1,227 "
Tin	(1935)	250 "
Wolfram	(1935)	350 "
Manganese ore	(1935)	693 "
Coal and lignite	(1935)	7.3 million tons
Potash salts (as K ₂ O)	(1935)	121,372 "
Sulphur	(1934)	31,130 tons

If General Franco is victorious, Italy and Germany will obviously obtain access to much-needed supplies of strategic minerals for their drive towards self-sufficiency in the face of exchange difficulties. New reserves of iron ore would greatly benefit the enlarged German and Italian iron and steel industries, which are both suffering from a serious shortage of supplies.

For Great Britain, on the other hand, the outcome would be definitely unfavourable, since she normally imports nearly a million tons of Spanish iron ore every year to supplement her comparatively low-grade domestic resources.

Notes of the Week

The Coronation.—The whole world was in attendance at the solemn and Imperial ceremony and celebration of the crowning of George VI on Wednesday, May 12th. Over a million people waited for long hours under grey skies on the route of the Royal procession; and when they had seen the trappings of centuries of history and of a great Empire go by, and had enjoyed the novel experience of listening to the broadcast of the impressive ceremony in the Abbey, their welcome voiced the rejoicings of a quarter of the earth's population. All over the British Isles and the Empire it was the same; banners flew and beacons burned. Everywhere the ritual and splendour of the Coronation service were heard and visualised. In no continent were the deeply impressive voice and words of the Archbishop of Canterbury unheard, as the ceremony passed from the Vivat and the Recognition to the Anointing and the Crowning. The swelling cheers on the processional route when the King and Queen rode home in crowns and robes of State were heard in all lands. The simple and moving words of King George which he addressed through the microphone to the whole Empire were a dignified and fitting end to an occasion which has deeply impressed the whole world.

The crowning of King George VI as head of a group of independent and democratic peoples was a peculiar symbol of British political sense. He rules, but his peoples govern themselves. Beside him there is no place for dictatorship; the sword and rod are vested in him as a trust to preserve justice and mercy from usurpers and tyrants. The King has no power; but he guarantees the power of his people. The events of Wednesday, the calm and dignity of the principal actor, and the participation of hundreds of millions of people which the British Broadcasting Corporation made possible, have confirmed the hold of the Monarchy on the loyalty of the British peoples. Monarchy and ritual strike strangely on the modern world; but transmuted to modern uses they may serve a great purpose in a troubled age.

Coronation Honours List.—The list of honours conferred at the New Year was narrowly contrived in contrast to the national significance of the Royal accession. The Coronation Honours List, published on Monday, may truly be spared this criticism. Sir Herbert Samuel is appropriately created viscount, for the Liberal principles for which he stands are finding more recognition than for many years past. One of the new barons,

Sir Walter Rea, Bart., was once a Liberal whip; and another, Dr. Addison, has ranked among Labour's ablest Ministers. Three new Privy Councillors, Mr Pethick-Lawrence, Lord Snell, and Mr Isaac Foot are also supporters of the Opposition. Although the only by-elections which the honours make necessary are in safe Conservative seats at Buckingham, Glasgow and Kingston, there has been an evident desire to do justice to all parties. There has been a similar anxiety to reward Dominion and colonial merit in view of the Imperial character of the Coronation and the Imperial Conference. The list as a whole is not, however, strikingly impressive. The Press has been recognised in the barony of Mr Elias, and industry in the peerages bestowed on Sir Robert Horne, Sir John Cadman and Sir John Davenport Siddeley. The knighthood conferred on Mr William Bradshaw, Chairman of the Co-operative Wholesale Society, is a rare and pleasing tribute to the importance of the movement with which he is associated. And skill and zeal in high positions are aptly recognised by Sir Frederick Leith-Ross's G.C.M.G. and the knighthood conferred on Mr W. V. Wood, senior vice-president of the London, Midland and Scottish Railway. But there is a certain lack of balance in the list as a whole. Education is ill-rewarded apart from the honours accorded to the leaders of divers juvenile organisations. Industry and commerce on the whole lack their usual prominent place in the list. Music, art and letters are recognised but sparingly. There is in fact a heavy weighting of the roll on the side of science and medicine and, above all, administration. It is proper that research and doctors should be recognised; and that the vast work done by civil servants all over the Empire should be rewarded. But favours might well have been distributed with even greater comprehensiveness—and this is a good honours list as honours lists go—than they have been in a list of 1,400 names, which fails only by one hundred to equal the portentous number of honours conferred in 1902 on the Coronation of Edward VII.

London Transport.—Neither the proceedings nor the report of last week's Court of Inquiry into the London bus strike, which has now lasted a fortnight, suggested any real hopes of an immediate way out of the impasse: The position when the strike was called was that, while the London Passenger Transport Board refused to consider the proposal for a 7½ hour day any further, the men would consider no alternative suggestions. On Saturday last the Board offered to negotiate on all points except the 7½ hours day. On that crucial matter they accepted the Court's recommendation

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that a medical inquiry into the health of busmen should be instituted and offered, in the last resort, to accept the decision of an impartial tribunal on what should be done to avert bad effects on health, if any were proved. They also offered to discuss speeding-up, the alteration of schedules, irregular meal-times, and even "onerous and exacting" schedules. This offer was submitted to the district branches on Sunday and Monday. By 47 votes to 3, they decided on Monday to continue the strike. Actually the outlook is not as black as might appear. Mr Bevin, Secretary of the Transport and General Workers' Union, has succeeded in persuading the provincial busmen who were on strike in thirteen counties to return to work. He has resisted a strong demand that the London dispute should be extended to the trams and trolley-buses. The trams and trolley-buses, like the tubes, have done good work in facilitating Coronation traffic; and it must be clear to Mr Bevin that if the busmen now refuse entirely to discuss the many points which the Board have submitted, public sympathy for the strikers will be largely alienated. The National Executive of the Union probably hold this view; and it is believed that in a statement to the London branches they have urged the advisability of suspending the strike, pending negotiations on the basis of the Board's offer and the Court's report.

The Coal Dispute.—Nearly a month ago deadlock was reached in the negotiations for amalgamation in Nottinghamshire of the Industrial Union, which commands the support of a substantial fraction of the men in that field, and the Nottinghamshire Miners' Association, which is affiliated to the Mineworkers' Federation of Great Britain. The management of Harworth Colliery had refused to negotiate with the Association until amalgamation was completed; and the Association, speaking for the Federation, refused to complete the amalgamation until it received recognition in its own right. The impasse remains; it has been embittered by clash and riot at Harworth; and it has been given a national character by the decision of the Federation on April 30th to call a strike in all the coalfields unless recognition was secured and victimisation at Harworth Colliery was stopped. The strike was due to begin on May 22nd, but the direct appeal of Mr Baldwin and the activities of the Secretary for the Mines Department secured a postponement for one week. Hopes of peace have, however, been short-lived. Both sides remain intransigent. The Nottinghamshire coalowners and the representatives of the Industrial Union offered last week to meet the Miners' Federation if they would first accept the principle of amalgamation and agree to submit outstanding points to arbitration. The Federation replied that they would only confer unconditionally. The owners and the Industrial Union say that recognition is implicit in amalgamation, since the fused body would be affiliated to the Federation. The Association and the Federation, however, demand recognition as the first step. No progress has been made in several weeks, and, although wage prospects are better in most fields than they have been for many years, a national coal strike on May 29th is now probable. The owners and the union they favour accuse the Federation of seeking to override the wishes of a majority in the Nottinghamshire field. The Federation, on the other hand, believe that a fundamental principle of trade unionism is at stake, and that the Association, being in their view the only independent union in Nottinghamshire, should have full, and indeed ultimately exclusive, recognition. The Federation cannot forget the defeat of 1926 which set on foot the present troubles in Nottinghamshire; and, whatever the merits of their present case, they not unnaturally refuse to compromise any discussion by accepting conditions beforehand.

The Zeppelin Disaster.—Germany's record in airship construction and operation has been so enviable that the disaster which overtook her latest airship, the

Hindenburg, at Lakehurst, N.J., on Thursday of last week seems the more terrible. Since the war, the lighter-than-air school in Germany have so perfected airships that regular commercial operation between the Americas and Europe was possible, safe, and not over-expensive. The Graf Zeppelin and Hindenburg were regular fliers above the Atlantic; and the disasters which overtook the British R.34 and R.101 and the American Macon and Akron, passed the German airships by. Now the German immunity has ended. After headwinds and a protracted thunderstorm round Lakehurst, the field of arrival, the Hindenburg had just dropped her mooring ropes and was descending to anchor at the mooring mast when, for some unexplained reason, an explosion occurred in the stern. The vast ship crashed to earth in flames; and of over 100 passengers and crew, 35 are dead, including Commander Lehmann, and many severely injured. The word "sabotage" was quickly passed round; but the airship's designer, Captain Eckener, has expressed scepticism of such an explanation. It is known that hydrogen was being released before the explosion; but this was normal, the ship had Diesel motors, and their exhaust manifolds are specially constructed not to pass a spark. It seems probable that either a charge of static electricity gathered from the thunder-clouds on the exterior and then discharged when the cables touched earth, or that, after the strain of the storm and wind, some play developed in joints or rivets, which gave out a spark in the interior of the envelope. It is fortunate that the disaster took place only a hundred or two hundred feet up, since many have escaped death. But it is a bitter disappointment for Germany after so long and distinguished a record for safe airship travel; and our sympathies are due to the constructors and operators of the Zeppelins as much as to the relatives of those who perished in the disaster. If the ship had been filled with helium, the disaster might not have occurred; and as the United States has a monopoly of helium, this latest airship disaster has stimulated many Americans, including some Senators and Congressmen, to urge the U.S. Government to permit its export.

The By-Elections.—The result of the contest at York completes an interesting series of by-elections which in recent weeks has been testing public opinion. Of the recent contests, the Government have held every seat except Central Wandsworth, which went to Labour. In every case, however, there has been a falling-off in the Government's vote and majority. The following figures show the total votes recorded in all by-elections during the life of the present Parliament, with the exception of the three University contests, in each of which there have been special circumstances which would invalidate a comparison:—

	Government			Labour		
	General Election 1935	By-Elections	Change	General Election 1935	By-Elections	Change
By-elections in 1935-6.....	258,103	204,212	-20.8%	186,590	190,422	+ 2.0%
By-elections in 1937.....	197,007	153,182	-22.2%	120,562	114,564	- 5.0%
Total.....	455,110	357,394	-21.4%	307,152	304,986	- 0.8%

These figures do not reveal any very startling reversal in public opinion. The fall in the Government vote is larger than in the Opposition vote, but this is usual in by-elections. Moreover, though the fall in the Government vote is increasing, the Labour vote is also falling behind the General Election figures. On balance, there does not seem to be much evidence that Labour is sweeping the country. This lends additional point to the fact that four constituencies where a considerable turnover of votes has led to Government defeats—Derby, Oxford University, the Combined Universities and Central Wandsworth—are also the four constituencies in which a determined

and successful attempt was made to organise what may be called the Opposition vote on non-party or inter-party lines. The Honours List and the sudden death of Sir James Blindell will lead to another series of by-elections in a few weeks' time, but all the seats in question appear to be safe Government seats.

M. Blum's Victory.—Last Saturday evening, the French Government, after facing the Chamber on a motion of confidence which provoked a lively debate, secured their greatest victory since assuming office a year ago. With the big majority of 181 votes (380 against 199) compared with 174 votes at their first meeting of the Chamber, and as few as 147 after the unfortunate Clichy fracas, the Government rallied to their support the entire Left Cartel, including even dissident Radicals. The main reason for this was M. Blum's firm reassertion, earlier last week, that a pause in the tempo of reform had become necessary and possible. At the same time, the renewal of the Matignon industrial agreements between workers and employers for another six months promised an end to the bickerings which had latterly threatened to provoke another wave of strikes. These two recent bull points for the Government coincided with steadily increasing revenue from taxes, rising exports, expansion of production and stocks, and reviving profitability of industry despite the reforms and the 40-hour week. Clearly, while the big capital holdings of the rich rentiers still remain outside France for safe custody, M. Blum's main problem must remain the cheapening of money rates so that the annual service of the National Debt, forming one half of the ordinary Budget, can be reduced by conversions. This can be achieved slowly, by steady improvement of business, as well as quickly, by sudden repatriation of the hundreds of millions of pounds sterling now standing to the credit of French firms and persons in foreign countries.

After a year of his Government, the overwhelming bulk of the population of France are ranged more firmly than ever behind M. Blum; and the position of France's national economy—as distinct from the temporary embarrassments of the money market or the franc exchange—is slowly but steadily improving. M. Blum is known to lay emphasis on the importance for France and French democracy of freer trading relations; not only to increase French exports, but also to increase imports as a check to the rise in French prices. French governments have not always been so far-sighted. If the British Government were now as far-sighted and constructive-minded as M. Blum, they could, with his Government, powerfully buttress peace and prosperity in Europe. The need and the opportunity now coincide. Have the French and British Governments the will to take the lead?

The Duce Cuts Us.—Last week-end it was officially announced in Rome that Italian newspaper correspondents were being forthwith recalled from London, and that all British newspapers—save only the *Daily Mail*, the *Evening News*, and the *Observer*, that faithful Italianophil trio—were henceforth banned in Italy. The alleged reason for this singular "cut direct" is that English newspapers have consistently calumniated "the Italian armed forces" in their exploits. This strange statement is presumably an admission about Italian armed forces in Spain; in fact, natural sensitiveness on the score of Brihuega and Bilbao; and the German State-controlled Press has faithfully echoed the tart allegations of its colleague and brother-in-arms. Doubtless the real reason is that no dictator can allow his dictatees to learn truths undictatable to himself. All dictators will hang together on this point. So the free Press from abroad, however small its circulation among those dictatees who can read a foreign language, must be banned. The truth can

make people free; and freedom is dangerous to dictators; so truth in a totalitarian State becomes merely what is dictated. The Duce must be hypersensitive to criticism just now if he is forced to ban a few English newspapers. Why? Does he seek to turn all Italy into one vast *disperata* squadron, himself the most desperate? No democratic State wants to "cut" Italy. We would all reciprocate the Duce's offer, repeated last week at the first anniversary of the conquest of Ethiopia, for truly amicable collaboration in the cause of peace and justice. But when the Duce orders foreigners to "cut" his countrymen, something must be rotten in the state of Italy.

The Week in Spain.—Insurgent activity on the Bilbao front has intensified during the past week; but the Basque forces are not even yet in their final defensive positions. Despite continuous air raids and machine-gunning from the air, to which the Basques are unable to reply in kind, their line is being held. They have given ground on the eastward heights, but retaken ground in other places. Meanwhile it was announced on the eve of the Coronation that the first Basque children are due in this country next week. The Government's decision to permit this act of humanitarianism could scarcely be refused, for the funds to support the children have been privately raised here, and what other countries can do for so laudable an object can be done by this country. Despite the British Government's consistency in adhering to humanitarian intervention in Spain, the German and Italian press still persist in dubbing it partiality for the Spanish Government—as if, in such a case, the word partiality could ever be legitimately applied to humanitarian work on behalf of old people and children in the very arena of ruthless warfare. Moreover, many of the aged and the young now being evacuated to France and other countries are from families in sympathy with General Franco. Elsewhere than Bilbao the week has been quiet, save for an intensive—indeed, hitherto the worst—bombardment of the capital city. No ensuing military action at Madrid has yet taken place.

At Barcelona the local government has been rent by dissension which ended in recourse to arms, during which more than 200 have been killed. The Anarcho-Syndicalists (C.N.T.), disgruntled because their Socialist colleagues did not agree to expropriation of land and industries, refused to bow to the will of their colleagues of the Socialist, Communist, and other persuasions. A Socialist was murdered; and when suspected Anarchists were ordered to be arrested, their colleagues proceeded to military action. They were, however, too weak to assume power on their own; and public sympathy turned from them. The dispute has been settled, aided by the dispatch of 5,000 men from Madrid and stern warnings from the Valencia Government. It is deplorable that, at this juncture, the Catalan Anarchists should give the common enemy of all the Spanish Government forces a rod wherewith to beat them. There are signs, however, that this perilous precedent has acted as a sobering influence on all extremists in the Government

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camp. Meanwhile, dissensions are not confined to the Government side. General Franco has had to supersede his nominal leader of the Spanish Fascist Party; and stories are still coming through from insurgent territory that the Italians, Germans, Falangists, Requetes, and Monarchists obstinately refuse to combine in an effective unitary military command. A final clear-cut military decision in Spain seems as far off as ever.

* * *

Lord Zetland's Statement.—As a move towards ending the deadlock between the Indian provincial Governments and the Congress, Lord Zetland's statement last week was a great improvement on his initial intervention, which was widely regarded in India as frigidly formal and unconstructive. It would seem, he said, that in some quarters a great deal more had been read into that part of the Act which imposed special obligations on the Governors than it actually contained. The essence of the new Constitution was that the initiative and responsibility for the whole of the government of a province, though in form vesting in the Governor, passed to the Ministry in office. The reserve powers could only come into operation if the Governor considered that the special responsibilities laid on him by Parliament were involved. But even then it would be altogether wrong to assume that he would immediately set himself in open opposition to his Ministry. He would surely lay his difficulties before his Ministry, "and I should have thought," added the Secretary of State, "that just as the Ministers can count upon the assistance of the Governor in their difficulties, so could he in his turn rely upon receiving the sympathetic consideration of his Ministers for the difficulty of his own position." There could be no question of the Governors' interfering constantly and embarrassingly in the work of their Ministers. It seems regrettable that such a statement was not made on behalf of the Government before matters had degenerated to their present unsatisfactory position. The recent resolution of the Congress Working Committee indicated no retreat from the demand for specific assurances, and the struggle has now become almost a war of prestige. The expected defeat of the minority Ministries when their legislatures meet may, nevertheless, provide an opportunity for re-opening the discussions on a practical basis.

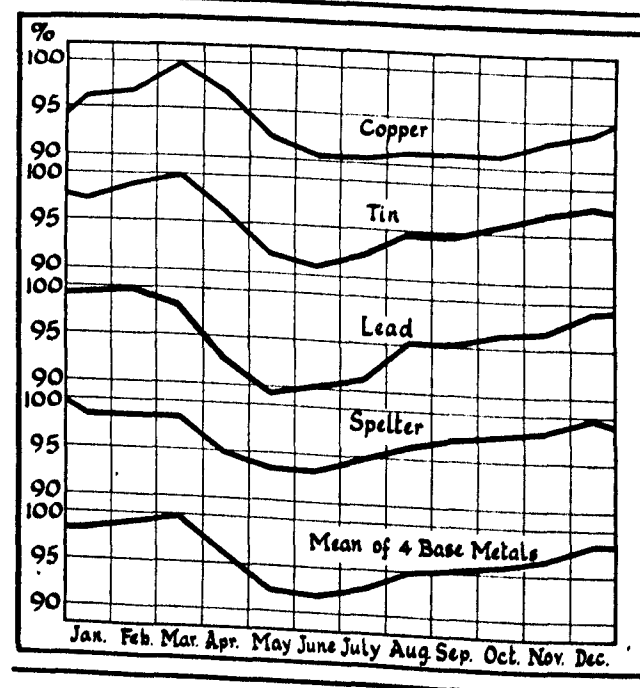
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The War in Waziristan.—It is always a moot point when exactly a North-West Frontier skirmish becomes "one of England's little wars." But that stage certainly seems to have been passed in the present Waziristan disturbances. The original incident—the abduction of a Hindu girl by a Pathan, her conversion to Islam and the decision of the appeal court to restore her to her parents—was a trivial spark which set alight a veritable magazine of latent violence. To-day, some 30,000 British and Indian troops are engaged in fighting the Faquir of Ipi—the principal instigator of violence—and his friends. Hence the affair, whatever its outcome—and there are signs that casualties and attrition are already breaking down the morale of the tribesmen—is a grave warning for the whole future of imperial defence. Even though frontier defence is mainly the duty of Indian troops, for so small a field army as Great Britain possesses, scattered over three continents and shouldering many duties that continue through war and peace, such incidents as the Waziristan fighting and the despatch of a division to Palestine mean a serious drain on the strength available to meet other possible dangers. There may be vital lessons to learn here about the size and organisation of the army in India, both British and Indian. New and urgent experience has been acquired to guide the overdue reform of the Cardwell system of sister battalions at home and overseas. Certainly there are vital lessons for the future control of the frontier, about which some eminent correspondents of *The Times* have had sharp things to say.

Anglo-American Co-operation.—Surprisingly little notice has been taken on this side of the Atlantic of a letter written by President Roosevelt for the Coronation number of an American newspaper. "It is a simple statement of fact," wrote the President, "but one which cannot be too often affirmed, that the United States and Great Britain have one great common concern—the preservation of peace throughout the world. While national means and methods of contributing to a peace more secure and more stable may rightly vary, this common objective stands ever a common inspiration." These words may sound jejune to British ears. But their significance lies in the fact that no American President has ever before found it politically expedient to express such sentiments. There can be no doubt that Mr Roosevelt's Administration is sincerely anxious to draw closer the ties that connect the policies of the two countries, and is ready to come a good way further than halfway to meet Great Britain. By common consent, the first and easiest stage would be the conclusion of a Trade Agreement. This is still under consideration in Whitehall, but such hints as emerge do not encourage any great hopefulness. If the question is examined in a narrow departmental spirit, and strictly within the limits laid down by the policy of the last four years, deadlock will be inevitable. But it will be more than a shame if an opportunity which is not likely to recur is thrown away for the lack of a Cabinet decision, based on the broadest view of high policy, and applying the same large considerations to the paramount need, at this moment of the world's history, for the fullest practicable measure of co-operation among all the English-speaking peoples.

* * *

Seasonal Movements in Metal Prices.—It is not generally known that the break in commodity prices which began about March 12th, fell precisely at a period of the year when the base metal markets are frequently in a technically weak condition. There is in fact a seasonal tendency in the prices of copper, tin, lead, and spelter, which manifests itself in some years in a striking form. By the courtesy of Mr L. L. Whyte we are able to publish the results of an inquiry he undertook into the seasonal movement in base metal prices. The monthly averages for 1923-1931 of the London Metal Exchange prices for standard cash copper, tin, spelter, and lead, were used as a basis. All January prices for each metal



were averaged, then February prices, etc. The "average year" so obtained was corrected for the net secular trend from January 1923-December 1931, and the month in which the highest price was recorded was taken as 100. The results are shown in the curves, and a high (100) for both copper and tin in March, a low for copper (90.8) in June-July, and for tin (91.1) in June.

The other two metals show similar but somewhat less marked curves. The mean curve for the prices of all four metals gives a high in March (100), and a low in June (92.2). These results from a nine-year period indicate the existence of a seasonal tendency for copper and tin to be high in March and to fall rather sharply until June; while the lesser movements in spelter and lead are probably due partly to their well-known tendency to move in sympathy with the two more speculative metals. For both copper and tin, during the whole 1923-31 period, all the most severe falls occurred in the March-June period. In the case of tin there was a high in March in the years '23, '24, '26, '27 and '31, and the date of the highest price in these years was March 13th, 12th, 17th, 23rd and 18th, respectively. The sharp falls in the copper price in 1929, 1930, and 1931 also began in the same period in March.

* * *

What causes this weakness in the metal market from March to June? It cannot be due to a seasonal movement in physical metal, either in production or in deliveries, since metal stocks show no such seasonal fluctuations. It must therefore be due to operations in the forward markets; and as there is no reason to believe that producers hedge seasonally, we are left with the consumer's forward purchases as an explanation. This is in fact the probable explanation of the phenomenon. It is well known to the metal market that the chief metal consumers buy forward to an exceptional extent during the early spring—when estimates are being made for the year—and then buy much less for a period of two or three months in the early summer. There is thus a relative concentration of purchases in February and March, and the market knows that consumers are often somewhat overbought by the middle of March. If there happens to be a bull speculative position at that time, the market is ripe for a bear attack. Speculative activity thus reinforces an underlying technical factor which is not to be revealed by statistical analysis in years when there is little speculation. The average drop of 7.8 per cent. from March to June for all four metals from 1923-1931 is undoubtedly principally due to the repeated collapses during this quarter of an overbought or bull speculative position in either copper or tin. During the subsequent years 1932-1936 this tendency was not present to any marked extent owing probably to the absence of any large speculative activity in the metals. The break in commodity markets in the current year has been intensified by rumours that the dollar would be "revalued" when there were strong bull positions in the metal markets. A warning that there was an exceptional and possibly dangerous position was in fact given by the market on March 10th, when there was a backwardation on all four base metals. The recent reaction has resulted in the April mean prices for the four metals being down by an average of 15 per cent. from the March averages. Owing to the severity of this fall it is reasonable to expect that the low point of the movement will this year be in May rather than June.

* * *

Road Transport Wages.—It is opportune that at a moment when the problems of passenger transport are engaging public interest and anxiety, the graver questions of remuneration and conditions in the road haulage industry should be brought to notice. The Baillie (Departmental) Committee on the Regulation of Wages and Conditions of Service in the Road Transport Industry issued their Report* on Tuesday, and their view is plain and uncompromising. "In a considerable number of cases the wages paid to C licence drivers [employed by ancillary vehicle owners] are substantially low, even lower than the minimum rates of wages fixed by trade boards"; and "in nearly all cases the normal hours of work are considerably in excess of the 48-hour week." The Committee suggest, therefore, that there should be set up new machinery to deal with all matters affecting the work, wages and conditions of drivers and statutory attendants in the road motor transport industry. They

* H.M. Stationery Office. Price 1s. net.

propose a Central Board to recommend standard wages and conditions, which may be given statutory effect by Ministerial Order. The Central Board will be advised and assisted by local Area Boards in each Traffic Area, appointed by the Minister of Transport. It is proposed further that it should be made a condition of every A (public carrier's) and B (limited carrier's) licence that such standard wages and conditions should be observed. Thus the comparative failure of the National Joint Conciliation Board, set up without statutory powers of enforcement in 1934 to implement the fair wages clauses of the Road Traffic Act, is to be repaired. Unfortunately, the holders of C licences, which constitute 70 per cent. of all road haulage licensees, cannot be so simply dealt with. They have opposed regulation because their workers are ancillary to other industries, and they have, not unnaturally, been supported by the representatives of the industries they serve. Interests have, however, also been at work on the other side; competitors, such as haulage employers and railway companies, have sided with trade unions to urge that the C licences should be brought into line with the A and B licences. The Committee now propose that Trade Boards should be established in the retail distributive trades (unless negotiations at present in progress about wages and conditions in those trades result in an adequate system of regulation) which would embrace the drivers of C licensed vehicles in retail distribution; and that for all other C licence drivers and attendants it should be made a condition of the licence that they should be given either the wages and conditions prescribed for A and B licensees or those determined by collective bargaining. Conditions in road transport are often regrettably bad; and if these various proposals are implemented by statute a great deal will have been done to protect the workers in the industry and the public from the consequences of underpayment, overwork and undue fatigue.

* * *

Business in Coronation Week.—Preparations for the Coronation provided a marked stimulus for various sections of the textile, clothing, pottery and catering trades. A decline in new business this week, therefore, was to be expected. In addition, however, the cotton and wool textile trades have encountered increasing resistance from buyers who are unwilling to pay current prices. The metal industries, however, are as active as ever. Demand for iron and steel, for example, has been scarcely affected by the increase in prices, and the industry is still unable to satisfy all requirements. Arrivals of Continental semi-manufactured steel have eased the stringency a little, but there are no indications of an early change in the supply-demand position in favour of consumers. As our Cardiff correspondent points out on page 434, exports of tinplates are twice as heavy as a year ago. Shipbuilding is another metal-using industry whose requirements of steel are still expanding rapidly as a result of the rising stream of orders for new

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vessels. The coal trade, too, remains very active, despite the seasonal decline in household requirements. Pressure for deliveries has been accentuated, to some extent, by the possibility of a strike. In the absence of serious labour disputes, industrial activity as a whole may be expected to continue at a high level during the next few weeks.

The Growth of Population.—The Registrar General's Quarterly Return of Births, Deaths and Marriages which has just been published adds 1936 to the years for which we have completed data. Figures for the last eight years are reproduced below:—

POPULATION IN ENGLAND AND WALES, 1929-1936

Year	Marriages	Live Births	Deaths	Excess of Births over Deaths
1929	313,316	643,637	532,492	111,145
1930	315,109	648,811	455,427	193,384
1931	311,847	632,081	491,630	140,451
1932	307,184	613,972	484,129	129,843
1933	318,191	580,413	496,465	83,948
1934	342,307	597,642	476,810	120,832
1935	349,536	598,756	477,401	121,355
1936	353,561	605,659	495,798	109,861

Annual Rates per 1,000 of Population

1929	15.8	16.3	13.4	2.9
1930	15.8	16.3	11.4	4.9
1931	15.6	15.8	12.3	3.5
1932	15.3	15.3	12.0	3.3
1933	15.8	14.4	12.3	2.1
1934	16.9	14.8	11.8	3.0
1935	17.2	14.7	11.7	3.0
1936	17.3	14.8	12.1	2.7

From these figures the decline in the birth and death rates, and the diminishing difference between the two emerge fairly clearly. But beyond that they convey little information about long-term trends. The rise in the marriage rate, to which one is tempted to attach significance, is, however, mainly due to recovery and changing age structure. Next year's figures, which will show the age of mothers at the birth of children, and the marital condition of deceased males, will be of considerably greater interest.

Cotton Industry's Recovery.—The Lancashire cotton trade was one of the last of the major industries to emerge from depression. Since last autumn, the demand for cotton goods has improved rapidly, both at home and abroad. Deliveries of raw cotton to the mills in the first quarter of this year showed an increase of about 12 per cent. over the corresponding period a year ago. The proportion of unemployed insured workers in the industry declined by 6.2 per cent. to 10.5 per cent. during the year ended last March, when the proportion unemployed in all industries fell by only 2.4 per cent. to 11.8 per cent. The improvement in home demand, due to growing prosperity and an increase in Government contracts, may be expected to continue. But a sustained period of good business depends largely on the course of export trade. The latest evidence of the trend of overseas sales points to a definite improvement, due mainly to the increasing purchasing power of primary producing countries. Thus, the trade returns for March indicate that the downward trend of exports of piece-goods has at last been arrested. Moreover, there are indications that Lancashire is now holding its own in competition with other exporting countries. Figures compiled by the Joint Committee of Cotton Trade Organisations show that Britain's share (in terms of value) of world trade in cotton piece-goods (exclusive of Italy, Spain, Portugal and the U.S.S.R.) remained unchanged at about 41 per cent. during the past two years.

The expansion of the demand for cotton goods in recent months has been accompanied by an improvement in the financial position of the industry. In the spinning

section, for example, the increase in business has alleviated the problem of excess capacity which has been responsible for the absence of reasonable profit-margins in recent years. It has been estimated that only eight per cent. of the spindles still in existence were idle at the end of March, compared with 21 per cent. a year ago. Price-cutting has been almost eliminated as a result of the increase in business and the operation of price agreements which now cover about 75 per cent. of Lancashire's spindles. In contrast to the spinning section, however, the weaving branch has made little headway against the problem of excess capacity, though it is now less serious than before the improvement in turnover. Three schemes, designed to restore reasonable profit-margins, have recently been submitted to manufacturers by the Burnley and District Cotton Industry Study Group. But whether the weaving section can agree on a scheme of co-operation remains to be seen.

Colliery Amalgamations.—Another merger has been carried through this month in the Notts. coalfield under the auspices of the Coal Mines Reorganisation Commission. The properties of the Digby Colliery Company have been merged with the Bestwood Coal and Iron Company and the Notts. pits of the Babbington Coal Company. The fusion brings under a single control six adjacent pits in the vicinity of Nottingham, which are among the most highly mechanised in the country. Bestwood Coal and Iron and Babbington Coal were transferred, in March, 1936, to a new company, the B.A. Collieries Ltd., which will now have a capital of £1.6 millions. This is the second merger during this year, the first being that of the Doncaster Amalgamated Collieries with a capital of £6.91 millions, by which seven Yorkshire companies were merged. Altogether, 61 amalgamations have so far taken place under the provisions of the Act of 1926; these, however, include extensions of earlier amalgamations. Last year seven mergers were undertaken; there were eight in 1935, six in 1934, and 38 amalgamations before 1934. The last figure (which includes the Yorkshire Amalgamated Collieries merger, which was enlarged in 1935) covered 370 pits, employing 243,000 workers. Of the subsequent amalgamations the most noteworthy were: first, the Lothians scheme, in 1934, which embraced 11 of the main companies, responsible for 95 per cent. of total production of the district; secondly, the North Staffordshire scheme, in the same year, which applied to 15 companies and 90 per cent. of the district's output; thirdly, in 1935, the amalgamation of the Powell Duffryn Steam Coal Company and Welsh Associated Collieries into the Powell Duffryn Associated Collieries, which, with 93 pits, is the largest coal producing unit in Great Britain.

A New Rubber-like Material.—An exhibition has recently been held to illustrate the industrial uses and possibilities of a new material known as Neoprene, which resembles rubber in many ways but is claimed to be superior in certain respects. It is unlike natural rubber and the rubber substitutes, of which so much has been heard in recent years, in its resistance to the action of heat and to that of oils, solvents and many kinds of chemicals. It is, in fact, put forward not as a rubber substitute but as an entirely new material of wide and varied application in the electrical, chemical and general engineering industries. It costs more than natural rubber, however, and it obviously is unlikely to replace natural rubber in these industries. Probably it will find its chief outlet in those branches of the petroleum, electrical and chemical industries where a rubber-like material resistant to heat, oils, solvents and other chemicals is required, and where natural rubber, though occasionally tried, has not been used to any large extent. It may even extend the useful applications of natural rubber by being bonded with it for certain purposes.

Overseas Correspondence

From Our Special Correspondents

United States

Fears for the Summer

NEW YORK, May 4.—The recent market reaction amounted to about 4 per cent. in long Governments, and rather more in long corporate bonds. From the March peak to the lowest prices in April, common equity averages receded about 15 per cent., Moody's index of primary commodities fell perhaps 10 per cent.; and there was no perceptible decline in the index of the Bureau of Labour Statistics. The stock market decline was of about the same magnitude as in April, 1936, but the 1936 reaction was not accompanied by any weakness in bonds or commodities. At the end of April, 1937, the usual indices of equity prices were at the same level as at the beginning of April, 1936, with commodity prices about 10 per cent. higher, industrial production 20 per cent. higher; and earnings in the first quarter had risen more than production. The common Wall Street explanation is that the decline in bonds represented adjustment to the new reserve requirements of the member banks; that the decline in stocks was partly sympathetic, partly nervousness because of official warnings and administrative hints, and largely the consequence of London selling. The decline in commodities is explained entirely in terms of the collapse of the speculative movement in London. The fact that a stock market decline of almost identical dimensions occurred just one year ago, and was followed, not by a recession in industry, but by a smart acceleration of recovery, is cited as an argument for believing that no general repercussions are to be looked for now; and as yet there are no indications of any slackening of business activity. Nevertheless, some slackening this summer is now generally expected, while a month ago this view was exceptional. Meanwhile, just as those who were boundlessly optimistic two months ago are now talking of a seasonal recession, so those who were talking two months ago of a summer recession are now even more pessimistic.

Just a year ago our economy was being "needed" by the \$2,000 million Veterans' Bonus, which has no counterpart this year. Secondly, the main hope of 1937 was building, and so far building, while maintaining the levels of recent months, is not showing its expected resilience. As the rental market continues strong, this disappointing showing is attributed to the sharp rise in costs, especially in labour costs. Thirdly, while there was little public speculation in commodities, there was during the winter a great deal of anticipatory buying in one form or another, which finally manifested itself in difficulties of delivery; in the last fortnight there has been a corresponding absence of gossip on this theme. Fourthly, the question of the ability of consumers to pay the increasing retail prices is still unanswered. In general, retail trade is reported to be very good indeed; but after allowing something for the increase in prices, the gain in physical volume is not very impressive.

No one yet feels ready to comment on the possible repercussions from abroad. It is recognised that simultaneously with the comparatively mild reaction in our market, there were setbacks in London, Paris, Amsterdam, Prague, Vienna, and Budapest of comparable or perhaps greater severity; that is, there has been a comprehensive, perhaps world-wide, reaction in speculative markets, of greater magnitude and severity than has occurred at any time since the world recovery began in 1932-33. A few go so far as to believe that the spring of 1937 marks the culmination of a cycle.

The Movement of Business

Meanwhile, the March business indices of the Federal Reserve Board rose compared with February, and it is believed that April was even more active.

BUSINESS INDICES (1923-5=100: ADJUSTED FOR SEASONAL)

	Mar., 1929	Mar., 1936	Sept., 1936	Feb., 1937	Mar., 1937*
Industrial production—					
Total	118	93	109	116	118
Manufactures	120	93	110	116	117
Minerals	107	97	101	115	127
Construction contracts—					
Total	104	47	59	62	55
Residential	...	26	47	47	45
All other	...	63	69	75	64
Factory employment	101	88	93.6	99.7	100.8
Factory payrolls	111	77.6	83.4	95.8	101.2
Freight car loadings	103	66	72	80	83
Department store sales	113	84	88	95	92

* Preliminary.

Although production is almost 10 per cent. above September, construction contracts show no increase. Factory employment has risen about 7 per cent. in 6 months, and payrolls more than 20 per cent. Over the year (March to March) most of the increase in payrolls occurred after September, although the greater increase in production occurred in the previous six months. When the index of production reached the vicinity of 110, a sellers' market appeared in labour, and the result was that spectacular increase in wages which has marked the last six months.

The increase in mineral production since the peak of the New Era in March, 1929, is of course largely petroleum. Employment is about the same as in 1929, and payrolls less, which suggests that the general increases in hourly wages have not quite offset the shorter week. It is probable, however, that the real value of these payrolls is still a little higher than in 1929. The difference in department store sales is partly due to lower prices, but it is questionable whether such an explanation is entirely adequate. The outstanding difference is, of course, in building, which is only half what it was in 1929. This focuses attention on what is the outstanding question of this year—the prospect for building. It is statistically demonstrable that building "ought" to increase; it is also statistically demonstrable that the building index stood at 68 in December, 1935, and has not reached that figure since in spite of the recovery in residential building; and that residential building, the index for which reached 44 last July, has remained at about that level since then without any perceptible upward trend.

The foreign trade figures for March showed larger imports and a larger balance than has been usual in recent months. Our silver buying is now relatively small, but the aggregate passive balance has risen to \$531 millions, compared with \$122 millions in the first quarter of 1936. This inevitably raises again the hot money question.



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France

The State of the Popular Front

PARIS, May 13.—The last debate of the Chamber revealed for the first time in this assembly the progress in the country of certain great currents of opinion, which must be noticed because they may open the way in the future for a peaceful revolution. For a year the Trade Unions, which exercise power outside the actual Constitution, and the Communists, who are not represented in the Cabinet, have led French policy, because their claims were ratified by the country by the election of the Popular Front on the programme of the *Rassemblement Populaire*. The objectives of the "government of the masses" were the same as the aims of the majority of the Chamber. The Radicals in the Chamber had to follow; and the Senate could only voice occasional protests, which were usually uttered by M. Caillaux in speeches on the authority of the State and orderly finance.

Now, however, the programme on which the country voted has been practically accomplished; and the Trade Unions and Communists are clamouring for new reforms. Economic recovery is still in the balance, and the Radicals are in a better position in the Chamber to resist these new enterprises. They emphasise, with the support of the Government, that new reforms are impossible until the country has again been consulted. The "pause" is thus established, and the extremists must bow to it. Otherwise, they would be considered "factious" in a democratic country, where liberty and "war to the factious" are the great rallying cries.

Vested Interests Attacked

But the "pause," even when it is accompanied by slight relaxations of reform, such as the revision of the 40-hour week and the increasing of taxes and the cost of transport, satisfies neither the Right nor the Left. Such notable orators as the Conservative M. La Cour Grand' Maison, and the Left independent M. Bergery emphasise the need for the so-called Reforms of Structure to save liberty from the trusts in key industries, an echo of the old slogans indicting the "200 families" which the Blum Cabinet seem to have buried.

"An end must be made to the odious speculation and profits of the trusts," says M. Bergery, "and this step is in the spirit of the programme of the *Rassemblement Populaire* if not in the letter. In any case, the Government carried out the devaluation which was not mentioned in that programme. Trusts must be nationalised . . ." M. Bergery thus supports a materialist conception of the struggle against the trusts. "You must enter into the struggle against the trusts," M. La Cour Grand' Maison said on his side, "because men are enslaved by production and production by the money power, when money ought to serve production, production men, and men an ideal." This idealist thesis of the struggle against the trusts, the inspiration of which is to be sought in the great Christian doctrinaires, was applauded by the whole Chamber. But the speaker went on to emphasise that the struggle against the trusts did not involve the nationalisation of the trusts and the establishment of State capitalism, or the despoiling of the rich. Its object was not to pave the way for a new authoritative State, but to restore the authority of the State in order to restore liberty.

It will be interesting to see how the Radicals, who have undertaken the protection of the middle classes, will react to the demand for a struggle against vested interests which will be made by their Communist allies every time that financial difficulties occur. The Radicals hope that they will be able to avoid the difficult choice, either by an international conference freeing all countries from their acutest difficulties, or by new social and financial complications in foreign countries which will make France safe by comparison and so precipitate the long-expected and long-delayed repatriation of funds.

Production Maintained

The *Statistique Générale* has just published its monthly figures, showing industrial production in France in March, 1937:—

	March, 1936	Jan., 1937	Feb., 1937	March, 1937
General index	101	101	103	104
Engineering	100	110	113	115
Iron and steel	86	94	101	102
Textiles	70	71	70	69
Mines (adjusted figures)...	102	97	102	105
Building	71	63	67	67
Leather	97	92	95	98
Paper	146	145	143	144
Rubber	990	812	784	754
Motors	465	552	533	494

The figures for the cotton industry are as follows:—

	Dec., 1936	Jan., 1937	Feb., 1937	March, 1937
Spinning (average per spindle in kilograms) :	1,983	1,692	1,615	1,851
Production	2,163	1,592	1,649	1,864
Deliveries	1,149	1,221	1,172	1,171
Stocks	4,856	5,574	5,448	5,707
Unfulfilled orders				
Weaving (average per loom in pieces of 100 metres) :				
Production	5.46	4.90	4.63	5.13
Deliveries	5.67	4.64	4.40	5.08
Stocks	4.54	4.86	4.82	5.01
Unfulfilled orders	22.88	27.14	27.46	26.52

In the motor industry, 14,550 automobiles were put on the road in March, against 12,496 in February and 12,740 in January.

Germany

Abundant Money and Public Policy

BERLIN, May 11.—At economic conferences and in the press the discussion of advance-financing methods and of the so-called *Deutsches Finanzwunder* continues. The official view is that so long as the superfluous cash can be sucked up in Reich consolidation loans, the system is unobjectionable. The loans will certainly be subscribed. It is noteworthy that whereas a Reich middle-term issue in the summer of 1936 caused a marked tightening of the money market, which lasted for many weeks, the market was virtually unaffected by the Reich issue of March. This seems to have been one reason why the latest loan was launched after such a very short interval. In addition to the normal causes of abundant money, and also to the accelerated liquidation of stocks of materials and goods, there is the cash newly distributed as compensation to holders of the foreign currency securities, which were impounded in November, 1936, and virtually confiscated later. The effect has been to increase the publicly-held stock of foreign exchange.

As shown by the last official returns, the sum of bills (other than Treasury bills, which are separately returned) held by banks rose from Rm. 11,691 millions on November 11, 1936, to Rm. 13,452 millions on March 31, 1937. These figures cover the Reichsbank, the Gold Discount Bank, the commercial banks, savings banks, and the special banks, and they consist very largely of Reich special bills. The official comment is that, although bills corresponding to the Reich loan of March were then paid off, the total of bills held by the banks did not decline, a fact which suggests the contraction of heavy new bill liabilities. From Professor Wagemann, Director of the Trade Research Institute, comes the comment that since 1933 the process in the field of production has resembled that which took place in consumption in 1923 (the last inflation year). In 1923, public loans in the form of bank-notes were literally pushed into the pockets of consumers; to-day public credit, this time in the form of bills, flows into the portfolios of industry, trade, and the banks. Professor Wagemann maintains that the process involves no danger.

Rising Cost of Living

An official analysis of the cost-of-living index shows that the only important food product that declined in retail price between March 1933 and March 1937 was

bread; and that the greatest rises were in the prices of meat, dairy products, and vegetables. The price of bread fell 2 per cent.; the price of beef rose 18 per cent., of pork 11 per cent., of veal 40 per cent., of mutton 41 per cent., of eggs 31 per cent., of milk 7 per cent., of butter 35 per cent., of margarine 44 per cent., of potatoes 22 per cent., of peas 52 per cent., and of beans 31 per cent. The price of clothing rose 24 per cent., of linen 17 per cent., of footwear 8 per cent., and of furniture 6 per cent.

The number of unemployed fell in April by a quarter of a million to 961,000, against 1,763,000 in April, 1936. It is authoritatively announced that, since the maintenance of the standard of living requires an increase in production, the daily working time in certain trades will be allowed to exceed eight hours; and that there will be an increase of Sunday work. But the consent of the local Trustees of Labour will be required in every individual case, and will be given only if it is clear that production will really increase correspondingly.

The volume of goods traffic on the Railways Corporation system in March was 12.88 per cent. greater than in March 1936. The Corporation's report for 1936 shows that goods traffic rose 11 per cent. compared with 1935. Operating receipts were Rm. 3,985 millions in 1936 against Rm. 3,586 millions in 1935; and expenditure, including the cost of maintenance and renovation, was Rm. 3,513 millions compared with Rm. 3,434 millions. Receipts were still Rm. 1,369 millions lower than in 1929, the best year of recent times—but the fall in prices must be taken into account. In 1936 expenditure was only 88 per cent. of operating receipts, against 96 per cent. in 1935. For the first time since 1930, the operating surplus, which was Rm. 472 millions, sufficed to cover fixed charges, including Rm. 70 millions to the Reich, Rm. 47.3 millions for debt-service, and allocations to various reserves. There was a net profit of Rm. 121.4 millions, of which Rm. 75.7 millions was applied to the payment of preference dividends. According to the annual report of the Reich Motor-Roads Company, for 1936, 1,087 kilometres of road were opened by the end of the year, with 2,660 bridges.

Iron and Steel Shortage

The shortage of iron and steel has begun to affect house building; the number of permits for such work in the first quarter of this year were 18 per cent. fewer than in the same quarter of 1936; but permits for other kinds of building, mainly public and industrial, increased 24 per cent. The syndicate reports for April speak of friction and difficulties in administering the new steel rationing system. The demand has not declined. An arrangement has been made to reconstruct the Avi agreement under which manufacturers received price-rebates on steel required for the production of goods for export. This agreement was first concluded at a time when German steel prices were much higher than world prices. The disparity was the consequence of Germany's reintroduction of steel duties in 1925 and of agreements made by her with foreign countries whereby Germany's ability to import the cheaper foreign material was limited. That price-disparity no longer exists; at present, against a German price for bars of Rm. 104-110 per ton, the Brussels price is about £6½ gold. In view of the German shortage it is remarkable that the export of iron and steel and of iron and steel goods (other than machinery) increased very substantially in March, and that imports declined.

Austria

The Government's Price Policy

VIENNA, May 5.—Austria is fighting her way in the wake of the universal upward trend. Under the influence of the general economic improvement the volume of her foreign trade in the first quarter of 1937 has increased by 82.8 million schillings compared with the same period of 1936; but the higher figures are mainly due to the

higher prices of all important raw materials. The general price index, giving the average of foodstuffs and industrial materials (100 = the first half of 1914), and quoted at 107.9 for April, 1936, is rising steadily; it reached 111.7 in February, 112.3 in March, 113.4 in April, 1937; the foodstuff index stands at 100.7 compared with 97.8 in April, 1936, and the index of industrial materials at 138.2, compared with 127.6 in April, 1936. Significantly in contrast to the steep upward movement of the raw material and wholesale indices, is the stability of the retail index (138.5 in April compared with 137.8 a year ago) and of the cost of living index (104.2 in April compared with 104 a year ago). Agricultural producers, manufacturers and wholesale dealers are striving to relate retail prices to the higher prices of raw materials and semi-finished goods. Some trades like paper, cotton yarn and tissues, stockings and petrol are making concerted efforts by the forming of cartels, the limitation of production, and imposing stricter conditions of payment. But with a considerable part of the population still living on the dole, and salaries, wages and pensions very low, the restricted buying power of the public is an obstacle to all efforts adequately to augment retail prices.

The problem of maintaining the already very modest standard of life is not only of economic importance, but of the highest political consequence, and the Government has been forced to interfere. Torn between the popular resistance against any rise in the price of necessary commodities and the predicament of the agricultural producers, industrial manufacturers and wholesale dealers, the Government appointed a Price Commissary. This was preparatory to authoritative measures fixing the prices of necessities. The Commissary himself has no power to act. He is the recipient of all claims and provides an official hearing for disputes between producers, manufacturers, dealers and consumers about prices.

The Implications of Price Control

It may be doubted whether the step taken by the Government will be effective; and there are political difficulties implicit in the price problem. If prices rise, as they must, in view of the rise in costs, the Government will be blamed. It is not desirable, however, that, by the compulsory intervention of the Commissary, the natural adaptation of the Austrian price level to the upward trend of world prices should be artificially prevented. It may be possible through the trade unions, which are under Government influence, and through the Guilds to put the brake temporarily on the demand for higher wages and salaries, which will inevitably follow the rise in retail prices and in the cost of living. The Price Commissary may, by deftly temporising, prevent the tide of the universal rise in prices, wages and salaries from becoming a danger to the already difficult maintenance of Austria's political and economic balance. But nobody supposes that Austria, alone of all countries, could enjoy the advantages of better times without going through the preliminary processes of general adaptation.

Greece

Good Harvest Prospects

ATHENS, April 26.—The weather this year has so far been favourable and good harvests are expected. In view of the sudden increase of the tobacco output in 1936 measures have been taken by the authorities to prevent any extension of the areas under tobacco. According to semi-official statistics the total quantity of tobacco sold by producers in 1936 was 42,350 tons, against 44,245 tons in 1935; but the average price per kilogramme was Drs. 50.98, against Drs. 37.25, an increase of about 37 per cent. Another staple product, olive oil, showed an equal advance in price, but production has fallen off considerably in the last two years (73,000 tons in 1935 and 60,000 tons in 1936, against 110,000 tons in 1934) owing to unfavourable weather. A good crop is, however, promised this year.

A Ten Year Plan has been drawn up by the authorities to provide for reclamation and hydraulic works, the completion of the road system and the railway network, and for the construction or extension of ports. It is estimated that a sum of Drs. 4,414 millions will be required. A further amount of Drs. 2,910 millions will be spent on smaller works, for the payment of compensation to expropriated owners, and the upkeep of roads. Thus a total amount of Drs. 7,324 millions is required; and will be met partly from the ordinary revenue of the Budget, and partly by internal loans at 5½ per cent., to which various Greek institutions (Post Office savings bank, pension funds, and other similar organisations) will have to subscribe by investing a portion of their liquid funds.

Industrial activity during the first quarter of this year was maintained at the levels of last year. Those industries which carry out public orders were especially active. The metal industries were short of raw materials, particularly of iron. The export of industrial raw materials and goods, such as chemicals, turpentine, oil and cotton yarns, is more brisk this year than in 1936. In a report submitted to the Government by the Supreme Economic Council, it is stated that the home cotton yarn and textile industry is important because it finds most of its raw materials at home, employs a large number of workers, and mainly supplies home consumption. The reorganisation of the industry would render unnecessary the existence of protective tariffs, and would enable it not only to satisfy the requirements of the home market, but also to increase exports.

Sterling Loans Law

Following negotiations between the Government and the National Bank over the industrial loans granted in sterling to various Greek concerns by the Hellenic and General Trust, Limited, of London, a law has recently been promulgated providing for the manner of settlement of the outstanding balance of these loans, amounting to £435,000. The interest is reduced to 5½ per cent. from an average rate of 9 per cent. when the loans were made. Overdue interest is fixed at 8 per cent. The debtors of loans outstanding on January 1, 1936, were given the right to request, up to April 25, 1937, the capitalisation of their debts, including overdue interest. The date of repayment is prolonged for ten years from the original maturity date of each loan. The authorities will allow the transfer of £40,000 annually for the service of these loans; and the equivalent of £70,000, blocked in drachmas and arising from previous payments of capital and interest, will be transferred in ten years by half-yearly instalments of £3,500. Debtors not paying their instalments as stipulated by this law will forfeit the advantages accorded them by it.

Final Budget estimates for the financial year 1936-37 show total estimated receipts of Drs. 14,605 millions, of which Drs. 10,825 millions represent ordinary revenue, Drs. 959 millions non-recurring revenue, and Drs. 2,823 millions the proceeds of loans. Total expenditure is estimated at Drs. 15,450 millions, of which ordinary expenditure accounts for Drs. 11,041 millions, and non-recurring expenditure for Drs. 4,409 millions. The estimated net deficit is Drs. 844 millions, which may be reduced to Drs. 250 millions. Of the revenue assigned to the service of the National Debt, receipts for the first two months of 1937 totalled Drs. 665 millions, against Drs. 689 millions in the corresponding period of 1936. Negotiations with the foreign bondholders for a final settlement of the foreign debt service have not yet been concluded, and the Government instructed its fiscal agents to start paying, from April 1st, the same percentage as last year, that is, about 40 per cent. of the normal interest service.

The foreign trade returns for the first two months of the current year reveal an increase of both imports and exports in quantity and in value. A striking rise in exports considerably reduced the import surplus to Drs. 150,598,000, compared with Drs. 821,451,000 in the corresponding period of 1936. Imports of wheat were notably higher, and there was a striking rise in the value of tobacco exported.

Canada

Progress in Legislation

OTTAWA, April 23.—The Federal Parliament was prorogued on April 10th after the shortest session of recent years. Apart from the passage of the Anglo-Canadian Agreement the most important measures of the session were bills for the establishment of the Trans-Canada air service; for the control of traffic in the implements and materials of war; for the prevention of the enlistment of Canadian citizens in foreign armies; for the elimination of the gold clause from Canadian bond contracts; for the provision of pensions for the blind at the age of 40; for the recapitalisation of the Canadian National railway system; and for the transfer of the administration of the Combines Investigation Act from the Trade and Industry Commission to the Department of Labour. The powers of the Commissioner who is to administer the Combines' Bill were greatly modified in the Senate and he cannot undertake certain kinds of inquiry without a fiat from the Chairman of the Tariff Board or the President of the Exchequer Court. In the closing days of the session Ministers had to face an awkward revolt among their low-tariff supporters who strenuously objected to proposed upward changes in the tariff.

Mr Lewis alarms Canadian Business

Since Parliament adjourned, public attention has been focused on industrial troubles and particularly on the strike which broke out among the workers of the Canadian subsidiary of the General Motors Corporation at Oshawa near Toronto. These workers had been organised as a unit of the structure which Mr John Lewis is building up through the Committee for Industrial Organisation in the United States. When they submitted demands for higher wages and better working conditions and for the recognition of their union, the officials of the Corporation refused to deal with them as long as they retained a C.I.O. organiser as one of their spokesmen. The Federal Government remained neutral when a strike broke out, but Mr Hepburn, the Liberal Premier of Ontario, intervened as a vociferous partisan of the Corporation and declared his intention to keep Ontario free from the pollution of "Lewism" which he maintained was hand in glove with Communism. To the majority of intelligent Canadians it seemed strange that a Liberal politician should side with an American-controlled Corporation against Canadian workers because they had elected to join a union with American affiliations; but Mr Hepburn was strongly backed by employers who dreaded the advent of the C.I.O. in industry. Eventually the strike was settled on April 23rd; the majority of the men's demands were conceded and, while there was no outright recognition of the C.I.O., it was provided that the new agreement should run concurrently with the agreement concluded in the United States with the Automobile Workers Union of America. The C.I.O. are now busy trying to organise the steel, textile, metal mining and other industries; and their activities are alarming the leaders of the business community.

Recovery Doubts

Reports from the prairies bring cheering news of generous rains over a wide area just when they were badly needed to make good the deficiencies of soil moisture. Farmers in northern Saskatchewan assert that seeding conditions are better than in any recent year. The economic record of the first quarter of 1937 has been quite satisfactory, but lately the prospects of continued upward progress have been dimmed, firstly by the threat of labour troubles, and secondly by apprehensions that the United States Government may reduce its price for gold and dislocate the general price structure. There has been a serious stock market slump in the past week but it has now been checked and there is no evidence of any real recession in business. Although the general economic index of the Bureau of Statistics

moved down two points in the fortnight ended April 17th, its fall was mainly due to the stock market situation. Given below are data about three of the major components of the index.

Week Ended	Carloadings	Wholesale Prices	Bank Clearings	Economic Index
April 18, 1936.....	77.1	72.2	94.4	105.0
April 3, 1937	84.5	86.9	117.0	113.8
April 10, 1937.....	85.4	86.7	113.4	114.2
April 17, 1937.....	82.4	86.0	108.4	111.8

Retail merchants report that their volume of business is better than it was a year ago. The employment situation is not wholly satisfactory. The latest employment bulletin covering the month of February shows that there was shrinkage of employment in that month instead of the usual increase, and the Bureau's index on March 1st stood at 104.1 compared with 102.8 on March 1, 1936. But the "heavy" industries making durable goods are all very busy, and firms making farming implements are expecting more machinery to be replaced by farmers than in any recent years. The lumber companies are preparing to deal with the largest winter cut of logs for some years. There has been a substantial increase in the output of all the lumbering provinces except British Columbia. Preliminary estimates place the value of the cut in New Brunswick at 7 million dollars compared with 2 millions last year. The production of newsprint is being maintained at a high level; and some companies are obtaining prices for spot transactions above the figure of \$50 per ton fixed for 1938 deliveries. There has also been an encouraging advance in new building; and the value of contracts placed during March was \$16,058,100, a rise of 60 per cent. compared with March, 1936. The rise in commodity prices has been checked chiefly by the fall in the price of base metals. The depletion of Canada's stocks of wheat continues; and the visible supply on April 16th was reduced to 77,702,901 bushels compared with 197½ million bushels on the parallel date in 1936.

New Zealand

Stationary Population Threatened

CHRISTCHURCH, April 17.—It has been estimated that New Zealand's birth rate, which exceeded 25 per 1,000 on average between 1910 and 1920, has been falling since and is now 15 per 1,000. The death rate, about 8½ per 1,000, has remained almost stationary, and consequently the rate of natural increase has been halved. In addition, immigration has practically ceased, and the population, now only 15 per square mile, threatens to become stationary before long. In consequence there has recently been some revival of interest in immigration. The biennial meeting of the Australasian Association for the Advancement of Science, at Auckland in January, gave it some attention. Contributors concluded that the record of elaborate Government schemes for settling immigrants is not encouraging and that the creation of conditions likely to attract immigrants would be more likely to get good results. Since then branches of a "Five Million Club" have been formed in the centres, and the subject is likely to be further investigated.

The Prime Minister, who has left for the Coronation, announced on his departure that the Budget surplus for the year would be about £NZ100,000. The Budget does not, however, include the whole of the Government's current revenue and expenditure; it omits, for instance, any loss or gain on the marketing of dairy produce. Competent dairymen estimate that for the dairy year ending July 31st the Government's payments to farmers will exceed the net receipts for produce sold by about £NZ2 millions. Despite this prospective loss, which constitutes a subsidy to the industry, farmers are agitating for a higher guaranteed price next season. They claim that costs of production have been increased

by about 2½d. per lb. of butter by reason of the rise in wages and reduction of hours, while competent labour is hard to get because farm wages compare unfavourably with the rates paid on public works.

The Bureau of Industry, established last year, has been active in investigating marketing and gazetting regulations. The local marketing of wheat, onions, eggs, oranges, and, in Wellington, dairy produce is already regulated; while investigations are being made in the production and marketing of flax, cement, pip fruits, tobacco and bacon. An effort is also being made to rationalise retail druggists. Most of these are commodities of minor importance, and the control schemes are in the experimental stage. The Government has announced that it does not at present intend to extend its export marketing control to wool or meat, and that it will not interfere in these industries unless requested to do so.

Record Wool Prices and Trade

The wool sales in the current issue have been the best since 1928. Prices per bale of New Zealand wool averaged £NZ13 9s. for the 1935-36 season. For the 1936-37 season the average price was £NZ16 13s. in November, £NZ20 2s. in December, £NZ21 8s. in January and £NZ23 6s. in February. For four months up to and including February 314,774 bales exported were valued at £NZ901,505 (£NZ21 19s. 7d. a bale), compared with 333,193 bales valued at £NZ4,478,150 (£NZ13 8s. 9d. a bale) for the same period a year earlier. This represents a rise of 63 per cent. in prices. The latest wool prices are slightly above the £NZ21 9s. per bale received in 1928-29, and are in striking contrast the average of £NZ7 15s. for 1930-33. For nine months up to and including March, 1937, 603,933 bales were offered, 599,248 sold and 592,981 exported. Britain was much the largest buyer, with Japan and the United States next.

This improvement in wool prices has been chiefly responsible for establishing new high records in many statistical series. For the year ended February 4th exports exceeded £NZ260 millions in value. The previous highest figure was £NZ57.1 millions in 1924-25. For the financial year ended in March sales tax revenue was £NZ3.04 millions, or 23 per cent. more than in the preceding year, and the highest yet recorded. In February total bank debits exceeded £NZ22 millions, the highest figure for any month since the series began in 1928. Total bank deposits, which prior to 1934 only once reached £NZ60 millions (in 1920) and normally reach their seasonal peak about May, exceeded £NZ76 millions.

These figures indicate an abundance of money and a rapid expansion of internal trade. The expansion has been helped by the rise of 18 per cent. in wages since 1935, by increased public expenditure in public works, and by increased payments to dairy farmers under the Government's scheme of guaranteed prices. For the first two months of 1937 imports rose by £NZ2½ millions, and the demand for cargo space from Australia now exceeds the normal supply. Though costs have risen appreciably by reason of wage increases, shorter hours and higher taxation, retail price movements have lagged behind, the index having risen only 7½ per cent. since 1935. Nearly all the price groups, however, show an upward trend and further increases must be expected during 1937. It must be remembered that the recovery in Britain and elsewhere is reflected in New Zealand, that the range between high and low prices is widest in the case of her agricultural products, and that her exchange depreciation has to be allowed for. In present conditions it appears that 1937 is likely to be a year of boom.

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Letters to the Editor

Fixed versus Free Exchanges

TO THE EDITOR OF THE ECONOMIST

SIR,—There has been much discussion, in your columns as elsewhere, upon the relative advantages of "fixed" versus "free" exchange rates. By "free" exchanges I understand those which are allowed and expected to alter gradually from year to year, in order to bring about adjustment in the various items of the balance of payments to changes in fundamental factors, though steadied against tendencies to shorter fluctuations. In many such discussions it has been claimed that the policy of fixed exchanges (whether or not this involves actual gold parities) has the advantage of considerably facilitating international trade and investment, because it enables importers and exporters, as well as investors, to foresee their receipts and costs more easily in planning their business. I maintain that this advantage claimed is largely spurious; and that in those few cases where it is supported by argument, such argument must be severely scrutinised.

To appreciate this contention we may consider the alternative methods by which adjustment may be made to an enduring change which requires some shift in the amount or direction of international trade. With free exchanges, the adjustment between one area and another will come about largely by a change in the exchange rate between them, which will tend to stimulate or depress various parts of their trade. Some secondary effects may undoubtedly be brought about in their incomes and cost levels, but these need not be great. With fixed exchanges, the adjustments, the essentially similar depression and stimulation of various elements in the trade, must be brought about by inflationary or deflationary changes in the several areas, affecting their incomes and cost levels (probably the volume of output and employment as well as monetary values). There may be some differences in the elements of trade affected in the two cases in response to the same original change, particularly because of the varying incidence of inflation or deflation upon costs and demands; but by and large if the mechanisms work at all smoothly we may expect the same trades to be affected. Of course in either case protectionist or other measures may be introduced to alter or to hasten the adjustment. These would seem to be more likely in the case of a country defending a fixed exchange, but are essentially separate from the point we are considering.

Either form of adjustment then will, must in fact, cause some alteration in the supply or demand conditions affecting importers and exporters. These may differ in appearance between the two cases, but they must be equally potent to achieve eventual adjustment. Whether importers are restricted by a rise in the cost of exchange or a fall in their home demand, their business must suffer. In so far as these adjustments are not foreseen they will upset the calculations of those engaged in international trade. And also they will affect that foreign investment which takes place in real goods or equities; for the volume of profit will alter in terms of the real values in the investors' country under fixed exchanges, despite their conversion at the old exchange rate. Hence both in trading and lending similar problems of foresight are involved whenever any fundamental adjustments may have to be effected under

either fixed or free exchanges. When the exchanges are free, one must estimate how they will react. With fixed exchanges one must foretell the greater effects upon incomes and cost levels at home and abroad. The data required for the first will generally be needed for the second. Only those making secure loans in money terms will be protected against uncertainty by the fixity of the exchanges, and even here the borrower may be victimised by a fall in his home receipts or the lenders by a rise in prices against them.

Possibly there appears to be more certainty with fixed exchanges because traders and investors do not, as a rule, look far beyond the exchange rate to estimate what is in fact likely to happen to incomes and costs. Perhaps this ostrich-like attitude is justified by the sheer impossibility of making sensible appraisals of future income conditions, because of the multiplicity of important causes affecting them, even aside from international trade conditions. But to adopt a policy of fixed exchanges only makes such unpredictable changes in income more probable and does not decrease the difficulty of planning trade rationally. To advocate such a policy because traders and investors in greater ignorance will be led into unwarranted optimism, would seem to be a counsel of despair appropriate only to a stage not yet reached in the decay of capitalism.

Yours truly,
R. B. BRYCE.

Cambridge,
Mass.

International Capital Movements

TO THE EDITOR OF THE ECONOMIST

SIR,—Referring to the remarks on international movements of capital in your issue of May 8th (p. 341), I am glad to see that you are taking notice of certain important but little understood and generally ignored facts in this connection, because the question of international payments is one of fundamental importance in both the national and international spheres of economics, finance, industry and trade. A good deal more will be heard about this question.

As you say, some regard must be had to the cause and purpose of capital movements and the use to which the owners put the money on its arrival in a foreign centre. This, however, is not the whole story, because every capital movement or foreign payment is a double operation, involving another capital movement or foreign payment in the opposite direction. This double operation may induce a movement of gold and/or goods either in one direction or in the other direction, not only according to the respective uses to which the respective owners put the respective foreign money they acquire, but also according to the respective sources of this foreign money. There might, for instance, be deflation in both the countries between which the capital movements are taking place, without any movements of gold and/or goods being induced; or there might be deflation in one of the countries and inflation in the other with movements of gold and/or goods from the deflationary to the inflationary country; or there might be inflation in both countries.

Yours faithfully,
A. H. ABBATI.

Eastbourne.

Books and Publications

An Economist's Manifesto

PROFESSOR EDWIN CANNAN, to whom Professor Robbins, his pupil and successor, dedicates this book,* once wrote "An Economist's Protest" against the practice of economic unreason. Professor Robbins has written an economist's manifesto on reason—and on reason in more than the economic field. After his two economic studies on "The Nature and Significance of Economic Science" and "The Great Depression,"

* "Economic Planning and the International Order." By Lionel Robbins. 330 pages. Macmillan. 8s. 6d.

the theoretician breaks away into the sphere of social policy. It is written with the same uncompromising logic, the same forceful analysis, and the same impatience of speciousness as his earlier works; but, unlike them, this book breathes an Olympian atmosphere which now and then detracts—in style of presentation only—from an otherwise masterly performance. On this occasion Mr Robbins, perhaps unconsciously, emulating the political economists of a century ago, whom he rightly admires, transposes his formidable intellectual equipment from the key of theory to that of political practice. Such a transposition necessitates a more realistic approach and treatment than if he had

remained in the realm of theory. Instead, he is more, not less, theoretical and analytical, both in style and content, than he was in "The Great Depression." To this extent, his nicely "buttoned-up" arguments are likely to be scouted by shallower minds clamouring for more factual treatment. This is a great pity; for the connections between national economic "planning" and the world's political and economic order are becoming fast and painfully evident; and Mr Robbins' latest book is indubitably the most penetrating and illuminating study of those connections we have yet seen.

The author starts with an inquiry into the nature of planning, in which he rightly ridicules the notion that *laissez faire* implies absence of an economic plan or system. He reposes his developing argument on the familiar concepts of the free market and free competition for the utilisation of all factors of production (nationally and internationally) in order to enlarge national incomes. He then attacks the facile contentions that modern technique allows of larger real incomes *with* autarky, and that "a just balance" must be preserved not only between agriculture and industry in every State, but between each separate industry as well. From economics he branches out to the social sphere. Someone must plan; the plan must not be allowed to vary; the capital sunk by the State in the planned enterprises must be "safeguarded" (the author here makes a *reductio ad absurdum* of each country's safeguarding of its railways by asking what would have happened last century if the "coaching industry" had been safeguarded); and the interests of workers and managers must be protected as much against foreign competition as against that arising at home from new inventions (he makes a hit here against the deliberate distortion of world production of agricultural produce since the war, by means of governmental refusal to allow exploitation of new methods). In planning industry and foreign trade, he not only describes the costly chaos created in national and international trade, but uncovers the grave political dangers: lobbying by vested interests, rigidification of national and world economy, intensification of the *real* economic grievances of have-not nations as contrasted with their published grievances, permeation of domestic and international political systems by State-protected monopolies, sacrifice of consumers' desires and choice, and the saddling of Government with responsibility for booms and slumps. Mr Robbins rejects both inter-governmental and inter-industrial planning, as conspiracies against the consuming public; in which he seems to protest too much, for it is clear that monopolisation need not necessarily—as he admits in a gloss—prove either "a conspiracy against the public or a contrivance to raise prices."

Having disposed of Independent National Planning and International Planning, Mr Robbins gives us by far the best part of his book: the section on Complete International Planning. It begins with thorough-going international Communism as a hypothesis; and is a *tour de force*, led up to by the preceding arguments, and leading into a peroration on the great theme: Do we want, or need, an international order? In this third Part and Conclusion, Mr Robbins leaves Olympus and presents us with the welcome and edifying spectacle of an uncompromising liberal laying about him with a flail in defence of a clear ideal. Though he runs through the fields of political creeds, monetary theory, State sovereignty, totalitarianism, private capitalism, and international order in this guise, he never becomes superfluous or irrelevant. Nationalism must be surpassed; the parochial protection of interests at the expense of the commonweal must be abandoned; or the civilisation our Western Society has built up must perish. It is a bold thesis; but Mr Robbins sustains it with ruthless logic. Nothing, he says, will serve now but throwing the lever of State economic policies into reverse. Compromise will not only be costly, it will be abortive; for the children of darkness are cannier in their generation than the children of light, and the last state of partially-planned national economies will be worse than the first. Mr Robbins labours under no delusions. He admits it looks like a lost cause. But he addresses economists, as

much as *les clercs* of M. Julien Benda, when he adjures his readers to get back to the individual as criterion, back to individual values (the source of all), and back to the unfettered reason of the individual mind. Whether one agrees with him or not, whether the world will wag his way or not, he has performed a notable service to Reason in an age of unreason. This book can evoke neither agreement nor disagreement without evoking profound thought.

Shorter Notices

"100 Flashlights on Free Trade." Compiled by Raymond Jones. Liberal Free Trade Committee. 6d.

This little pamphlet stating concisely, forcefully and typically the case for Free Trade, makes an appropriate appearance when Protectionism is losing the fervour of recent years under the pressure of acute shortages and common sense. The tide of freer trade is running in all over the world, and although it will almost surely be halted by the breakwaters of economic nationalism and warlike self-sufficiency, this pointed broadside is undoubtedly a sign of the times. Facts and figures, compiled to the minute, are used to refute the arguments for Protection. Tariffs, quotas, trade agreements and exchange restrictions, currency policy and the course and nature of world commerce are briefly and informatively discussed. A book to be praised, read and used.

"The Twentieth Century in the Far East." By P. H. B. Kent. Arnold. 390 pages. 16s.

This book is a broad survey of Far Eastern history since 1901. The situation when the century dawned, the growth of nationalism in China, the impact of Western commerce and culture on Chinese life, the Asiatic ambitions of Japan, and the present position are vividly described. The question "What of the future?" is squarely faced. Mr Kent is not an historian, but he has a close personal knowledge of China.

"Soviet Democracy." By P. Sloan. Gollancz. 288 pages. 6s.

Mr Sloan sets out to re-assess the meaning of democracy in terms of the concrete social and economic achievements of the Soviet Union. He admits the elements of dictatorship in the post-revolutionary history of Russia, but he points to the truly democratic realisation in that country of equal opportunity and genuine education for all, workers' rights, a popular press, co-operative ownership and production, and freedom for women. He contrasts this new life and the new State with its citizen soviets and citizen army with the democracy of the "old civilisation," falsely based on private property and individual control of production. Mr Sloan is an advocate, but he has written a challenging book.

"Egg Prices." By O. J. Beilby. Agricultural Economics Research Institute, Oxford. 66 pages. 2s. 6d.

In this workmanlike study, Mr Beilby shows that the recent low level of egg prices has been brought about, in the main, by the rapid expansion of home production. He therefore questions the feasibility of import restriction as a means of improving the poultry farmer's income and focuses attention on the necessity of reducing production costs.

Books Received

Population, Pressure and Economic Life in Japan. By Ryoichi Ishii. (London) P. S. King and Son. 259 pages. 12s. 6d. net.

The Anglo-American Year Book, 1937. (London) American Chamber of Commerce, Aldwych, W.C.2. 558 pages. 10s. net.

On This Evidence: A Study in 1936 of the Legal and General Assurance Society since its formation in 1836. By E. P. Leigh-Bennett. (London) The Baynard Press. 121 pages. No price stated.

Wirtschaftslenkung: Das australische Beispiel. By A. Prinzing. (Berlin) Junker & Dünhaupt Verlag. 192 pages. RM. 9.

L'Economie Rationnelle de ses Fondements aux Problèmes Actuels. By G. & E. Guillaume. (Paris) Hermann & Cie, 6 rue de la Sorbonne. 378 pages. No price stated.

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MONEY AND BANKING

The Problem of Gold—I

GOLD had an attraction for men long before Amyas Leigh ambushed the gold train or Captain Flint's parrot shrieked "Pieces of eight." It is no accident that every new increase in the world's gold supplies has coincided with a new era of material progress. The Spanish galleons and Sir Francis Drake's ships brought more to Europe than they dreamed of; and last century's gold discoveries in California, Australia, Alaska and the Rand coincided with an unparalleled increase in the world's economic activity. Even to-day, when paper currency is in universal use, the volume of currency and credit and the power of the banking system to aid producer and consumer depends on the world supplies of monetary gold. In the last five years recovery from the depths of the depression of 1932 has occurred once again at a time when monetary gold stocks were increasing with a rapidity hardly surpassed in times of great new gold discoveries.

No important new goldfield, however, has been found during the past five years. How, then, has this rapid augmentation of the world's gold stocks come about? The answer is: by way of a general devaluation of currencies. The process began with the suspension of the gold standard, first in England and later throughout the sterling area. Next came the American devaluation of early 1934, followed by the gold *bloc* devaluation of the autumn of last year. These changes were thus spread over a period of five years. It is fair to assume that the process is now complete, in its essential features, and that a more reasonable balance between currencies has been restored. The net result of these years of travail is a devaluation of the pound, the dollar, and many other currencies, against gold, of approximately 40 per cent. Conversely, the price of gold in these currencies, and the money value of the gold stocks of these countries, has risen by 67 per cent.

The world, in fact, has learned a new lesson. The value of a country's gold stocks does not merely depend upon the physical quantity of gold lying in the vaults of the central bank or the Treasury. It depends also upon the price of each ounce of gold expressed in the national currency. If all countries, or a sufficient number of the most influential, agree to devalue their currencies and raise the price of gold, then the world's stocks of monetary gold are increased as effectively as if a new goldfield had been discovered. This, however, is certainly not the whole story. Whatever may happen in the long run, an increase in the price of gold does not immediately bring with it an equivalent increase in the price of commodities in general, or more particularly in the cost of mining gold. Gold production is consequently stimulated, additional veins become profitable to work, and lower-grade deposits, previously known to exist, can be opened up. Meanwhile, the higher price of gold encourages the dispersion of hoards of gold accumulated in the East over countless centuries, and if this encouragement coincides with a period of depression—as in the last few years—the incentive to dishoard is greatly increased.

That, in brief, has been the secret of the expansion in the world's monetary gold stocks during the past five years. In the present article we propose to examine the extent and nature of the increase, leaving its underlying lessons for a subsequent review. The latest report of the Bank for International Settlements, dated May 3, 1937, contains a wealth of information on the supply and distribution of gold. Production of new gold is shown in the following table. The values shown in the

last column represent "pre-devaluation" Swiss francs, of which approximately 15 equal £1 sterling:—

Year	S. Africa	Russia	U.S.A.	Canada	Other Countries	World Production	Millions of gold Swiss francs
	(Thousands of fine ounces)						
1915	9,096	1,546	4,888	918	6,146	22,594	2,420
1932	11,559	1,990	2,449	3,044	5,264	24,306	2,604
1933	11,014	2,067	2,537	2,949	6,336	25,503	2,732
1934	10,480	4,263	2,916	2,972	6,999	27,630	2,960
1935	10,774	5,831	3,619	3,283	7,484	30,991	3,320
1936	11,339	7,350	4,295	3,721	8,549	35,254	3,777

Measured in physical quantity, since 1915, the record year before 1932, annual gold production has risen by 57 per cent. Allowing also for an assumed increase of 67 per cent. in its price, the increase in value is 152 per cent. Between 1935 and 1936 alone there was an increase in physical production of 4.3 million ounces, or 13½ per cent., which, as the B.I.S. points out, is comparable with increases previously registered at the time of great new discoveries of gold.

The extent of dishoarding by the Far East is shown in the next table:—

	India	China	Hong Kong	Total
	(millions of gold Swiss francs)			
1931	477	54	63	594
1932	1,014	118	59	1,191
1933	653	74	100	827
1934	706	54	68	828
1935	495	43	34	572
1936	371	37	29	437
Total	3,716	380	353	4,449

The influence of general economic conditions upon Eastern dishoarding is very noticeable. In 1932, when conditions were very depressed, dishoarding was at its peak. Since then it has diminished with the improvement in economic conditions.

Taking the years 1932-36 together, new production plus Eastern dishoarding have supplied the world with an additional Sw.Frs. 19,248 millions of gold, equal to about £1,280 millions sterling. A small part of this gold has been taken by the arts, and there has also been private hoarding in the West up to 1935, followed by a dishoarding movement in Europe during 1936, estimated at Sw.Frs. 1,000 millions, or £67 millions sterling. This last movement is attributed by the B.I.S. to more profitable forms of investment, due to recovery, and also to certain penal taxation and other measures taken against the hoarding of gold.

What has happened to the bulk of this new gold? Some indication is found in the following table of central bank holdings, compiled from B.I.S. reports. It covers the four years 1933-36, inclusive:—

Central Banks and Governments*	End of 1932	End of 1936	Intervening loss (—) or gain (+)
	(millions of gold Swiss francs)		
United Kingdom.....	3,021	7,911	+ 4,890
United States	20,964	34,439	+ 13,475
France	16,857	9,168	— 7,689
Holland	2,151	1,499	— 652
Belgium	1,871	1,934	+ 63
Switzerland.....	2,471	2,008	— 463
Germany	1,083	141	— 942
Italy	1,593	638	— 955
Other countries	12,131	14,564	+ 2,433
Total	62,142	72,300	+ 10,158

* Excluding undisclosed holdings of exchange funds, etc.

The total increase of Sw.Frs. 10,158 millions accounts for little more than half the total accretion of Sw.Frs. 19,248 millions in the world's gold supplies. Central bank and governmental acquisitions during 1932 explain part of the remaining Sw.Frs. 9,090 millions, but the destination of the remainder must be sought in the needs of the arts, in private hoards, and—last but not least—in the acquisitions of Exchange Funds. In other words, only part of the world's new gold supplies has gone to swell visible and active monetary gold stocks. The rest has either disappeared elsewhere or has been deliberately segregated by different Governments, who finance their holdings out of money borrowed, in many cases, at short-term from the banking system. The central banks of England and Holland also continue to value their gold at the old parity—i.e. they deliberately undervalue their gold in comparison with its present price in their currency. Thus the expansion in the credit base throughout the world during the past five years is, for the first time in modern history, by no means commensurate with the expansion in monetary gold stocks. The extreme inequality in the distribution of gold, as shown in the last table, has also prevented the new gold from exercising anything like its normal effect upon world prices and trade.

What may happen if, at some future time, the new gold is released and more evenly distributed? Is the present price of gold too high, and is the world in danger of becoming choked with gold? Sir Henry Strakosch discussed some of these points in *The Times* of May 10th, and we ourselves will return to them at a later date. Meanwhile, although the Tripartite Agreement of last autumn established a new equilibrium, the problem of the world's monetary affairs has by no means reached its final solution.

Financial Notes

The Bank's New Gold Purchase.—On Tuesday evening of this week the Bank of England announced that it had bought £5,000,000 of gold. The presumption is that this gold was bought from the Exchange Equalisation Account. The probable motive for this purchase is the Coronation expansion in the note circulation, for as this week's Bank return shows, the circulation has risen by £15.9 millions during the past three weeks, and on Tuesday evening reached a new high record of £479.9 millions. The simplest way to prevent these large currency withdrawals by the public from contracting the credit base is for the Bank to buy gold from the Exchange Account, and for the latter to apply the cash so received to redemption of Treasury bills held by the banking system. This course may have been rendered slightly more advisable by the fact that during the past few weeks the Exchange Account has had to buy some gold in the London bullion market, in order to support the market at a time when there was a general reluctance to buy for shipment to the United States. For this reason the Exchange Account may have been glad to sell gold. Still, the absence of any change in the fiduciary note issue suggests that the Coronation circulation expansion was the main motive behind this operation. Last December, when the Bank bought £65 millions of gold, the fiduciary note issue was only reduced by £60 millions. Thus, there was then a net expansion of £5,000,000, and adding on this week's purchase, there has been during the past six months a total increase of £10 millions, available either to support an increase in the note circulation or for an expansion of the credit base. So far it has been more than absorbed by the past six months' increase of £33 millions in the note circulation. The reduction in the fiduciary note issue made last December shows that gold is not being transferred to the Bank in such a way as to inflate the credit base, but if the circulation contracts it will be interesting to see if the Exchange Account takes back any gold from the Bank.

The Exchange Account and Gold.—Another consequence of the Bank's gold purchases is that the Bank has to buy gold at the current market price and then write it down to its statutory price of approximately 85s. per ounce fine. Since March 31, 1936, the Bank has bought £118 millions of gold, valued at 85s. an ounce. This cost it at, say, 142s. an ounce, £197 millions, so that the Exchange Account has had to stand a loss of £79 millions. In these circumstances it was a little surprising to find in Mr Chamberlain's latest Budget speech "an assurance that the Account still shows a profit." Sir Arthur Salter at once put down a question asking if the Account still showed a profit after reckoning the net result of any losses and gains by purchases and sales of gold in recent years at sterling prices in excess of the fixed value (i.e. 85s. an ounce) as defined in the Finance Act, 1932. This was the Act setting up the Account and defining its obligations in respect of the Bank of England's gold operations. Mr Chamberlain has now replied that his statement that the operations of the Account showed a profit up to any particular date naturally took into account both the accounting losses and gains incurred by the Account on transfers of gold to and from the Issue Department of the Bank of England, and also the accounting profit on revaluation at the market price of amounts thus transferred. Both question and answer were couched in general terms and did not refer to the experience of any particular year. The Exchange Account must have made an initial profit upon the gold and *devisen* taken over from the Bank when the Account started business in 1932; and there was a further profit on the Bank's gold sales at the time of the last complete American debt payment in December, 1932. Next the Account has been able to write up its gold holdings as a result of the rise in the price of gold from 1932 onwards. The Account has also made good jobbing profits from its constant intervention in the exchange market. This is probably why the Account has shown a profit over the whole period from its inception to March 31, 1937, in spite of the Bank's heavy gold purchases during the past year. This gives us the main assurance that so far the Exchange Account's resources have remained intact and are still in excess of their original £375 millions.

The Foreign Exchanges.—There has been little movement during the past week, and the closure of London on Coronation Day served to restrict business. French francs rallied from Frs. 110½ to Frs. 109 on M. Blum's majority in the Chamber, but have since come back to Frs. 110½. There was a better demand for forward francs at Frs. 11½ discount for three months and Frs. ½ discount for one month. The shorter date has some attraction as a medium for investment, as it yields 5½ per cent. per annum with only one month's risk; and so it is narrower than the three months' rate. Dollars are weak at \$4.93½ and over, as a result of continued gold sales to the United States. The Netherlands Bank has now reduced its buying price for dollars from

This Week's Issue of
THE ECONOMIST
includes a special

BANKING SUPPLEMENT

This detailed survey of British and Foreign Banking examines current British Banking trends. Special articles discuss the problems of bank investments and advances. These articles discuss the new Tripartite Monetary Agreement with special reference to the position of France. Other articles describe conditions in the United States, Germany and China. The Supplement gives complete statistical data of all British and foreign banks operating in London.

Fl. 1.82½ to Fl. 1.81½, so that guilders are firmer. The Swedish Minister of Finance has issued a statement expressing fears lest the tendency to rising prices in Sweden becomes excessive. He adds that in case of emergency it may be necessary to abandon the present relation between the krona and the pound by raising the value of the krona, and also to take restrictive measures as regards the credit market.

April Clearing Bank Averages.—The April returns of the ten English clearing banks show that they have been able to replenish their cash. Their aggregate cash ratio has risen from a bare 10 per cent. to 10.2 per cent., and whereas last March four of the ten banks (including Lloyds and the National Provincial among the "big four") returned ratios of less than 10 per cent., during April there was only one under 10 per cent. Cash itself has increased by £3.8 millions. This agrees roughly with the month's increase in bankers' deposits at the Bank of England, and can be traced back to an April expansion in the quantity of Government securities held in the banking department of the Bank. Thus money is being kept easy.

(In £ millions)

	April, 1936	Dec., 1936	Jan., 1937	Feb., 1937	March, 1937	April, 1937
Capital and reserves.....	131.7	131.9	132.5	132.5	132.5	132.5
Acceptances, etc.....	104.3	108.8	110.4	115.0	122.2	126.2
Deposits (including undivided profits, etc.)...	2,116.3	2,276.9	2,269.5	2,236.2	2,206.6	2,213.6
Total liabilities.....	2,352.3	2,517.6	2,512.4	2,483.7	2,461.3	2,472.3
Cash.....	224.1	240.6	234.4	226.9	222.4	226.2
Cheques, balances and items in transit.....	61.2	75.2	64.0	64.2	67.3	64.6
Money at call.....	155.4	189.3	174.1	161.2	164.8	171.6
Discounts.....	266.7	320.7	343.6	305.1	246.2	239.5
Investments.....	621.5	644.4	653.9	655.8	651.9	646.0
Loans and advances.....	849.2	869.0	864.6	888.0	918.8	930.6
Investments in affiliated banks.....	25.1	24.9	23.5	23.5	23.5	23.5
Cover for acceptances, premises, etc.....	149.1	153.5	154.3	159.0	166.4	170.3
Total assets.....	2,352.3	2,517.6	2,512.4	2,483.7	2,461.3	2,472.3

The clearing banks have not allowed their deposits to expand in the same proportion as their cash, and that is why their cash ratios are higher. Call and short loans have risen by £6.8 millions, while discounts have fallen by £6.7 millions. The total volume of tender Treasury bills showed little change between March and April, and so it looks as if more bills were being held by the market, and less by the banks. There has been a further increase of £11.8 millions in advances, which have risen to 42.1 per cent. of deposits. This may be why investments have been reduced by £5.9 millions, for investments and advances still equal 71.2 per cent. of deposits, a proportion which is well up to the banks' usual levels.

The Money Market.—The Payment of the Defence Loan call of £19.5 millions on Monday made money a little less plentiful, while, owing to the Coronation, some of the banks who usually make-up on Wednesday were calling on the previous day. Thus there was a fair demand for funds early in the week. Rates are unchanged:—

	Apr. 22, 1937	Apr. 29, 1937	May 6, 1937	May 13, 1937
Bank rate.....	2	2	2	2
Clearing banks' deposit rate.....	½	½	½	½
Short loan rate:—				
Clearing banks.....	½-½-1*	½-½-1*	½-½-1*	½-½-1*
Others.....	½-½	½-½	½-½	½-½
Discount rates:—				
Treasury bills.....	½-½	½-½	½-½	½-½
Three months' bank bills.....	½-½	½-½	½-½	½-½

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

The market is still short of bills, for on May 7th the syndicate only secured 18 per cent. of the allotment, although the tender price was reduced to the lowest point consonant with the banks' ½ per cent. minimum buying rate. The banks are now in a position to buy early August Treasury bills.

The Bank Return.—There has been a further increase in the note circulation, raising the total Coronation expansion to £15.9 millions. It is still uncertain if the note circulation has quite reached its peak, or whether Whitsun currency withdrawals together with the Coronation aftermath will cause a further increase. Owing to the Bank's gold purchase, this week's rise in the note circulation has not caused a reduction in the Reserve:—

	May 13, 1936	Apr. 21, 1937	Apr. 28, 1937	May 5, 1937	May 12, 1937
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold.....	204.3	313.7	313.7	313.7	318.7
Note circulation.....	424.8	464.0	468.8	475.2	479.9
Banking Department:—					
Reserve.....	40.3	50.7	45.8	39.4	39.6
Public deposits.....	13.3	25.6	26.2	16.4	32.5
Bankers' deposits.....	83.2	91.2	87.6	97.2	87.7
Other deposits.....	37.0	38.9	39.6	37.7	37.2
Government securities.....	89.9	94.1	97.7	103.1	108.3
Discounts and advances.....	8.8	4.6	5.5	5.4	5.9
Other securities.....	12.3	24.0	22.0	21.0	21.3
Proportion.....	30.1%	32.5%	29.9%	26.0%	25.1%

The main change in the Banking Department is an increase of £16.1 millions in public deposits. In connection with this, a call of £19.5 millions fell due on May 10th on the new National Defence bonds. Also the sterling paid by the Bank for its new gold may for the moment have been lodged in public deposits. Government securities continue to rise, so that the policy of easy money is still being pursued. Nevertheless, the increase in public deposits has reduced bankers' deposits by £9.5 millions.

Insurance Notes

Liverpool and London and Globe Insurance.—In 1936, the first year of this company's second centenary of existence, the number of new life assurance policies showed a remarkable expansion from 4,502 to 6,815, while new sums assured increased from £2,461,000 to £3,211,000. The net rate of interest earned on the Life and Annuity funds fell by ¼d. per cent. to £3 17s. 9d. per cent. In the Fire branch premium income was some £51,000 smaller at £3,910,000; in common with most other offices the underwriting results were not quite up to the very high standard set in 1935. On the other hand, accident premiums increased substantially from £4,293,000 to £4,627,000, and underwriting profits were very much better than in 1935, a year which in itself marked a great improvement on recent preceding years. The Marine premium income was more than maintained at £294,000. The results of the last two years are given below:—

	1935	1936
	Amount of Profit	Amount of Profit
	Percentage of Premiums	Percentage of Premiums
Fire.....	482,741	410,985
Accident.....	133,809	230,177
Marine.....	21,289	21,017
Life.....	26,000	26,000
Less Items debited to Profit and Loss Account.....	663,839	688,179
Net Trading Surplus.....	216,255	215,050
	447,584	473,129

In the Fire Department, apart from the usual reserve of 40 per cent. of the premium income for unexpired risks, there is an additional reserve which remains as before at £1,775,000. In the Accident Department the process of augmenting the additional reserve has been continued by a transfer of £250,000 from Profit and Loss; this reserve now amounts to £1,250,000. The total assets in the consolidated balance sheet amount to

£32,368,000, compared with £30,783,000. Loans show some increase at £1,589,000, but British Government Securities fell further from £6,056,000 to £5,595,000. Indian and Colonial Government Securities at £1,643,000 increased by £102,000, and Foreign Government Securities expanded from £6,469,000 to £7,213,000. Debenture stocks further contracted and preference stocks were also smaller, but ordinary stocks rose sharply from £1,370,000 to £2,389,000. The dividend on the share capital, which is held by the Royal, is at the rate of 67½ per cent. for the seventh successive year, and costs £547,000, compared with the available interest earnings of £390,000.

Guardian Assurance Company.—Total premium income, apart from life assurance premiums, increased from £2,492,000 to £2,596,000. In the fire branch there was an increase of £27,000 to £1,137,000, and underwriting results were very satisfactory. In the accident branch premium income was £1,185,000 compared with £1,128,000, and a small loss in the underwriting results occurred against the moderate profit in 1935. Marine premium income was £20,000 higher at £273,000. The results in the last two years are given below:—

	1935	1936
	Amount of Profit	Amount of Profit
	Percentage of Premiums	Percentage of Premiums
Fire.....	149,743	158,483
Accident.....	49,021	6,931
Marine.....	8,560	2,454
Life.....	18,545	18,545
Less Items debited to Profit and Loss.....	99,741	117,619
Net Trading Surplus.....	126,128	54,932

Included in the debits to Profit and Loss in the above table are transfers to "Investment Reserve and Contingency Fund" of £50,000 and £25,000 in 1935 and 1936, respectively.

The departmental reserves are strong, amounting in the fire and accident branches to 150 per cent. and 81 per cent. respectively of the premium income. In the life department new sums assured increased further from £1,585,000 to £1,759,000, and the net rate of interest earned was 2s. 5d. per cent. lower at £3 17s. 5d. per cent. Death claims fell by the large sum of £70,000 to £228,000. Total assets of the company and its subsidiaries amount to £16 millions, of which more than £8½ millions belong to the life funds. The book value of the investments are considerably lower than their market values on December 31st last. British Government securities fell from £1,112,000 to £535,000. Debenture stocks amount to £1,709,000 against £1,472,000, and preference stocks to £869,000 compared with £703,000, while ordinary stocks increased from £584,000 to £776,000. The dividend is again at the rate of 100 per cent. and costs £171,000, against available net interest earnings of £152,000.

Friends' Provident and Century Life Office.—The new life assurances of the Friends' Provident increased from £2,276,000 to the record figure of £2,502,000. In addition policies were issued by the Century for £216,000, mainly in connection with a special scheme of life and disability insurance. The purchase money received for immediate annuities also constituted a record for the office at £1¼ millions, against £850,000 in 1935. Death claims fell by £9,000 to £190,000, while annuities paid, less tax, increased from £139,000 to £198,000. The net rate of interest was 2s. 7d. per cent. smaller at £4 1s. 11d. per cent. The Friends' Provident owns the whole of the share capital of the Century, which transacts all the main classes of insurance business, including Permanent Sickness Insurance, a branch in which it was the principal pioneer. The following table records the results of the last two years.

	1935	1936
	Amount of Profit	Amount of Profit
	Percentage of Premiums	Percentage of Premiums
Fire.....	24,329	28,010
Accident.....	1,555	1,171
Motor.....	3,488	4,313
General.....	7,035	17,834
Employers Liability.....	7,932	1,743
Marine.....	5,060	2,600
Less Miscellaneous profit and loss items.....	9,285	17,337
	37,004	35,992

The total assets amount to £15,378,000, against £12,560,000. Loans of all kinds advanced by £544,000 to £3,330,000, but British Government securities remained at a practically unchanged level of £1¼ million. Debenture stocks amounted to £4,030,000 against £3,452,000 and preference stocks to £1,091,000 against £754,000. The shares of the Century appear at the purchase figure of £1,000,000, while other ordinary stockholdings at £2,264,000 amount to practically double the 1935 figure. A dividend of 15 per cent. has been declared, together with a bonus of 2½ per cent. These items cost £53,000, while interest earnings were £49,000.

Northern Assurance.—New life assurances amount to £1,813,000, and the considerable expansion over the previous year's total of £1,545,000 may have been partly due to the novel centenary concession of granting a deduction of 10 per cent. from the first premium under new policies effected in 1936 by existing life policyholders. The net rate of interest earned on the life assurance and annuity fund was 2s. 2d. per cent. smaller at £4 2s. 6d. per cent. In the other branches the results were satisfactory. Fire premiums amount to £1,926,000, against £1,936,000, and although claims were some £18,000 higher at £806,000, it should be noted that the fire loss ratio in 1935 was the lowest in the history of the company. Accident premiums increased by £86,000 to the record figure of £1,757,000, while in the marine branch premium income amounted to £693,000, compared with £631,000, and for the fifth successive year £25,000 was transferred to profit and loss. In the fire and accident account 50 per cent. of the premium income is held as a reserve for unexpired risk, but in arriving at the results shown below, we have followed the more usual practice by taking 40 per cent.

	1935	1936
	Amount of Profit	Amount of Profit
	Percentage of Premiums	Percentage of Premiums
Fire.....	202,913	177,854
Accident.....	142,236	126,633
Marine.....	25,000	25,000
Life.....	115,000	...
Less Items debited to Profit and Loss.....	324,483	151,106
Net Trading Surplus.....	160,666	178,381

Included above in the debits to profit and loss are transfers to the contingency fund amounting in 1935 to £100,000 and in 1936 to £50,000; the 1935 figure also includes £100,000 applied to write off the cost of acquired companies. Total assets of the Northern—excluding the associated companies—increased from £15,972,000 to £16,638,000. The largest changes in the investments were increases of £360,000 to £576,000 in loans on public rates and £277,000 to £1,247,000 in ordinary stocks. Preference stocks increased, but debenture stocks showed some reduction. There is a general reserve of £2,000,000 and a substantial profit and loss balance. Total assets in the consolidated balance sheet amount to £24,669,000, of which £4,732,000 consists of assets in the "London and Scottish." The dividend is 75 per cent., and cost £232,000, contrasted with available interest earnings of £193,000.

THE STOCK EXCHANGE

Prospects for Rubber

In the past few weeks the rubber market has worn a disconsolate air, and rubber prices have suffered a major reaction. After a confident advance to almost 1s. 2d. a lb. at the end of March, the quotation slumped to 9½d. in the following month, and has now recovered to just under 10½d. Share prices, however, had moved well in the rear of the carefree rise in the commodity. They have, consequently, shown more resistance to speculative liquidation, but losses have been appreciable.

Even more significant than the decline in prices has been the revolutionary change in market sentiment concerning the immediate prospect for the rubber industry. Only a month ago there was serious discussion of the possibility of a major boom during the current year, on the lines of those of 1909 and 1925. These confident prognostications received some support from the apparent inability of Malaya and the Dutch East Indies to ship their allotted quotas in the first two months of the year. Most observers were thus totally unprepared for a large increase in shipments from both countries in March, when the total exports were well in excess of the month's allowance and were sufficient to wipe out almost the whole of the previous deficiency. The April figures for the Netherlands East Indies showed an appreciable decline, but it is patent, nevertheless, that the prophets of boom allowed themselves to be excessively influenced by transient difficulties. The exporting areas have been shown capable of expanding output at a much faster rate than was anticipated. But will the further expansion necessary in the future be as easily achieved? Can the industry, for example, meet the 90 per cent. quota called for in the second half of this year? What of the longer view? Though all danger of a "squeeze" is removed for 1937, will 1938 witness a repetition of 1925 or 1909? These are vital questions for investors.

Recent developments in the statistical position may first be briefly summarised. In 1936, in response to the accelerated tempo of world recovery, consumption of rubber increased from 941,600 tons to 1,013,500 tons, and achieved a new all-time peak. In the current year, the advance has continued, and demand bids fair to reach, and perhaps exceed, 1,100,000 tons—i.e. about 10 per cent. more than the 1936 total. Supplies were restricted last year to an average of only 62½ per cent. of standard production; stocks fell rapidly, and by autumn all the excess appeared to have been fully liquidated.

Since then a further decline has reduced stocks well below the level of adequacy. By March they had fallen to only 286,000 tons (in the principal countries outside the regulation areas), and were equivalent to less than three months' demand, against double that amount twelve months ago. The International Committee's tardy efforts to increase supplies by a rapid expansion in the quota have, till recently, merely succeeded in fanning the flames of speculative ardour and stimulating the rise in prices still further. For the current year, an average quota of 83½ per cent. is called for. It should be adequate (provided it be forthcoming) to satisfy prospective demand in full, and to go a considerable way to replenishing depleted reserves. In the first quarter, a production rate of 75 per cent. has almost been achieved, representing an increase in output of about 20 per cent. over the second half of 1936. This is no mean accomplishment. But for the remainder of the year, an average of about 85 per cent. will be necessary to meet all requirements. Is an equal degree of success likely?

For investors nurtured on the view that the world has been suffering from an immense superabundance of productive capacity in the primary producing industries, the idea of a positive shortage of rubber may appear fantastic. Rubber, however, is in a somewhat different position from most commodities. There are few commodities in which world consumption to-day has regained the level of the pre-depression years, but rubber passed that point as early as 1933. To-day, absorption is at a rate nearly 40 per cent. in excess of 1929. The "bulls" of rubber propound both a short- and a long-run case. In the short run, it is alleged, supplies of native labour are insufficient to meet the increased demand not only from rubber plantations, but from tin mines and elsewhere. In the longer run, more emphasis is placed on the declining yield from old rubber areas, the necessity for wholesale clearing and replanting, and the serious reduction in available capacity which will result from any such movement. Provided consumption continues to expand at the rate of recent years, demand may quickly outstrip full potential production. There are admittedly large reserves of native rubber in the Dutch East Indies, but these (it is argued) will not become fully available in the absence of a further price rise.

Labour difficulties have recently multiplied, especially in Malaya and Sumatra, but the problem is

Investment Notes

Interrupted Convalescence.—Last week's Stock Exchange Settlement was accomplished without the hammer, thanks to a good deal of hard and anxious work. The tone of the markets in Coronation week, however, forcibly suggested that some of the emergency shoring-up of weak positions, and the papering-over of cracks, were emergency measures which might not obviate the necessity for later rebuilding operations. There was a fresh outbreak of selling in the speculative markets, especially in Kaffirs, on Monday, and on Tuesday a general dullness was only arrested in the last hour. The causes of weakness were both particular and general. Some of the forced liquidation was known to be due to the clearing up of the position of a firm whose option engagements had been taken over. Many sections, including gilt-edged, rails and various industrials, were a prey to fears of a replica in Britain of the regime of labour unrest which has already swept across America and France. In particular, investors whose memories are moderately long dread the words "coal stoppage," with good reason. The speculative share markets, particularly rubber and oil, received little help from overseas centres, and the market in gold mining shares acted on its own view of what Mr Martin had left unsaid at the Rand Mines meeting (discussed in a Note on page 410).

* * *

A moderate rise in prices is obviously the most immediate desideratum if the technical legacy of the last few weeks is to be cleared up, with the least delay and at the lowest cost. The obstacles in the way of this consummation are threefold: rising prices, industrial unrest and uncertainty over the ultimate form and incidence of the Chancellor's National Defence Contribution. These are devils which come out only with prayer and fasting. For the moment, the market's internal and external problems are reacting unfavourably on each other. So long as the optimists are precluded by sheer uncertainty even from special pleading, prices can hardly recover. Bargain hunters who regard present prices, in many cases, as cheap, are deterred from coming in, so long as the possibility remains that by waiting they may buy cheaper. The omens, at least, favour a continuation of hesitation until the Whitsun holidays are over, the miners' strike notices have either expired or been withdrawn and the new Finance Bill has been introduced into Parliament. But encircling worries did not detract from the loyal fervour with which, in the "House" on the eve of the Coronation, some 5,000 members and clerks sung the National Anthem, accompanied by a detachment of the Grenadier Guards Band and drummers of the Stock Exchange Cadets Battalion.

* * *

Street Traders, London.*—Members of the London Stock Exchange, though they have in the course of history been called many things by many men, will not readily recognise themselves under this title. Nor have they worried themselves unduly over the question whether Throgmorton Street is, or is not, a thoroughfare. Some people, however, think it ought to be, and the Home Secretary has lately been asked whether "he is aware that on five days in each week the thoroughfare named Throgmorton Street is obstructed by street traders in public securities." Sir John Power wished, moreover, to know the number of prosecutions in London in 1934, 1935, and 1936 for obstruction, the amount collected in fines, the number of cases occurring in Throgmorton Street, and the steps taken to keep that street clear since 1895, when the members had the best of the famous "Battle" which secured them the tranquil enjoyment of their extra-mural activities for nearly half a century. The written reply came with full Ministerial solemnity, accompanied by a table showing, among other things, that 27 prosecutions were made for obstruction, nine

being grappled with. The Chinese immigration quota into Malaya has been raised and negotiations are proceeding with the Indian Government for accelerating the supply of coolies. The Netherlands Indies Government has also relaxed its restrictive measures on emigration from Java. It appears, therefore, more than likely that both Malaya and the Dutch East Indies will be able to produce an 80 per cent. quota, and they may perhaps achieve 85 per cent. by the end of the year. After that much will depend on the price factor. Given the prospect of reasonable stability around the current, or perhaps a somewhat higher, level, the necessary inducement will be present for more vigorous recruitment of labour forces. We have shown, however, that production, even at 85 per cent., will be adequate to meet requirements in the near future, and to remove all danger of a market squeeze. On the other hand, there would appear to be little likelihood of any further fall in prices. Consumers have large arrears of purchases to satisfy, to say nothing of reserves to be replenished. The outlook therefore is for greater price stability than in the recent past. On the longer view, the prospect is more obscure. There can be no question of the necessity for replanting on a large scale in the next few years. All new planting is prohibited under the restriction scheme, and there is thus little slack which might be taken up in order to meet any sustained expansion in demand. But no one can predict the precise point at which a real shortage may develop; for its basic condition would be a continued upward movement in the trade cycle during the next few years. This goes beyond anything which can be legitimately anticipated at the present moment, but remains as a factor, possibly of prime importance, in the background.

Meanwhile, for the current year and perhaps beyond, rubber companies should reap their first abundant harvest of profits since the boom period of 1928 and 1929. All are inevitably faced, however, with a pronounced upward movement in costs. Reference to the table at the foot of the preceding page suggests that no appreciable rise in unit costs occurred in 1936, despite the increased rate of restriction. But in the current year the rising tendency has been strongly accentuated. In most cases, moreover, additional charges will have to be met for work postponed during the depression, and provision for replanting will inevitably take a large slice out of earnings. Our calculations of probable profits in the current year for a selected number of companies, shown in the table, have been based on an average price of 10d. a lb. and an average quota of 85 per cent. No deductions for replanting, reserves, etc., have been made, but a fair margin between earnings and dividends on this account must be regarded as certain. We have allowed for income from other sources in the final profit estimates, and have assumed that costs for all companies increase by ½d. a lb. over the 1936 level. Finally, each company's response to further changes in the price of rubber has been expressed as a percentage on the share yield at current prices. Both the resulting figures and those of estimated earnings yields show remarkably few disparities, as between the different producers.

It does not follow, however, that the need for further selectivity has been eliminated. For one thing, the importance of provision for future earning power in the shape of ample supplies of young rubber is likely to increase with the passage of time. Companies, therefore, which already own young areas or possess adequate financial resources to meet the heavy cost of replanting should have a special claim on the investor's attention. For another thing, the shadow of the Chancellor's new National Defence Contribution lies heavy over the industry. Unless the tax is drastically amended, it will most affect those rubber companies which have shown the largest recovery since depression. For them, indeed, it may be equivalent to a decline of rather more than 1d. per lb in the price of rubber, while for the low dividend-payers it will be almost negligible. Some modification in share prices will no doubt occur, if the tax is passed in its present form. Nevertheless, considerations of efficiency and financial strength must continue, in the last resort, to determine the investor's choice.

Company and Share Denomination	Standard production 1937 000's lbs.	1d. per lb. on rubber price = % on ord. cap. with 100% quota	Costs in 1935 d. per lb.	Costs in 1936 d. per lb.	Fstd. profit margin in 1937 with 10d. price* d. per lb.	Output with 85% quota 000's lbs.	Total estd. profits in 1937	Earnings in 1936 %	Divs. in 1936 %	Current price of ord.	Yields		Increased yield from 1d. rise in price %†
											On 1936 divs. %	On estd. earnings in 1937 %	
Batu Tiga (£1).....	3,080	5.6	4.6	4.5	5.0	2,618	24	12.8	12½	2½	5.0	9.6	1.9
Bikam (2/-).....	5,277	4.1	4.1	4.7	4.8	4,485	17	6.1	3/-	3/-	4.0	11.3	2.7
Cheviot (2/-).....	3,798	6.0	4.0	4.4	5.1	3,228	27	13.9	10	5/9	3.5	9.4	1.6
Dennistown (2/-).....	1,423	3.5	3.8	3.8	5.7	1,210	17	8.5	7	2/7½	5.3	12.9	2.3
Edinburgh (2/-).....	528	1.0	4.6	4.8	4.7	449	4.2	2.2	2½	2½	4.3	8.4	1.7
F.M.S. Rubber (£1).....	3,068	5.2	4.2	4.6	4.9	2,605	22	10.5	10	1/-	4.4	9.8	2.0
Labu (F.M.S.) (£1).....	3,507	6.2	3.7	3.6	5.9	2,981	32.5	16.8	12½	3½	3.8	9.5	1.6
London Asiatic (£1).....	1,838	2.1	4.6	5.0	4.5	1,562	9	4.7	5	5/-	5.0	9.0	1.8
Manadron (2/-).....	12,788	5.7	3.9	4.2	5.3	10,870	26.5	13.7	10	1	4.0	10.6	1.9
Muar River (2/-).....	1,078	1.9	4.5	4.2	5.3	916	9	3.4	3	1/10½	3.2	9.6	1.7
North Malay (2/-).....	3,186	4.2	4.0	4.5	4.5	2,708	17	8.7	7½	3/8	4.3	9.7	2.0
Pataling (£1).....	4,332	5.9	3.9	5.0	4.5	3,682	23.5	10.2	10	2½x	4.2	9.9	2.0
Pilmoor (2/-).....	957	3.6	4.4	4.7	4.8	814	17	8.5	6½	3/-	4.2	11.3	2.0
Rambutan (2/-).....	1,776	3.7	4.4	5.0	5.7	1,510	14.5	6.5	6	3/-	5.0	11.0	1.9
Rubber Estates of Johore (£1).....	975	2.2	4.0	3.8	4.1	829	11	5.5	5	1½	3.8	7.6	1.8
Selangor River (£1).....	1,511	2.2	4.3	5.4	4.7	1,284	8	4.6	4	1	5.0	10.5	2.2
Sungei Choh (£1).....	1,257	2.6	4.3	4.8	4.7	1,089	10.5	5.0	4	2½	3.8	10.9	2.3
Sungei Salak (£1).....	2,173	7.5	4.1	4.8	4.7	1,762	30	12.2	10				

* Assuming ½d. per lb. rise in costs on 1936.

† With 85% quota.

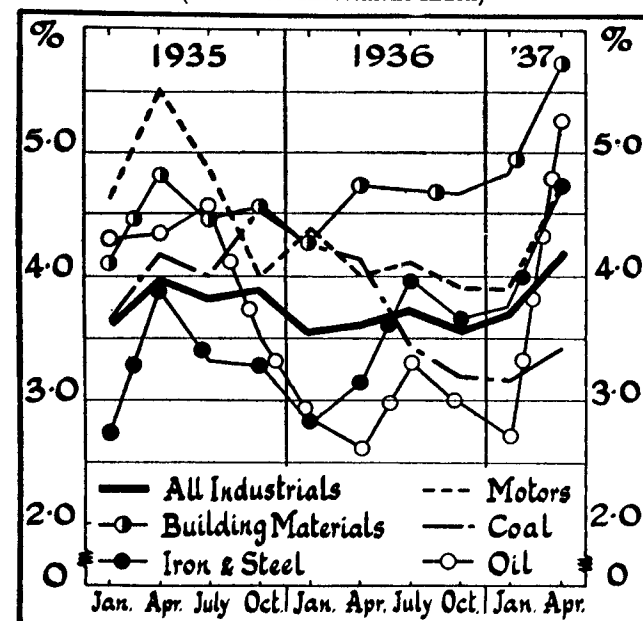
* *Hansard*. Vol. 523. No. 105. Wt. 1178. May 5, 1937.

guineas imposed in fines, and eleven days of imprisonment served in default of fine. But the number of cases in Throgmorton Street was *nil*. The amiable practice of congregating in the Street after 4 p.m. was soberly defended on the expected score of long-established practice and the rarity of through traffic. Members no doubt share the general appreciation of this pleasant Parliamentary conceit, but they will hope that costermongers are not addicted to reading either *Hansard* or the leading financial newspapers. If one of them happened to be fined one day and tried to push his barrow through Throgmorton Street the next, his comment might well be expressed in language less Parliamentary than the Home Secretary's.

* * *

Ordinary Share Yields.—The importance of the changing yield basis which is being applied in the valuation of ordinary shares was emphasised in our Stock Exchange leading article a fortnight ago. In order to illustrate these changes in greater detail, we have prepared the accompanying chart, which depicts the yields shown by the Actuaries' Index of 177 industrials. The bold line shows the overall yield on the index since 1935, and the remaining curves indicate the returns shown by certain component groups:—

INDUSTRIAL ORDINARY SHARE YIELDS
(Actuaries' Investment Index)



Since the last quarter of 1936, ordinary share yields have risen from a little over 3½ per cent. to nearly 4½ per cent.—a level higher than at any time since recovery began. In part this movement is due to the reaction in share prices, but its main cause is to be found in increased dividends. The rapid rise in the yield on oil shares is due largely to increased distributions, while the increased return on building materials shares, now as high as 5½ per cent., may be attributed to the markets' cautious revision of future earnings prospects. With one exception—coal shares—all the groups show an appreciably higher return than a year ago.

* * *

Mr Martin on Gold.—Mr John Martin, who is both chairman of Rand Mines and a director of the Bank of England, endeavoured to combine realism with optimism when making his contribution to current symposia on the future of gold. At the Rand Mines meeting on Friday, May 7th, Mr Martin began by pointing out that under the Tripartite Monetary Agreement there is no fixed price for gold, yet gold is still used as a monetary reserve and a means of international payments. Mr Martin described the technique of exchange control—new style—as an example of co-operation between principals who remained independent. Mr Martin then went on to pose a dilemma. At the current market price for gold, the Bank

of England's reserves were worth about £525 millions—apart from the large holding of the Exchange Equalisation Account. If these immense holdings were allowed to do the work of which they would have been capable under the old dispensation, an inflation of credit, on a scale without precedent, would almost certainly result. America's present holdings, measured in current dollar values, were capable of sustaining bank credits twice or thrice as large as those which financed the boom of 1929. In fact, the American reserves alone, in current values, exceeded the monetary gold reserves of the whole world eight years ago. But the higher prices of gold and commodities had lifted the world from depression, and suddenly to reverse the trend would be a calamity. How long would governments continue to absorb gold in excess of their requirements? Mr Martin thus clearly and cogently stated the dilemma, but he made no really determined attempt to answer it, either in the rôle of a gold producer or a central banker. He ruled out "revolutionary measures" and suggested that governments might permit a further gradual rise in prices "to a level at which existing gold holdings could be utilised for monetary purposes without their present scale of redundancy." But clearly, if gold reserves, at current values, are allowed to function as a basis of currency and credit in the same ratios as in 1929, the level of prices will need to be very much higher and/or the volume of trade much greater than in 1929, to produce the effect which Mr Martin envisages, unless other measures are taken. We discuss the background of the world's problem in an article on page 404 of this issue. Meanwhile, Mr Martin has taken occasion to warn South Africa that she ought to take a long view in meeting "such difficulties as undoubtedly lie ahead."

* * *

Steel Price Increases.—In an Investment Note under this heading on page 346 of last week's issue of *The Economist*, it was inadvertently stated that recent advances had raised the prices of finished steel products "to the levels of the post-war inflationary boom." The statement should have read: "to the highest levels since the post-war inflationary boom." We ask our readers to take note of this correction.

* * *

Capital Issues in April.—The April new issue figures are swollen by the £100 million Defence Bond issue. If this item is eliminated, the slackening activity of the market is evident. The following table shows our computation on the new and old bases:—

(000's omitted) Excluding Conversions					
Monthly Average (Old Basis)	United Kingdom	British Possessions	Foreign Countries	Total	
1933	17,520	2,429	449	20,398	
1934	11,474	2,494	125	14,093	
1935	18,388	1,270	21	19,679	
1936	19,195	2,035	58	21,288	
(New Basis)					
1935	27,233	2,443	97	27,773	
1936	37,370	2,823	964	41,157	
Monthly Total (Old Basis)					
February, 1936 ...	50	15,050	1,229	17,109	
February, 1937 ...	150	7,998	1,242	9,390	
March, 1936 ...	200	9,808	1,058	11,066	
March, 1937 ...	Dr.200	7,339	2,261	9,400	
April, 1936 ...	Dr.350	10,321	280	10,281	
April, 1937 ...	99,150	8,786	3,129	111,065	
(New Basis)					
February, 1936 ...	50	24,520	2,235	27,085	
February, 1937 ...	150	26,416	13,714	41,337	
March, 1936 ...	200	17,762	1,203	19,985	
March, 1937 ...	Dr.200	25,672	5,507	30,979	
April, 1936 ...	Dr.350	22,447	1,495	25,685	
April, 1937 ...	99,150	12,485	11,495	123,130	

Few industrial public issues of importance have appeared, but our figures include a considerable number of bonus issues and issues to shareholders. Among the month's introductions the N'Changa Consolidated Copper issue was prominent.

Company Notes

Harland and Wolff Reconstruction.—Seven years have passed since the R.M.S.P. moratorium was agreed to by the creditors of the group, and the process of straightening out the tangle of interlocking finances of the individual concerns is now, at long last, approaching its conclusion. In the case of Harland and Wolff, the long period of careful nursing, aided by a favourable trend of trade, has made feasible a plan which rescues for the first preference shareholders a deferred equity from a position which at one time appeared beyond salvation. The present scheme is rendered possible by an agreement with the creditors, whose claims, at December 31st last, amounted to no less than £10,928,670. Under its terms they have agreed to scale down their claims to £7,281,687, and to accept in full and final satisfaction, cash and sundry assets estimated at £2,081,687 and £5,200,000 in £1 "A" ordinary shares of the new capital. The present share capital is to be reduced by £8,544,312 to £1,796,082 but only £2,400,000 of this reduction falls on the publicly held £1 first preference shares, which are to be converted into new "B" ordinary, and reduced to 8s. The balance of the reduction is attributable to the "A" or "B" preferences and the ordinary which are held within the group. The proposed new capital will embrace, first the £5,200,000 "A" ordinary shares which will be entitled to receive a 4 per cent. non-cumulative preferential dividend and to participate *pari passu* with the "B" ordinary for a further 2 per cent. The rest of the capitalisation will be represented by £1,796,082 "B" ordinary, of which £1,600,000, or 89.1 per cent., will be allocated to the present first preference shareholders.

* * *

The "B" ordinary will be, in effect, the deferred ordinary of the reconstructed undertaking. They will doubtless attract market interest as a high-g geared ship-building equity with long-term possibilities. To show distributable earnings equal to 8 per cent. on these shares, the net profits of the undertaking (after providing for depreciation) will need to reach £455,686—or, say, 7 per cent. on the net assets after writing down. By this standard, the company's earning power would not be required to reach an inordinately high level to bring the "B" ordinary capital into the dividend paying category. On the other hand, profits for 1936, before depreciation, as shown by the report accompanying the scheme—were only £86,007 and were thus far below the level which will in future be required to meet the 4 per cent. non-cumulative dividend on the new "A" ordinary, which will call for £208,000 per annum. The results for the current year, however, should show a substantial improvement, since the 1936 figures were based on orders accepted at a time when prices were barely remunerative. In due course, creditors will doubtless desire to dispose of their "B" shares for cash, and it may be presumed that in accepting the present scheme they have in mind the probability of results for the current year which will render some marketing operation feasible, at a moderate price. Since the publication of the scheme and the report, the £1 first preference shares have fallen about 30 per cent. to 7s. This price represents 17s. 6d. for the new "B" ordinary shares.

* * *

New Gaumont British Development.—A new development has occurred in the Gaumont British dispute this week. At the adjourned general meeting on December 17th last, certain gentlemen agreed to act as a

provisional committee. They have now issued a circular to shareholders in an endeavour to obtain the necessary support, by way of votes and finance, for an application for an investigation by the Board of Trade. The circular recapitulates the story of the consolidated balance sheet, the dissension on the board over the preference dividend question, and the action before Mr Justice Clauson which failed to obtain restraint of the payment of a preference dividend, but succeeded in eliciting a number of new and significant facts. The circular declares that, in addition to the company's trading losses to March 31, 1937—estimated at £623,000 but now put at nearly £800,000—the trial revealed the existence of capital losses by way of: (a) two former distributing companies, Ideal Films and W. and F. Film Services, which stand in the Corporation's books at £450,000, but have been out of existence for several years; (b) the investment in Gaumont British Distributors (practically closed down as a consequence of the deal with General Film Distributors), which stands in the books at £510,000; (c) the Shepherds Bush studios, valued in the books at £450,000, but now closed down; (d) shares in Denman Picture Houses, standing at nearly £2 millions, which were admitted to be over-valued by about £1 million; and (e) loans to and investments in Gainsborough Pictures, Baird Television and British Acoustics, all of which companies show large trading losses. Altogether, the committee put the total capital and trading losses of Gaumont British at approximately £3 millions, and conclude that serious jeopardy exists in regard to the share capital. The committee finally suggest that shareholders may care to contribute, say, 1d. per share to provide the funds necessary for further action. As the facts already elicited certainly appear to indicate a *prima facie* case for further examination, the suggested attempt to obtain a Board of Trade investigation may commend itself to outside shareholders.

Basic Facts about the

CANADA LIFE

90th YEAR

1936

NEW BUSINESS £9,648,974

RECEIPTS £7,725,786

PAYMENTS £5,381,790

ASSETS £51,886,330

(including special reserves
and undivided surplus
totalling) £1,870,724

*'Safety and Stability are, first and foremost,
the Keynotes of our traditional policy'*

CANADA LIFE

Assurance Company

Incorporated in Canada as a Limited Liability Company

ESTABLISHED 1847

Chief Office for the British Isles:

2 ST. JAMES'S SQUARE, LONDON, S.W.1

Stewarts and Lloyds' Progress.—The market's satisfaction with the substantial improvement shown in this company's report was somewhat tinged with surprise. Although investors are perhaps too ready to take large increases in earnings as a matter of course, a rise of 44 per cent. is remarkable in a year when exports of tubes declined both in volume and value. The issue in October last of deferred shares, involving over one-and-a-third millions, can hardly have appreciably affected results for 1936. On the other hand, a setback was experienced in 1935, and if the latest profits are compared with 1934, the rise is of a more moderate order. In the latest period the increase in the earnings for the equity is, however, only £157,500. Staff funds and depreciation between them take about £20,000 more, £25,700 has been used to start a debenture redemption reserve, while income tax reserve, as indicated in the following table, absorbs £225,000, where no allocation was made in 1935.

	1934	1935	1936
Profit	1,088,504	964,685§	1,392,310§
Fees and staff funds	15,000	62,150	73,213
Depreciation	300,000	308,518	318,802
Income tax reserve	140,000	...	225,000
Debt service	68,522	102,000	127,500
Preference dividends	103,075	102,244	100,581
Deferred and liaison stock—			
Earned	461,907	389,773	547,214
Paid	203,505	200,223	295,410
Earned %	11.3	9.7	13.0
Paid %	5	5	7½

Contingencies reserve

Carry forward

* Includes £100,000 special depreciation. † After £82,126 issue expenses. § Before staff fund contributions.

The dividend is raised by 2½ per cent. to a total of 7½ per cent. on the old capital, and the margin between earnings and distribution widened at the same time. The usual provision for contingencies reserve (shown together with taxation and maintenance reserves in the balance sheet in a single figure) is lower at £150,000, but £100,000 is set aside for special depreciation. The balance sheet reflects the changes made both by the ordinary development of business and by last autumn's new issue to finance the Corby extensions, which are expected to come into production this year. Properties and plant stand at £9,516,672, against £8,340,199, and although shares in subsidiaries are practically unchanged, loans to them, and interests in allied companies, are proportionately much higher. The current year will be of unusual interest in the company's development, with the extension of operations at Corby and the agreement with the Lancashire Steel Corporation for the manufacture of rolled products. For the deferred stockholders, however, prospects may be clouded if the N.D.C. is levied on existing principles. This stock, at 37s. 3d., yields 44 os. 4d.

Allied Newspapers.—The profits of this combine have risen £31,252, or 2.9 per cent., to a new record in its history, and the ordinary dividend has been raised by 1 per cent. to 9 per cent. The whole of the increased earnings becomes available for the ordinary shareholders, though as before well under half the earnings are distributed. Details are shown in the following table:—

	YEARS TO DECEMBER 31ST	1934	1935	1936
Profit		1,018,732	1,070,933	1,102,185
Income tax		225,000	235,000	250,000
Interest and fees		138,625	126,520	109,659
Preference dividends		390,561	395,250	382,128
Ordinary shares:—				
Earned		264,546	314,163	360,398
Paid		108,500	122,000	147,424
Earned %		17.1	20.6	22.0
Paid %		7	8	9
Reserves		150,000	200,000	212,874
Carried forward		256,466*	260,583†	260,883

* After writing off £3,526 issue expenses. † Including £11,954 income tax refund.

The report is not an informative document and there are no means of discovering the position of the main subsidiaries. But the year 1936 has been an eventful one for the company, and the report gives some description of the main occurrences. Reference is made to the retirement of Lord Camrose and two of his family, the sale of the various Edward Lloyd interests, and the acquisition of the outside shareholdings of Daily Sketch and Sunday Graphic, Ltd. The Edward Lloyd interests were sold at a profit of £880,483, which has been allocated to the reserves of the companies of the group. The parent company's general reserve has been increased by £630,583, while part of the proceeds has been spent in completing its purchase of its share of *The Daily Sketch*. The balance sheet reveals less change than might be expected after these changes. Investments in subsidiaries, at £3,268,000, are actually £517,000 higher, advances however showing a small decrease so that these interests still amount to about two-fifths of the total assets. After the addition of the latest allocation, the general reserve will be £2,000,000. Surplus liquid assets in the latest balance sheet are approximately £312,000, against £515,000 at the end of 1934, when total assets were £1,000,000 lower than the present level of £15½ millions. At the current price of 35s. 1½d. the ordinary shares yield 5½ per cent.

Siemens' Progress.—Recovery is shown very clearly in the 1936 accounts of this company, which manufactures a wide range of electrical apparatus. The directors report that their factories are working at capacity and that considerable extensions have been found necessary. Possibly owing to the date of making them, or even to the lack of a consolidated balance sheet, however, these extensions do not reveal themselves in the published figures for 1936. Land and buildings, for instance, have risen less than £20,000 and investments in subsidiaries have actually fallen over £55,000. Materials and work in hand are up about 18 per cent., but ordinary earnings have risen by nearly 80 per cent., much of which has been ploughed back. Recent developments are shown in the following table:—

	YEARS TO DECEMBER 31	1934	1935	1936
Profit		134,154	236,122	347,746
Pension funds		13,584	15,432	17,670
Debt service		24,016	11,951	...
Preference dividend		55,000	55,000	55,000
Ordinary share:—				
Earned		41,554	153,739	275,076
Paid		98,000	147,000	183,750
Earned %		1.7	6.4	12.5
Paid %		4	6	7½
General reserve		...	...	86,243
Carry forward		332,985*	339,724	344,617

* After crediting £9,995 income tax not required.

In reviewing the earnings prospects for the present year, the possible consequences of the recent fire at one of the company's factories must not be forgotten. The costs of reconstruction and extension are necessarily high at the moment, and the company is vulnerable to the rapid rise in metal prices. Apart from considerations such as these, the outlook for the company is bright, for its main interests lie in activities with good prospects for expansion, such as the manufacture of telephone apparatus, traffic control systems, batteries, and a variety of marine fittings. The ordinary stock at 32s. 7½d. cum dividend gives a yield of 4½ per cent.

London County Freehold.—Continued progress is shown by the admirably full and informative accounts of this property company, which give comparable figures for the past twelve years, a revised form of accounts, and a wealth of comment. The annual net revenue

(before interest) at £592,234, shows a rise on the year of just over £56,844, or 10 per cent.—a very satisfactory improvement for a company of this type. The ordinary dividend of 10 per cent. and the bonus of 1 per cent. is maintained for the seventh year in succession, while reserve appropriations are resumed with the sum of £35,000, making the general reserve £1,294,098, out of a balance sheet total of just under £10 millions. All this is a considerable achievement in face of rising rates and costs. How long it can last is another question. The building of flats has gone on at a portentous rate in the last year or so, and conceivably the supply is now adequate or even excessive. For the moment, however, the directors report a lower percentage of unlet premises than at any time since the beginning of the slump, and in so far as their properties are mainly in central parts of London and the company is firmly established in its particular sphere, its prospects are at least as favourable as those of any similar concern. With the combination of the natural advantages of such sites and a probable trend towards more central homes, any hypothetical fall from the present high level of rents may well be small for this type of property. A policy of modernisation is, moreover, being vigorously followed. The present price of the ordinary stock is 19s. 9d. per 10s. stock unit.

Cable and Wireless Accounts.—Since the directors had already indicated that the revenues for the current year were likely to cover a 4 per cent. dividend on the new ordinary stock (if the scheme to be considered on May 24th were approved), the accounts for 1936 lack a good deal of their usual interest. The gross revenue of the holding company, in fact, amounts to £986,276, compared with £1,120,234 for 1935. The fall is attributable to comparatively severe reductions in the amounts received from the Eastern Extension and Western Telegraph companies. The resulting gross revenue is appreciably lower than the estimate of £1,080,000 recently published with the details of the reconstruction

scheme. It becomes increasingly clear, indeed, that the earnings possibilities of the "B" ordinary are so remote that the terms of their participation in the reorganisation scheme are relatively generous. These figures are filled out in detail by the operating company's accounts, which show that message receipts are slightly lower (as the index numbers indicated) while the net profits, after providing for the various special items, has fallen from £1,001,397 to £842,945.

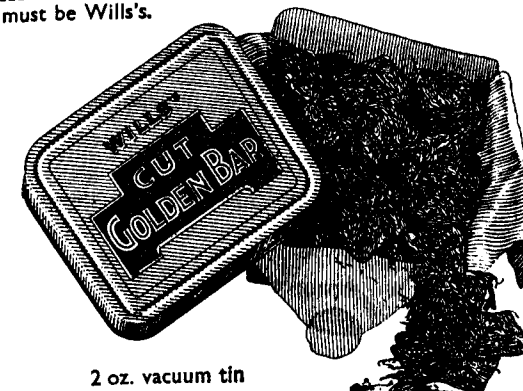
Central Uruguay Railway Reorganisation.—Full details were lately published of the scheme to simplify and reduce the present awkward structure of the Central Uruguay Railway and the four extension companies. Owing to loss of traffics and exchange difficulties a moratorium scheme was adopted in 1933 and extended in 1935. The latter scheme expires this year. Recovery of the system to the conditions which existed when the working arrangements were originally made is so unlikely that an entire reconstruction of the group has been decided upon. Briefly, holdings in the four extension companies are to be surrendered against stocks of the Central Company, which will absorb the other undertakings. The capital of the Central Company, however, itself consists of four classes of debenture stocks, together with preference and ordinary shares, and is therefore to be reorganised into £4,890,000 of debenture stocks and £5,860,000 in ordinary shares only, making £10,750,000 issued in all. In allocating the new Central securities among the five undertakings the debenture stocks are divided mainly in accordance with the earning capacity of the extension companies, as measured by average gross receipts for ten years, subject to adjustments for existing net assets and other special factors. Of the new ordinary shares, one-third are required to satisfy various arrears, the balance being allotted to preference and ordinary holders on the basis of existing preferential rights. In distributing the new stocks among the different existing classes, the

GOLDEN MOMENTS

The Derby

Here they come! They're in the Straight. He's moving up. He's winning. By Jove—he's done it. The Favourite wins! The Favourite wins!

What a Golden Moment for the owner as he leads in the Winner of the Derby. But even he cannot buy a better Tobacco than 'Cut Golden Bar' at a shilling an ounce—but it must be Wills's.



WILLS'S CUT GOLDEN BAR

READY RUBBED
in 2 oz. Pocket Vacuum Tins and 1 oz. Airtight Tins
FLAKE FORM
in 2 oz. Vacuum Tins and 1 oz. Packets

1/-
AN OUNCE

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

	1936		1937		Be- ginning of Year 1937	Apr. 28, 1937	May 5, 1937	May 12, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Apr. 28	Highest Mar. 10				
347 Industrials ...	112.7	145.9	134.7	155.7	143.2	134.7	139.8	136.9
32 Rails	42.8	60.2(b)	54.6(d)	64.5(f)	54.6	56.0	58.2	57.7
40 Utilities	91.2	111.0(e)	93.7	116.4(h)	111.7	93.7	97.8	94.2
Total, 419 Stocks	97.7	125.4	114.8	132.4	121.5	114.8	119.2	116.6
Average yield*.....	4.50% High (e)	2.65% Low (a)	3.82% High	3.20% Low (s)	3.53%	3.82%	3.68%	3.76%

* 50 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 23rd. (d) Jan. 6th. (e) December 2nd. (f) March 17th. (g) February 10th. (h) January 13th.

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

Highest*	Lowest†	May 5	May 6	May 7	May 8	May 10	May 11	May 12
180.8	153.7	159.5	160.8	160.2	159.8	156.8	157.0	156.1
* March 6th. † April 28th.								

TOTAL DEALINGS IN NEW YORK

	May 6	May 7	May 8*	May 10	May 11	May 12
Stock Exchange— Shares (No. Thous.)	760	820	290	780	750	670
Bonds (Thous. \$) ...	9,160	10,450	4,250	7,560	9,250	7,860
Curb— Shares (Thous.).....	193	239	112	217	194	215

* Two-hour session.

CAPITAL ISSUES

As might have been expected, new issue activity has subsided, and this week produced only two offers. One of these, however, made by the *Steel Corporation of Bengal*, is the most important industrial issue of recent weeks. This company will operate under the guardianship of the Indian Iron and Steel Company. It has an issued share capital of £2,775,000, the public issue comprising £1,000,000 4½ per cent. guaranteed convertible mortgage debentures at par. A modern steel works is to be erected at Hirapur, the initial production aimed at being 200,000 tons of finished steel products annually. The Indian company, who take one-fifth of net profits after charges, unconditionally guarantee principal and interest of the Bengal company, supply "utilities," such as water, power and town services, and undertake to provide with "hot iron" at cost plus a percentage. The debentures, being convertible into ordinary shares in and after 1947, contain a strong equity element which may attract investors. The issue price, in fact, would appear to contain a little option money. *British Independent Exhibitors (Distribution) Co.*, with a capital of £200,000 in all, is issuing 1,100,000 2s. ordinary shares at par. The prospectus states that, "The object underlying the inception of the company was the creation of a Federation of British Cinema Owners to develop the cinema interests on an economic basis primarily in the interests of the independent exhibitor in the United Kingdom." The arrangements for translating this general objective into specific terms appear to include, *inter alia*, an arrangement under which another company, Rock Studios, buys 350,000 shares at 4 per cent. commission, licenses sound stage facilities for five years at a rent rising from £16,250 to £32,500, and assigns rights in a certain picture for £20,000 cash and 50 per cent. of net distribution receipts. Permission to deal will be applied for only after the publication of the first trading report. For the present, therefore, the shares entirely lack marketability.

TOTALS OF CAPITAL ISSUES DURING WEEK

Net Sales of National Savings Certificates, week ended May 8, 1937, Dr. £200,000.				
	Nominal Capital	Conversions	New Money	
To the Public	1,110,000	...	1,110,000	
To Shareholders only	50,000	...	75,000	
By Stock Exchange Introduction	75,000	...	195,000	
By Permission to Deal	1,519,163	...	9,343,552	
Total Capital Raised—				
Including Conversions	1,110,000	...	1,110,000	
Excluding Conversions	50,000	...	75,000	
1937 (New Basis) ...	282,664,733	249,978,191		
1937 (Old Basis) ...	185,402,362	155,347,755		
1936 (New Basis) ...	199,784,638	138,421,383		
1936 (Old Basis) ...	145,598,686	85,135,432		
Total offered for Subscription—				
Including Conversions	1,110,000	...	1,110,000	
Excluding Conversions	50,000	...	75,000	
1937 (New Basis) ...	282,664,733	249,978,191		
1937 (Old Basis) ...	185,402,362	155,347,755		
1936 (New Basis) ...	199,784,638	138,421,383		
1936 (Old Basis) ...	145,598,686	85,135,432		
January 1 to date (Old Basis)—				
1935	121,251,183	39,801,949		
1934	226,930,743	76,289,345		
1928	...	214,921,583		

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis)	209,819,903	38,975,148	1,153,140	249,978,191
1937 (Old Basis)	146,292,340	9,055,415	Nil	155,347,755

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis)	131,131,821	15,179,702	103,666,668	249,978,191
1937 (Old Basis)	118,133,223	9,038,215	26,176,317	155,347,755
1936 (New Basis)	61,078,151	11,577,956	62,764,976	138,421,383
1936 (Old Basis)	53,270,227	6,238,210	25,626,995	85,135,432
Whole Year (Old Basis) —				
1928	212,917,900	45,082,600	111,177,600	369,158,100
1933	222,061,300	12,733,700	9,882,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637
1936	160,521,116	24,423,647	70,626,230	255,570,993
Whole Year (New Basis) —				
1935	193,599,713	48,806,822	115,118,905	357,525,440
1936	181,255,833	41,580,741	268,303,201	494,139,765

PUBLIC OFFERS

STEEL CORPORATION OF BENGAL.—Issue at par of £1,000,000 4½ per cent. guaranteed convertible mortgage debentures (£500,000 underwritten firm). Prior or *pari passu* debentures not to be issued unless considered necessary for extensions. Redeemable at par 1967, or from 1947 at 102 on notice, or from 1948 by drawings at par. Until 1947, holders may convert into Rs.10 ordinary shares at rate of 40 shares per £50 debenture. Principal and interest guaranteed by Indian Iron and Steel Company; charges rank after those securing second debenture stock. Formed to build steelworks at Hirapur: hot iron to be supplied at cost plus 5 per cent. by Indian company, who grant leases, etc., supply water, electric power, etc., and receive one-fifth of net profits. Estimated profits, after depreciation, not under £465,000, or £320,000 after interest and Indian company's share. List closed at 9.1 a.m., May 10th.

BRITISH INDEPENDENT EXHIBITORS (DISTRIBUTION) COMPANY.—Issue of 1,100,000 2s. ordinary shares at par. 400,000 2s. franchise shares (ranking with ordinary) to be issued as required to independent exhibitors, who receive preference in rent, etc., for films produced, controlled or distributed by company. Consideration for promotion, £5,000 cash and 100,000 ordinary shares. Company pay £6,500 preliminary expenses. Rock Studios, Ltd., license sound stage facilities for five years to company. List closed at end of banking hours, May 10th.

ISSUES TO SHAREHOLDERS ONLY

HILLS (R. H. O.) (BLACKPOOL).—Issue of 200,000 new ordinary 5s. shares at 7s. 6d. to holders on register April 30th (one for every two held).

BONUS SHARES

J. COMPTON, SONS AND WEBB.—The directors propose to capitalise £33,600 of the general reserve by issue as bonus to ordinary shareholders in the proportion of one new share for ten held.

PYE RADIO.—Capital bonus of 400 per cent. to be paid out of undistributed profits. Instead of being given by the issue of shares of the existing denomination the present 1/- shares will become 5/- shares fully paid.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	May 5, 1937	May 12, 1937
Cockburn Trust £1 Ord.	...	...	3/3-3/6	42/-43/-
Dixor Ord. 1/-	4/-	4/-	...	3/1-3/7½
Ensign Lamps 5/-	5/-	5/-	...	13/-13½
Fison Packard, etc., 2nd Pref. £1	20/8	10/-	3d dis-3d pm	par-6d pm
Francis (F.) Ord. 5/-	5/-	5/-	6/4-6/7½	6/1-6/7½
Do. 5½% Pref. £1	20/-	20/-	9/3-9/9	9d dis-par
Halesowen Steel 4/-	...	...	...	13/6-14/3
Holmes Goodrich 2/-	3/3	3/3	2/6-3/6	2/8-3/9
Houndsditch Warehouse 5/-	15/-	15/-	11/8-12/-	11/8-12/9
Do. 5% Pref. £1	20/-	20/-	18/6-19/-	18/6-19/6
Masson Scott 4/-	...	...	5/4-5/7½	4/9-5/8
Midland Counties Electric 4½% Pref. £1	£1	10/8	1/4-1/10½ pm	1/3-1/9 pm
National Defence 2½% Loan	99½	5/-	½ dis-½ pm	½ dis-½ pm
Oxley Engineering 5/-	5/-	5/-	4/7½-4/10½	4/6-4/8
Steel and Company Ord. 8/-	7/9	7/9	4/9-5/3	5/-5/3
Do. 6% Pref. £1	20/-	20/-	19/3-19/9	19/3-19/9

OIL OUTPUTS

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended April 24th: 14,794 barrels. Production for the week ended May 1st: 14,854 barrels. Production for April, 64,822 barrels; shipments for April, 68,949 barrels; production for week ended May 8th, 13,556 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during the month of March amounted to 157,614 barrels, or approximately 22,518 tons. The total production during April amounted to 158,276 barrels, or approximately 22,611 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended March 20th was 620,000 barrels; March 27th, 591,000 barrels; April 3rd; 589,000 barrels; April 10th, 592,000 barrels. Production for the week ended April 17th, was 599,000 barrels. Output for the week ended April 24th was 617,000 barrels. Production for the week ended May 1st, 1937, was 643,000 barrels.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for April are: Production of oil, 48,770 tons; deliveries, 52,220 tons.

COMPANY MEETINGS

RAND MINES LIMITED

ANOTHER SUCCESSFUL YEAR

USE OF GOLD AS RESERVE

INTERNATIONAL POSITION

MR JOHN MARTIN'S ADDRESS

There has been a growing appreciation by countries which had left the old gold standard of the utility of gold as a reserve, said Mr John Martin, member of the court of directors of the Bank of England, delivering the chairman's address, in Johannesburg, on the 7th instant, at the annual meeting of the Rand Mines, Limited.

There had, he said, been a development in the practice of effecting large international payments through the medium of gold, and he referred to the Three Power Monetary Agreement of last autumn as "a sort of monetary Locarno pact."

Moving the adoption of the report and accounts, the Chairman said that the company had again had a successful year, dividends having been the highest since 1913.

The financial and investment basis of the company, exceptionally strong as it had been over a long period, had been further strengthened.

STRONG INVESTMENT POSITION

Commenting on the balance sheet, the Chairman mentioned that it had been considered expedient to reduce the book value of certain holdings both below the cost and below the market prices. The strength of the company's investment position was evident from the schedule appearing in the accounts. The market value of shareholdings, all of which appeared in the books at or under cost, but in no instance above the market price at December 31, 1936, largely exceeded the book value in the balance sheet.

The disappearance from the detailed schedule of certain smaller items which had figured there in previous years did not necessarily mean that the company had liquidated those particular interests; some of them had for the sake of convenience been included under the globular heading of sundry shares and debentures.

The market value of the company's gold-mining interests at the end of the year represented 86.7 per cent. of the market value of the company's total investments at that date; and 85.5 per cent. of the company's gold-mining interests was dividend-producing.

The gold-mining industry had enjoyed another prosperous year. Assuming other conditions remained relatively stable, native labour requirements must increase formidably in the next two or three years, and could not be met from the customary sources. The problem—a real one—had been receiving close attention. Experimental employment of tropical natives had encouraging results, and it was hoped that in the course of time a large additional supply of native labour might be obtained from areas north of latitude 22 deg. South, particularly from Nyasaland, Northern Rhodesia and adjacent territories.

CLOSED SHOP PRINCIPLE

A decision of great importance, recently announced by the Gold Producers' Committee of the Transvaal Chamber of Mines, was that at the beginning of next month the closed shop principle was to be applied.

The decision of the Chamber of Mines implied a wider recognition of trade unionism. The change of policy might not have been considered but for two reasons. The first reason had been that various recognised trade unions had proved themselves to be representative of the respective classes of employees whose interests they had never failed to urge in a responsible and effective manner. Agreements concluded with the unions had been observed; due regard had been paid to the general welfare of industry upon which the whole country was so largely dependent; harmonious relationships between employers and employees had

been maintained, and industrial peace had been preserved practically unbroken for fifteen years.

That satisfactory situation went a long way to justify the exclusive recognition now to be accorded to the trade unions.

The second reason had been the emergence of a new body whose activities, although not confined to the mines, were antagonistic to and resented by all recognised trade unions.

"It would have been unthinkable," said Mr Martin, "for the Chamber of Mines to stand aside and allow the operations of industry to be suspended—for that is what would have resulted—while a challenge to the recognised unions was being fought out with prodigious loss to all concerned. In these matters the Chamber of Mines has one concern and one only. It is to see that the industry functions as industry—as a truly national industry. The employees cannot hope to gain anything from trade union civil war."

"When, therefore, a disruptive attempt at organised sectionalism became apparent, it appeared logical and proper that the industry should advance a further stage in its recognition of the established trade unions and not only recognise and deal with them exclusively, which has been the practice hitherto, but require that employees should belong to their respective unions."

GOLD SITUATION

Dealing with the gold situation, Mr Martin said there had been a growing appreciation by countries which had left the gold standard of the utility of gold as a reserve. There had been a further development in the practice and technique of effecting large international payments and transfers of capital through the medium of gold. During the first half of 1936 the dollar had depreciated on sterling and with it the sterling price of gold had fallen. When the French authorities had severed the link between the franc and the dollar, as they had done in September, the dollar had appreciated and with it the sterling price of gold had risen again.

The most important event in the monetary sphere had been the change of policy by the French authorities. It was important for two reasons; first, because it had been the occasion of a demonstration of international co-operation by the monetary authorities of France, America and the United Kingdom; and, secondly, because it led to a further development in the technique of exchange management off the gold standard but on a basis of gold.

Three Governments had declared that they were opposed to currency depreciation as an instrument of trade policy—a sort of monetary Locarno pact—and that they aimed at exchange stability and the greatest possible freedom of commercial exchange. This declaration had only confirmed the impression to be drawn from the previous practice and statements of the British Government; but it was an advantage to have those principles formally put on record.

TECHNIQUE OF EXCHANGE CONTROL

The development in the technique of exchange control had attracted less attention and was perhaps of greater interest. It should be noted that it was an example of co-operation between principals who remained independent, pledged to no particular rate of currency agreement, but only to the general principles of co-operation and stability. In each country the market in foreign exchange was free, thus differentiating those countries from the areas of controlled currencies. In each country, again, the exchanges could move and managers of the Exchange Funds

were not required or expected to resist a prolonged and definite trend in one direction or other.

What they did set out to do was to prevent sudden and large transactions from producing the large and transient effect upon exchange rates that they would inevitably produce but for the operations of the exchange funds.

The function of the latter was simply to maintain orderly and steady markets. To facilitate their intervention they had come to an understanding among themselves to exchange with one another their currencies for gold. Each would take over, in exchange for gold, any amount of its own currency which other funds might have acquired in the course of meeting the demand for their own currencies.

Conversely, each fund would supply its currency, in exchange for gold, to one of the other funds which might need it in order to take up its own currency from its own citizens or others who were withdrawing funds. Thus a demand for dollars, for example, could be met without its affecting the dollar-sterling rate, by the American funds supplying the dollars needed in exchange for sterling, which it then converted into gold, earmarked at the Bank of England. Or the English fund could meet any movement to repatriate to France money at present in London, by supplying France, which it would obtain either by releasing from earmark its own gold in the Bank of France, or by earmarking in favour of the French fund gold in the Bank of England.

Thus, to-day, without any formal stabilisation of currencies in terms of one another or any universal linking at a fixed price with gold, very large transfers of funds could be made from one centre to another without any dislocating effect upon exchange rates. Actually movements in exchange rates between pound, dollar, and franc since October last had been negligible from day to day or week to week, and over the whole period had been so slight as to offer neither an obstacle to traders nor an inducement to speculators.

USE OF GOLD

The Chairman continued:—I have dealt in this detail with a matter of technique because its success is too often taken for granted. Actually it calls for experience, judgment, and large resources in the form of gold. The advantage it secures is that it renders unnecessary the scrutiny and authorisation by government of every international transaction, which the experience of other countries shows to be the only alternative. We may be grateful to be spared such further penetration of ordinary business by government controls.

I have referred to it also because it illustrates how gold can be used in monetary arrangements on a system which differs from the gold bullion standard in involving no fixed price for gold, but resembles it in its dependence upon, and use of, gold as a monetary reserve and means of international payment.

Whether the success with which the British monetary authorities in particular have met the difficulties arising from the collapse of the international gold standard will result in a permanent change of system or smooth the way towards a return to the international gold standard remains to be seen.

Since I have ventured on this difficult topic of monetary policy which is of such vital importance to our industry, may I go a step further and direct your attention to what appears to be a possible danger? The suspension of the gold standard by country after country was generally taken to be an inflationary measure.

Before 1930 there was commonly believed to be insufficient production of gold to maintain adequate monetary supplies and the departure from the gold standard was looked on as removing a brake upon expansion of trade and a rise in prices.

VOLUME OF CREDIT

In view of this, it is interesting to observe that the volume of credit permitted by the monetary authorities of the two countries whose action in these matters is usually regarded as decisive for the world, the United States and the United Kingdom, has been far less than would have resulted from the unimpeded operation of the old automatic gold standard.

In the United Kingdom, the Bank of England shows gold reserves which, valued at the current market price, amount to about £525,000,000, and there is to be added to this the unknown but undoubtedly large holding of the exchange equalisation account. Gold holdings of this magnitude, had they been allowed to enter the cash base of credit, instead of being so largely neutralised (by valuation in the banks' accounts at the old statutory price by reduction in the fiduciary note issue and by operations of the exchange account) might have led to inflation of credit on a scale without precedent.

Similarly in the United States, if the Federal Reserve Board had not doubled the minimum legal cash reserves of the member banks

and if the Treasury had not also adopted the same procedure as the British exchange account (of borrowing from the market the cash required to pay for incoming gold) the cash base would have sustained a volume of bank credit two or three times as large as that which sufficed to finance the boom of 1929.

Measured in current dollar values, the American gold reserves are greater than the total monetary gold reserves of the world in 1929.

FUTURE PRICE

Questions that preoccupy attention at present are questions concerning the future price of gold and the future position of gold in the monetary systems of the world. They are questions which in these unpredictable times admit of no explicit answer. We as gold producers can neither dictate nor forecast the course of events. How long, it is being asked, will Governments continue to absorb gold in excess of their requirements of gold for the purpose of monetary reserves?

Their motive is, of course, to prevent the monetary situation from getting out of hand, as would happen if they permitted an enlargement of cash reserves of commercial banks to a point at which credit would be available from any and every project at any level of prices.

There may therefore be a limit under the conditions now existing to the capacity for absorption of new gold at rising prices or even at the present level of prices. Measured in current values, world production of gold has expanded threefold since 1929. In part this is due to an increase in the physical volume, in part to the rise in the sterling or dollar price per ounce.

As I emphasised a year ago, the price of gold depends chiefly on the course of events in the United States of America. The fact that that country has latterly been the only large buyer of gold has in the main been due to the conditions that America has herself created. With the restoration of greater confidence there has in the past two years been a great influx and reflux of capital to the United States.

It would have been better for America and the world if it had been possible to effect the immense transfer of funds by the sale to America of goods and services, but this fact was insufficiently realised by America, who preferred and welcomed the incoming streams of gold, which are now claimed in some quarters there to be an embarrassment.

PERIL OF FURTHER MONETARY EXPERIMENTS

Discussion over the last few months at Washington of the problem apprehended by the influx of foreign capital culminated in the recent crop of rumours that the United States contemplated a change of policy affecting gold. Even rumours which, though officially denied in most explicit terms, still persist, have had widespread repercussions that demonstrate to the United States and the rest of the world the peril of further monetary experiments, their boomerang effect, and their threat to the progress of world recovery.

The higher price of gold and other commodities has lifted the world from depression, and suddenly to reverse the upward movement would be a calamity. A revolutionary measure should not be needed to cope with the situation.

The Government authorities could permit a further gradual rise of prices to a level at which existing gold holdings could be utilised for monetary purposes without their present scale of redundancy. The lesson also to be drawn from the difficulties of recent years is that much larger gold reserves than ever before are needed against international movements of capital. Not all influxes of foreign capital can or need be permitted to enlarge the cash base for the domestic credit system. Confidence in non-metallic currencies, currencies divorced from gold, depends on confidence in the Governments that create them or authorise their creation, and that confidence is not always forthcoming.

A WORLD PROBLEM

The problem is a world problem which is beyond determination by this country alone. It is fortunate that at this juncture there should be assembled in London Prime Ministers and other leading representatives, including the governors of the different central banks, of the Dominions and Colonies of the British Empire, which is so vitally concerned with the position of gold, both as producers and in relation to the exchange and economic interests of the whole group of nations whose currencies are based upon sterling. There is thus afforded an opportunity for the fullest consultation under conditions where all relevant facts and tendencies can be properly assessed.

It may be—let us hope it will be—that with the widest co-operation, a further effective approach may be made towards a

form of stabilisation on a gold standard, the full consummation of which would relieve and indeed solve so many acute economic problems that now beset the world.

This corporation, as shareholders are fully aware, is predominantly a gold holding company. Changes in the situation there may be, but we in South Africa must take the longer view and meet without alarm such difficulties as undoubtedly lie ahead. That is the attitude which I feel confident meets with the approval of shareholders of this company.

Reviewing the operation of mines of the group, Mr Martin said there had been a small increase in working costs which was indicative of a general tendency which was becoming more marked. But generally speaking, the experience in the matter of working costs was satisfactory and was creditable to the mine managements, particularly when account was taken of the increased expenditure necessitated by working at greater depths, which involved higher charges for hauling, pumping, ventilation, and support of workings. There had also been larger contributions to the provident fund and bigger charges for holiday leave and other privileges granted to European employees.

INCREASED MILLING CAPACITY

The process of enlarging milling capacities continued. In particular at Modderfontein East, East Rand Proprietary Mines, and Consolidated Main Reef, tonnages crushed would be gradually increased. At Durban Roodepoort Deep the present capital expenditure programme was nearing completion. The milling capacity of the latter mine would be increased as soon as possible to 140,000 tons per month, and upon completion of a new vertical shaft the milling capacity was to be further increased to 175,000 tons.

The company's capital would be increased to provide funds for this new programme.

The shareholders would probably have noted with satisfaction that, as from the beginning of May, the Central Mining and Rand Mines group had, by arrangement with other interested parties, assumed full administrative and technical control of the Welgedacht Exploration Company.

Mr Martin paid tribute to the late Sir Lionel Phillips, Bart.

The report and accounts were unanimously adopted.

BREEDON AND CLOUD HILL LIME WORKS, LIMITED

SUCCESSFUL YEAR—RECORD PROFIT

The fourth annual general meeting was held at the registered offices, 11-12 Pall Mall, S.W.1, on Thursday the 6th May, 1937. The Chairman (Mr A. Woolley Hart) presided.

The Secretary (Mr. John Jordan) having read the notice convening the meeting and the auditors' report, the Chairman said:—

The directors' report, profit and loss account, and balance sheet as at January 31st last having been in your hands for some days past, I propose, with your permission, to take them as read. (Agreed.)

I do not think there is much to add to the printed report, which tells you that we have had a very successful year and have made a record profit—over £9,000 more than last year. Trade generally has been good, and we have managed to get our fair share. I think this can be attributed to skilful and energetic management, the good quality of all our products, and our favourable situation, practically in the centre of a ring of important manufacturing towns.

Your directors have also since the company's inception adopted a progressive policy in fully maintaining the plant and machinery in first class order and condition, and adding to it whenever necessary or desirable either to meet expanding, or secure new, trade.

This year we have not only doubled the tile-making plant, but added a new gravel plant and a lime hydrating plant, and other developments are contemplated.

Your directors will shortly put before you a scheme for the reorganising of the company's capital which they believe will be for the benefit of all shareholders.

With regard to the accounts, it will be seen that during the year the share capital of the company was increased from £85,000 to £100,000 by the creation of a further 60,000 participating preferred ordinary 5s. shares, of which 40,000 were issued at 7s. 6d. each.

The bank overdraft was reduced from £14,694 to £6,447, sundry creditors are £20,130 against £20,066 last year, and sundry

debtors are £32,516 against £27,542. Stock-in-trade and work in progress are almost the same, being £11,691 this year and £11,263 last.

Preliminary expenses stood at £4,886 last year, and this item was reduced in appropriation by £1,000 to £3,886 this year. As you will see, it is now proposed to write the whole of this off, which will leave us with a perfectly clear balance sheet.

If anyone has any questions to raise, I will do my best to answer them, and in the meantime I will formally move the usual resolutions and ask one of my colleagues to second them.

The report and accounts were then proposed, seconded and carried unanimously.

Mr J. H. W. Laverick, the retiring director, was re-elected, and the auditors, Messrs Derbyshire and Company, reappointed.

SPAARWATER GOLD MINING COMPANY, LIMITED

SATISFACTORY PROGRESS

The second ordinary general meeting of this company was held on the 11th instant in Johannesburg.

The Acting Chairman, Mr G. Carleton Jones, after dealing with the receipts and expenditure, said that the unexpended balance on hand at December 31st last, was £1,999,868, of which £1,988,142 was represented by cash and balance of cash assets.

With regard to the operations during the year, the total footage to end of April, 1937, including subsidiary development, was 23,410 ft., of which 12,945 ft. had been sampled and 4,560 ft., or 35 per cent., proved payable, averaging 9.3 dwts. over a stopping width of 29.4 ins. Number 1 shaft had been completed in March last, at a final depth of 3,388 ft., and sampling over 21 sections of the main reef encountered at 3,108 ft. gave an average value of 15.2 dwts. over a reef width of 5 ins.

In conclusion, the Chairman said: I think I am justified in stating that the progress on your property to date is most satisfactory, and that development disclosures give indications of pay shoots hitherto unknown. When through connection is made with the Sub Nigel Haulages, while only minor advantages will accrue, as the ventilation facilities which the Sub Nigel can afford are very limited, the connection would allow of egress, and the system of ventilation designed for No. 1 vertical shaft, which can be used for both upcast and downcast purposes, would permit of production from No. 1 shaft area without recourse to the sinking of a second vertical shaft, provided that a sufficient percentage of payability is obtained in development disclosures within a reasonable distance to the shaft.

The report and accounts were unanimously adopted.

CALCUTTA TRAMWAYS COMPANY, LIMITED

IMPROVED PROSPECTS

The ordinary general meeting of this company was held, on the 11th instant, at 1 Queen Victoria Street, London, Sir Geoffrey R. Clarke, C.S.I., O.B.E. (chairman of the company), presiding.

The Chairman, in the course of his speech, said that the net revenue earned on the working of the undertaking for the year to December 31, 1936, amounted to £106,106, showing a reduction compared with the previous year of £12,402. This is partly due to a reduction in gross receipts of £6,266 and partly to an increase in expenditure of £5,776. The increase in expenditure is chiefly due to the additional cost of maintaining and repairing the permanent way and cars. Such expenditure will vary from year to year, and I am sure you will agree that these vital assets should be kept in first-class order. In comparing the gross receipts in 1936 with 1935, it must be remembered that in 1935, as I pointed out to you last year, we had the advantage of exceptional traffics in connection with the Silver Jubilee Celebrations and the Ardhodaya Yoga Festival, which is only held once in 25 years. Both these attractions brought many people into Calcutta.

I am glad to be able to inform those of you who do not follow our weekly published returns that our gross receipts for the current year up to date show an encouraging increase over those of 1936.

The Chairman then explained the Board's policy for replacing old rolling stock and dealt at some length with the trolley-bus question in Calcutta.

The report and accounts were unanimously adopted, and a final dividend on the ordinary shares of 5 per cent., less income tax, making with the interim dividend already paid a total dividend of 8 per cent., was approved.

INDIAN COPPER CORPORATION, LIMITED

DIVIDEND AGAIN INCREASED

The thirteenth ordinary general meeting of this company was held, on the 10th instant, in London.

Sir Godfrey B. H. Fell, K.C.I.E., C.S.I. (chairman and managing director) said that the disposable balance was £82,999, comparing with £77,564 a year ago. The final dividend proposed, at the rate of 7½ per cent., making a total dividend for the year of 12½ per cent., would absorb £61,866, and the board proposed to carry forward the balance of £21,133 to the next account. He hoped shareholders would approve a cautious policy in the matter of distribution of dividends. For 1933 they had paid a maiden dividend of 2½ per cent. For 1934 they had paid 7½ per cent., and for 1935 10 per cent. He hoped that each year might see conditions improve and thus enable them to continue the steady arithmetical progression.

Development during 1936 at Mosaboni was somewhat disappointing, especially as regarded the extent and value of the payable footage. At Dhobani development, on the other hand, was good.

Ore reserves were computed by Mr Woakes to total, at Mosaboni and Dhobani, 949,175 short tons of 2.97 per cent. grade, with a copper content of 28,225 short tons. While the estimated tonnage of ore was practically the same as a year ago, the estimated copper content was somewhat less.

Mining costs showed a reduction of over 10 per cent. as compared with the previous year. The average grade of ore milled was the same as in 1935, namely 2.45 per cent. It now paid them to lower the average grade, having regard to the higher price of copper, so that they might expect to see a rather lower figure for 1937. The mill and rolling mill had again operated with great efficiency.

He was glad to say that during the second half of the year market conditions had improved greatly, with the result that they found themselves at the end of the year with stocks of yellow metal about 430 tons lower than at the beginning. They had sold altogether 8,286 tons of yellow metal sheets and 1,910 tons of circles, in addition to 808 tons of refined copper.

FLUCTUATIONS IN PRICE

Last year he had ventured to prophesy that, if and when equilibrium was reached between production and consumption, they might safely anticipate that the resultant stabilisation of price would be at a much lower level than had prevailed up to 1930. It was, he thought, clear that equilibrium had not yet been reached. If it had, they would not see standard copper, which last year rose in price from a low of about £34 10s. to a high of about £49 8s., reaching so high a figure in the first three months of this year as £79. Latterly, in common with that of other base metals, the price had fallen considerably. Looking at the matter from the point of view of the best interests of the company, they welcomed the fall and would not be sorry to see the world price still lower. Excessive prices checked consumption and were therefore bad for their trade.

It was the usual practice at their annual general meetings to say something about the progress of operations during the current financial year. During the first three months the output had amounted to 1,835 long tons of copper and 2,379 long tons of first-class yellow metal sheets. Those figures closely approximated to those of the corresponding period in 1936, and were quite satisfactory having regard to the fact that the grade of ore had been deliberately lowered, as he had explained. Development was being actively pushed on and a new area, at Surda, some four miles north-west of the Mosaboni mine, was being prospected.

He trusted that shareholders would regard the results of the year's operations as satisfactory. Profits had increased, although sales of yellow metal sheets and circles combined were over 600 tons lower than in the previous year. That reduction in the tonnage sold was compensated for in part by reduced operating costs, for which great credit was due to the general manager and his staff, and in part by the higher prices realised for their products. Actually, the effect of the increase in the world price of copper, which had lately been so marked, had hardly made itself felt during the year under review. They had received on the average only £2 13s. a ton more for their copper ingot in 1936 than they did in 1935, and £3 2s. 7d. and £2 19s. 2d. more for their yellow metal sheets and circles respectively. The prices obtained for those products sold during the current year were, of course, higher.

The report and accounts were unanimously adopted.

SELECTION TRUST, LIMITED

LARGE INCREASE IN PROFIT

The annual meeting of Selection Trust, Limited, was held, on the 7th instant, at 20 Aldermanbury, London.

Mr A. Chester Beatty (the chairman), in the course of his speech, said: The net profit for the year of £434,000 compares with £119,000 in 1935. Our receipts from dividends and interest were higher, but the greater part of the increased revenue arose from profits on the realisation of investments.

After adding to the profit the balance from last year, and making certain reserves, including provision for income tax on profits for 1936, there is an available balance £397,511. Out of this sum the directors recommend the distribution of £234,293 by the payment of a dividend of 1s. per share and a bonus of 6d. per share, both less income tax at 4s. 5d. in the £, leaving £163,218 to be carried forward.

The balance sheet shows assets totalling about £3,927,000, of which cash and debtors represent £980,000, and investments at book valuation stand at £2,947,000. The current market valuation of the quoted investments is very largely in excess of the figure at which they appear in the balance sheet.

N.D.C. TAX

The proposals of the Chancellor of the Exchequer for the levy of a National Defence Contribution caused serious apprehension to the directors of the mining companies with which we are directly connected. We believe, however, that the Government appreciates the peculiar characteristics and inherent risks of the mining business, which call for special consideration, especially in the case of mines situated in the British colonies or elsewhere abroad.

These companies have spent very large sums and taken considerable risks in developing mines which have taken many years to bring to fruition. The imposition of a tax in the form originally proposed upon companies which happen to be domiciled in the United Kingdom, but whose operations are mainly abroad, would be, in many cases, a very great hardship.

The companies are, I am sure, prepared to bear their fair share of the cost of National Defence, but I trust, indeed I feel confident, that they will be called upon to do so only in a way which is equitable and fair, and which will not discourage enterprise or tend to divert business from this country.

Reviewing broadly the results of the companies in which we are mainly interested, we find that all those in the profit-earning stage show a marked increase in revenue and a general improvement in their financial positions.

Two of the companies, Roan Antelope Copper Mines, Limited, and Mufulira Copper Mines, Limited, have been able to arrange recently for the early redemption of the whole of their outstanding debenture issues out of the proceeds of share capital issues. We regard it as prudent policy that they should thus strengthen their financial structure by freeing themselves from fixed charges. All the operating companies continue to follow a progressive policy, and to maintain a high standard of efficiency.

THE CURRENT YEAR

In conclusion, while, of course, we cannot foresee what profits will arise from the realisation of investments for the current year, our income from dividends should show a further increase. The companies which have formed our past sources of revenue are earning increased profits, and we have now commenced to receive a return on our large investment in the American Metal Company. I consider, therefore, that we may look forward with confidence to the future course of our business.

The report and accounts were unanimously adopted.

Our Information Service

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

A special feature of the Department is the preparation of regular or occasional reports, on request, for business men and industrialists anxious to keep abreast of all developments which may affect their branch of activity.

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

COMMERCIAL UNION ASSURANCE COMPANY, LIMITED

ANOTHER SUCCESSFUL YEAR

RECORD NEW LIFE BUSINESS

MR HERBERT LEWIS'S ADDRESS

The seventy-fifth annual general meeting of the Commercial Union Assurance Company, Limited, was held, on the 10th instant, at the registered office of the company, 24 Cornhill, London.

Mr Herbert Lewis, chairman of the company, in the course of his speech, said:—Before proceeding to review the accounts I would call your attention to the fact that this annual meeting is noteworthy as being the seventy-fifth of the series. We may congratulate ourselves, therefore, on having carried on our business with no inconsiderable success during three-quarters of a century. I hope that some of you will be present at the centenary meeting, although that is a pleasure which I, and I fear some of my colleagues, will hardly be able to share.

FIRE DEPARTMENT

I will now deal with the accounts, taking them in the order in which they appear in the document before you, the first being that of the fire department. You will be pleased to note that the operations of this department have again proved satisfactory.

The premium income at £5,308,412 shows some expansion both at home and abroad. The actual increase as shown in the account is £41,963 and would have been considerably larger but for the effect of the depreciation of various European currencies. We have also lost a considerable and profitable business which for many years we carried on in Mexico. Recent legislation in that country has imposed such onerous requirements upon insurance companies that we, in common with other offices, did not feel justified in complying with them, and our business there has been discontinued.

Losses amounted to 40.18 per cent. of the premium income, a ratio only slightly in excess of the record figure of 39.20 per cent. in 1935. Our experience, particularly at home and in the United States, the loss ratio has again been unusually low, although somewhat higher than in the previous year. We can hardly expect the indefinite continuance of this experience in America, particularly as the recent favourable experience has already caused substantial reductions in rates of premiums.

Once again, the fire department has not been involved in any serious disaster, but the unhappy events in Spain have resulted in considerable dislocation of our business in that country, where we have been working for over half a century. The net result is an underwriting profit of £487,681, of which £475,000 has been transferred to profit and loss and the balance added to the additional reserve of the department, thus bringing the fire fund to £6,963,934, or 131 per cent. of the premium income.

MARINE DEPARTMENT

The net premiums are £609,516, an increase on the previous year of £24,581. The claims paid and outstanding amount to £356,221 and the sum of £100,000 has been transferred to profit and loss account, leaving the marine fund at £1,203,207, or 197 per cent. of the premium income. The increase in premium income is chiefly accounted for by improved conditions in America, in-creased values of commodities and to some extent by war risk premiums.

I regret to say that the fall in rates on hulls has continued throughout most of the year owing to lack of co-operation among underwriters, and the outlook for business written during that time is not favourable. I am glad, however, to be able to report that since the turn of the year there has been an improvement in the position. The rapidly increasing values of tonnage, accompanied by considerable increases in the cost of repairs throughout the world, has brought underwriters together, with the result that an agreement to stop reductions in rates has been reached. Already increases are being obtained.

In my opinion, the market is in a healthier and firmer condition than it has been for some years past, although much remains to be done to put the business on a satisfactory footing.

There are no signs, I am sorry to say, of the cessation of reductions in cargo rates, nor does it seem likely that any satisfactory agreement can be reached.

While, as I have said, there are some hopeful signs in the marine market, I would point out that any improvement which may be brought about will take time to become apparent in our figures,

and I again emphasise our belief that marine business is not likely to show too good results in the immediate future.

ACCIDENT DEPARTMENT

The total premium income amounted to £7,641,952—an increase of £32,485. Our business increased in most parts of the world—notably at home. There was a decrease in the United States and exchange variations elsewhere brought about a reduction in our sterling figures.

Claims paid and outstanding amounted to £4,035,258, and, after providing the usual reserve for unexpired risk, there is a profit of £425,023, or 5.56 per cent. of the premium income. This is a moderate ratio of profit but may be considered satisfactory having regard to the wide range of the operations of the department—including a considerable volume of business in America.

A year ago I made reference to the unprofitable results of the American business. I said that the results for 1935 had improved considerably and expressed the hope that the account in 1936 might yield a profit. You will be pleased to hear that that hope has been fulfilled and a satisfactory profit was earned upon this important section of our accident account.

The home business shows satisfactory expansion in all classes, and this may also be said of our business in most places abroad. In some countries the prevailing conditions are distinctly unfavourable, but these are being carefully watched.

From the revenue account of this department the sum of £325,000 has been transferred to profit and loss, leaving the accident fund at £5,671,330, or 74 per cent. of the premium income.

LIFE DEPARTMENT

In 1936 conditions in this country continued to be favourable for the development of new life business and we have secured our full share of the increase. The net new sums assured in 1936 amounted to £5,533,211, an increase of £413,308 over 1935, and a record total for the third year in succession.

The premium income advanced by £53,402 from £1,796,114 to £1,849,516. This is in spite of a fall of £40,445 in single premiums, a class of business which we do not encourage under present financial conditions. We also received £461,407 as consideration for annuities, a reduction of £15,597 compared with 1935.

The interest income, after deduction of income tax, was £956,855, an increase of £4,514. The net rate earned, after deduction of tax, fell from £4 2s. 11d. per cent. in 1935 to £3 19s. 3d. per cent. in 1936. This fall is due partly to increased income tax, and partly to the low rate of interest now obtainable on new investments which we regard as suitable for the life fund.

The claims by death amounted to £564,947, an increase of £147,464 as compared with 1935, when they were exceptionally light. They represent 91 per cent. of the amount expected according to the A 1924-1929 table, which is derived from the recent experience of the English and Scottish life offices—a satisfactory result, even if not so favourable as in 1935.

There is a small increase of £8,328 in the expenses, including commission. Expressed as a percentage of the premiums, the expenses, including commission, amounted to 12.84 per cent. in 1936, compared with 12.75 per cent. in 1935. This is a moderate rate, and the increase is small in relation to the larger amount of new business transacted.

LIFE FUND EXCEEDS £25,000,000

During 1936 the amount of the life fund increased by £1,269,563, and at the end of the year exceeded £25,000,000. There has been a substantial appreciation in the market value of the assets of the fund above the value at which they stand in our books. This appreciation is not brought into account, and as at the present time it amounts to over £2,500,000, it furnishes a substantial buffer against possible future depreciation.

The next quinquennial valuation of the Commercial Union life fund will be made as at December 31, 1937. Assuming that we do not in the meantime encounter any major catastrophe, there is every prospect of a favourable distribution of profits. We are continuing to pay interim bonuses at the full rate declared at our last valuation, on all participating policies which become claims this year by death or survival, and on which no bonuses have been surrendered.

As I remarked at the outset, we have overcome the difficulties which have presented themselves during seventy-five years, and I trust that with care and prudence and by maintaining our organisation at a high pitch of efficiency we shall be able to meet successfully those which may present themselves in the future.

The report and accounts were unanimously adopted, and a final dividend of 4s. per share, making 8s. per share, less tax, was approved.

Revenue	Total Receipts into the Exchequer			
	April 1, 1936, to May 9, 1936	April 1, 1937, to May 8, 1937	Week ended May 9, 1936	Week ended May 8, 1937
ORDINARY REVENUE				
Land Revenue—				
Income Tax	9,733,000	11,565,000	641,000	671,000
Sur-tax	2,830,000	3,140,000	330,000	360,000
Estate, etc., Duties	5,340,000	10,380,000	1,320,000	2,400,000
Stamps	1,230,000	1,660,000	280,000	220,000
Other Inland Revenue Duties	50,000	70,000	10,000	30,000
Total Inland Revenue	22,183,000	26,815,000	2,581,000	3,481,000
Customs and Excise—				
Customs	21,313,000	24,191,000	4,157,000	4,039,000
Excise	9,000,000	10,400,000	934,000	940,000
Total Customs and Excise	30,313,000	34,591,000	5,091,000	4,979,000
Motor Vehicle Duties	3,082,000	3,828,000	780,000	891,000
Post Office (Net Receipt)	4,950,000	5,080,000	1,300,000	1,500,000
Crown Lands	160,000	160,000		
Receipts from Sundry Loans	277,000	270,000		80,919
Miscellaneous Receipts	1,401,207	587,151	817,500	1,058
Total Ordinary Revenue	63,566,814	71,332,106	10,587,500	11,132,977
SELF-BALANCING REVENUE				
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	4,400,000	4,520,000	700,000	850,000
Total	67,966,814	75,852,106	11,287,500	11,982,977

Expenditure	Total Issues out of the Exchequer to meet Payments			
	April 1, 1936, to May 9, 1936	April 1, 1937, to May 8, 1937	Week ended May 9, 1936	Week ended May 8, 1937
ORDINARY EXPENDITURE				
Interest and Management of National Debt	37,153,288	38,009,794	1,540,808	2,155,411
Payments to Northern Ireland Exchequer	480,786	496,929	230,393	248,465
Other Consolidated Fund Services	270,207	281,590	...	1,532
Post Office Fund	...	...	...	...
Total	37,884,281	38,788,313	1,771,201	2,405,408
Total Supply Services (excluding Post Office and Broadcasting)	56,234,000	54,175,850	7,477,000	9,250,000
Total Ordinary Expenditure	94,118,281	92,964,163	9,248,201	11,655,408
SELF-BALANCING EXPENDITURE				
Post Office Vote and Vote for Broadcasting	4,400,000	4,520,000	700,000	850,000
Total	98,518,281	97,484,163	9,948,201	12,505,408

† Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purpose of comparison.

The aggregate revenue from April 1, 1937, to May 8, 1937, is shown below:—

	(000's omitted)	
	Revenue	Expenditure
Revenue	71,332	92,964
Expenditure	92,964	157
Increase in balances	157	93,121

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1937 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding:	May, '36	Mar. 31, '37	May 8, '37	May 8, '37
Advances by Bank of England	28,910,000	23,535,000	36,155,000	—1,370,000
Advances by Public Departments	756,475,000	674,595,000	683,575,000*	+2,080,000
Treasury Bills outstanding	756,475,000	674,595,000	683,575,000*	+2,080,000
Total Floating Debt	756,475,000	698,130,000	719,730,000	+710,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £35,000,000 Treasury Bills were opened on May 7, 1937. The amount applied for was £92,960,000. Tenders were accepted for Treasury bills at three months dated Monday, Tuesday, Thursday and Friday at 99 17s. 5d. and above 18 per cent. and above in full; Saturday at 99 17s. 6d. and above in full. The average rate per cent. was 10s 0.19d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	8 1/4
July 5, 1935	40,000,000	60,905,000	40,000,000	12 4/8
January 8, 1936	35,000,000	68,075,000	35,000,000	10 10/72
July 8, 1936	50,000,000	72,750,000	50,000,000	12 1/27
January 1, 1937	40,000,000	75,450,000	40,000,000	12 8/63
April 2, 1937	45,000,000	73,025,000	45,000,000	10 10/88
April 30, 1937	40,000,000	89,540,000	40,000,000	10 4/10
May 7, 1937	35,000,000	92,960,000	35,000,000	10 0/19

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended April 17, 1937	645,598	£484,498
Week ended April 24, 1937	642,510	£481,882
February, 1936, to April 24, 1937	1,291,911,150	£1,015,371,200

At the end of February, 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,398,986.

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,

MAY 12, 1937

ISSUE DEPARTMENT

Notes Issued:—	£		£	
	In Circulation	In Banking Department	Government Debt	Other Government Securities
	479,909,358	38,752,452	11,015,100	184,143,373
			4,834,252	7,275
			200,000,000	318,661,810
			518,661,810	518,661,810

BANKING DEPARTMENT

Proprietors' Capital	£		£	
	Rest	Public Deposits*	Government Securities	Other Securities
	32,519,863	32,519,863	108,337,434	108,337,434
			5,893,201	21,274,722
			27,167,923	38,752,452
			889,941	889,941
			175,121,850	175,121,850

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

Both Departments	Amount, May 12, 1937		Inc. or Dec. on Last Week		Inc. or Dec. on Last Year	
	£	£	£	£	£	£
Note circulation	479,909,358	479,909,358	+ 4,750,712	+ 55,119,109		
Public deposits	32,519,863	32,519,863	+ 16,138,816	+ 19,189,073		
Bankers' deposits	87,664,190	87,664,190	+ 9,510,975	+ 4,449,616		
Other deposits	37,184,880	37,184,880	+ 476,054	+ 182,107		
Total outside liabilities	637,278,291	637,278,291	+ 10,902,499	+ 78,939,905		
Capital and rest	17,752,917	17,752,917	+ 18,806	+ 13,187		
Government debt and securities	303,496,007	303,496,007	+ 5,271,873	+ 45,168,732		
Discounts and advances	5,893,201	5,893,201	+ 451,984	+ 2,933,167		
Other securities	26,108,974	26,108,974	+ 286,588	+ 13,469,980		
Silver coin in issue department	7,275	7,275	+ 3,936	+ 862,104		
Coin and bullion (bank's reserves)	319,525,751	319,525,751	+ 4,914,796	+ 114,423,185		
Reserves of notes and coin in banking department	39,661,393	39,661,393	+ 164,084	+ 695,974		
Proportion of reserve to outside liabilities—						
(a) Banking Department only ("proportion")	25.2%	25.2%	— 0.9%	— 4.9%		
(b) Gold stocks to deposits and notes ("reserve ratio")	50.1%	50.1%	— 0.1%	+ 13.3%		

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1937							
Apr. 21	513,662	464,024	25,586	91,182	38,869	Nil	2
May 5	513,662	464,024	25,586	91,182	38,869	Nil	2
May 12	513,662	464,024	25,586	91,182	38,869	Nil	2

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances		
1937							
Apr. 21	196,911	3,082	314,693	50 1/2	94,064	4,594	24.014
May 5	196,911	3,082	314,693	50 1/2	94,064	4,594	24.014
May 12	196,911	3,082	314,693	50 1/2	94,064	4,594	24.014

BANKERS' CLEARING RETURNS

LONDON (000's omitted)				
	Town	Metropolitan	Country	Total
1937				
January 1 to April 28	12,736,734	727,749	1,254,611	14,719,094
Week ended May 8	728,294	46,846	83,511	858,651
Five days ended May 12	600,365	36,447	66,090	702,902
Total to date, 1937	14,065,393	811,442	1,404,212	16,280,647
Total to date, 1936	11,942,815	735,119	1,263,819	13,941,753
Increase or decrease in 1937	+ 2,122,578	+ 78,323	+ 140,393	+ 2,338,894
	+ 17.8%	+ 10.3%	+ 11.1%	+ 16.8%
Total for year 1936	35,039,356	2,039,620	3,537,598	40,616,574
Total for year 1935	32,443,575	1,887,112	3,228,064	37,558,751
Increase or decrease in 1936	+ 2,595,781	+ 152,508	+ 309,534	+ 3,056,823
	+ 8.0%	+ 8.1%	+ 9.6%	+ 8.2%

PROVINCIAL (000's omitted)

No. of working days:	Week ended May 8		Month of April		Aggregate Totals January 1 to May 8	
	1936	1937	1936	1937	1936	1937
24						
26						
%						
£						
BIRMINGHAM	2,503	3,216	9,558	10,383	+ 8.6	48,909
BRADFORD	916	1,249	4,445	4,924	+ 10.7	19,475
BRISTOL	1,399	1,528	4,896	6,121	+ 22.7	24,285
DUBLIN	6,543	8,470	3,467	3,978	+ 14.7	109,404
HULL	857	947	3,647	3,949	+ 19.2	17,816
LEEDS	660	934	3,647	3,297	+ 11.0	14,050
LEICESTER	761	875	2,969	3,476	+ 34.5	114,838
LIVERPOOL	6,058	7,672	24,142	49,358	+ 20.9	190,895
MANCHESTER	9,678	13,999	40,792	62,246	+ 21.1	24,713
NEWCASTLE	1,279	1,712	5,157	6,246	+ 21.4	9,848
NOTTINGHAM	512	712	1,971	2,216	+ 24.2	10,090
SHEFFIELD	953	1,617	3,902	4,849	+ 24.2	18,865
	32,119	40,982	105,036	128,197	+ 22.0	607,737

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Spain appeared in *The Economist* for August 15. Danzig, in April 24. Argentina, Egypt, Estonia, Greece, Roumania, South Africa, in May 1. Australia, Bulgaria, Denmark, International Settlements, Latvia, New Zealand, Federal Reserve Reporting Members, Hungary and Turkey, in May 8.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted)					
	May 13, 1936	Apr. 22, 1937	Apr. 29, 1937	May 6, 1937	May 13, 1937
U.S.F.R. BANKS RESOURCES					
Gold Certificates on hand and due from the Treasury	7,729,830	8,843,900	8,843,400	8,842,900	8,839,410
Total reserves	8,067,210	9,135,980	9,142,130	9,132,480	9,139,400
Total cash reserves	324,930	282,310	289,140	279,500	5,680
Total bills discounted	4,780	7,890	11,000	16,830	5,680
Bills bought in open market	4,680	3,460	11,000	20,570	20,190
Total bills on hand	9,460	23,080	23,180	22,850	22,780
Industrial advances	29,960	2,486,580	2,526,240	2,569,720	2,569,260
Total U.S. Govt. securities	2,430,280	2,520,820	2,564,160	2,569,720	12,488,930
Total bills and securities	2,469,880	12,464,030	12,445,140	12,431,240	
Total resources	11,243,250				
LIABILITIES					
Federal Reserve notes in actual circulation	8,762,030	4,184,070	4,176,990	4,207,720	4,193,870
Aggregate of excess member- bank reserves over re- quirements	2,770,000	1,590,000	1,640,000	890,000	940,000
Deposits—Member-bank— Reserve account	5,611,070	6,676,840	6,933,820	6,882,360	6,942,730
Government deposits	577,980	119,330	94,750	97,280	106,180
Total deposits	6,589,800	7,240,280	7,299,550	7,265,240	7,285,450
Capital paid in and surplus	302,730	805,530	305,530	305,540	305,540
Total liabilities	11,243,250	12,464,030	12,445,140	12,431,240	12,488,930
Ratio of total reserves to deposit and F.R. note liabilities combined	78-3%	90-0%	79-7%	79-6%	79-6%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES					
Monetary Gold Stock	10,302,000	11,737,000	11,782,000	11,838,000	11,882,000
Treasury and National Bank Currency	2,468,000	2,540,000	2,541,000	2,547,000	2,545,000
Money in Circulation	5,888,000	6,388,000	6,381,000	6,428,000	6,405,000
Treasury Cash and De- posits with Federal Re- serve Banks	3,161,000	3,083,000	3,051,000	3,110,000	3,162,000
RESERVE BANK.—In \$'s					

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balances April, 1937	Barclays Bank Limited	Comtts and Co.	District Bank Limited	Glyn, Mills and Co.	Lloyds Bank Limited	Martins Bank Limited	Midland Bank Limited	National Bank Limited	National Provincial Bank Limited	Westminster Bank Limited	Williams Deacon's Bank Limited	Aggregate
Assets	£	£	£	£	£	£	£	£	£	£	£	£
Coin, bank notes and balances with the Bank of England.....	41,759	2,083	7,484	3,719	41,188	9,214	49,575	3,419	30,788	36,661	3,684	229,574
Balances with and cheques in course of collection on other banks in Great Britain and Ireland ...	11,082	804	1,960	1,021	9,975	2,755	13,240	335	6,682	11,143	1,683	60,680
Items in transit.....	...	...	...	...	3,576	637	...	...	...	...	...	4,213
Money at call and short notice.....	25,128	2,826	8,486	9,669	31,773	5,833	27,999	5,000	23,949	29,473	6,475	176,611
Bills discounted.....	51,806	1,283	2,148	602	48,853	2,591	53,452	1,518	29,343	49,150	239	240,985
Investments.....	109,477	9,101	29,984	10,819	116,956	28,678	125,920	15,432	89,366	112,718	13,030	661,481
Advances to customers and other accounts.....	189,198	11,418	28,181	12,362	161,044	44,850	207,142	16,388	129,526	133,846	13,041	946,996
Liabilities of customers for acceptances, endorsements, etc.	10,544	491	10,457	3,024	36,339	9,228	22,095	250	9,123	23,580	1,365	126,496
Bank premises account....	7,451	412	1,554	740	7,615	2,618	9,967	705	7,350	5,278	1,083	44,773
Investments in affiliated banks and subsidiary companies.....	6,968	...	...	...	3,325	...	7,745	...	2,514	2,993	...	23,545
	453,413	28,418	90,254	41,956	460,644	106,404	517,135	43,047	328,641	404,842	40,600	2,515,354
Ratio of cash to current, deposit and other accounts.....	10.02	8.03	10.13	10.03	10.31	10.27	10.56	8.81	10.19	10.11	10.08	10.19
LIABILITIES												
Capital paid up.....	15,858	1,000	2,976	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	77,286
Reserve fund.....	10,250	1,000	2,976	530	9,000	3,300	11,500	1,120	8,000	9,320	800	57,796
Current, deposit and other accounts.....	416,761	25,927	73,845	37,062	399,488	89,695	469,292	38,820	302,039	362,608	36,560	2,252,097
Acceptances, endorsements, etc.	10,544	491	10,457	3,024	36,339	9,228	22,095	250	9,123	23,580	1,365	126,496
Notes in circulation.....	...	...	...	...	7	21	...	1,357	...	14	...	1,399
Reduction of bank premises account.....	...	...	...	280	...	...	...	...	...	...	...	280
	453,413	28,418	90,254	41,956	460,644	106,404	517,135	43,047	328,641	404,842	40,600	2,515,354

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

Assets	May 7, 1936	Apr. 15, 1937	Apr. 22, 1937	Apr. 30, 1937	May 7, 1937
Coin and bullion (gold reserve).....	118,867	118,846	118,846	118,845	118,845
Balance abroad and foreign bills.....	77,115	83,340	85,397	86,901	87,049
Bills provisionally placed in gold, not included in the gold reserve.....	66,287	96,211	96,211	96,211	96,211
Norwegian and foreign governments securities ..	37,836	67,893	68,269	69,781	70,534
Discounts and loans.....	192,547	177,830	183,450	200,097	190,867
LIABILITIES					
Notes in circulation.....	357,568	405,701	404,265	411,429	405,842
Deposits at sight.....	97,654	97,071	103,652	117,089	114,878

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

Assets	Mar. 4, 1936	Feb. 3, 1937	Feb. 10, 1937	Feb. 17, 1937	Feb. 24, 1937	Mar. 3, 1937
Gold.....	910,136	917,982	912,377	912,394	912,412	913,056
Balances abroad.....	480,131	589,226	589,692	575,768	595,966	593,795
Discounts.....	367,073	325,933	322,393	321,825	320,484	322,741
Securities.....	70,713	126,789	124,502	124,454	124,454	124,454
Government loans.....	1,046,163	1,043,543	1,043,543	1,043,543	1,043,543	1,043,543
LIABILITIES						
Notes in circulation.....	2,051,488	2,113,997	2,088,673	2,055,073	2,061,773	2,105,886
Government deposits.....	585,012	541,921	565,666	572,265	575,776	509,320
Bankers' deposits.....	249,464	429,835	431,779	452,392	452,592	457,161
Other deposits.....	98,708	79,717	77,347	69,606	69,492	105,676
Foreign commitments.....	32,566	41,507	41,534	41,541	42,292	42,292

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

Assets	Apr. 30, 1936	Apr. 7, 1937	Apr. 15, 1937	Apr. 23, 1937	Apr. 30, 1937
Cash reserve.....	242,569	242,856	242,861	242,870	242,882
Gold coin and bullion.....	32,202	97,649	95,431	96,404	97,225
Other foreign exchange.....	218,349	195,976	196,736	194,429	194,008
Bills discounted.....	624,444	620,152	620,152	620,152	620,152
LIABILITIES					
Notes in circulation.....	952,349	835,080	834,206	803,766	805,318
Deposits.....	210,120	303,901	300,246	328,287	228,123

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.* (000's omitted)

Assets	Apr. 30, 1936	Apr. 7, 1937	Apr. 15, 1937	Apr. 23, 1937	Apr. 30, 1937
Gold.....	2,694,248	2,581,221	2,580,136	2,579,616	2,581,376
Balances abroad and foreign currency.....	43,735	143,971	143,415	139,469	128,811
Discounts and advances.....	1,436,042	2,305,900	2,017,245	1,896,990	2,243,769
State notes debt balance ..	2,038,053	2,018,037	2,017,980	2,017,965	2,017,753
LIABILITIES					
Bank notes in circulation ..	5,509,213	5,658,089	5,446,688	5,256,879	5,943,674
Deposits.....	646,939	782,499	696,894	763,467	362,669

* First return showing effects of devaluation, October 15, 1936.

NATIONAL BANK OF JUGOSLAVIA

In dinar (000's omitted)

Assets	Apr. 30, 1936	Apr. 15, 1937	Apr. 22, 1937	Apr. 30, 1937
Cash reserve.....	1,497,152	1,659,854	1,662,700	1,663,192
Gold at home and abroad.....	296,585	688,295	714,764	708,249
Foreign exchange.....	1,616,595	1,656,226	1,684,052	1,668,697
Bills and advances against security.....	1,672,567	1,649,357	1,649,388	1,649,816
Government advances.....	4,823,675	5,365,056	5,300,583	5,463,071
Notes in circulation.....	1,552,844	2,047,703	2,180,365	1,991,435
Time deposits.....	60,000	50,000	50,000	50,000

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

Assets	Apr. 30, 1936	Mar. 31, 1937	Apr. 10, 1937	Apr. 20, 1937	Apr. 30, 1937
Gold.....	380,642	405,863	406,875	407,514	408,768
Foreign exchange and balances.....	15,198	35,432	35,445	35,791	36,341
Bills discounted.....	656,708	602,116	558,477	538,570	580,664
Loans against securities.....	86,256	35,302	29,561	29,242	50,539
Treasury bonds discounted.....	65,631	2,840	1,456	656	3,162
Securities.....	91,296	135,042	134,463	134,473	134,469
LIABILITIES					
Notes in circulation.....	1,010,048	999,615	973,844	949,312	965,695
Sight liabilities.....	148,389	254,450	240,967	249,721	245,457

BANK OF FINLAND.—In F. Marks (000's omitted)

Assets	Apr. 30, 1936	Apr. 8, 1937	Apr. 15, 1937	Apr. 23, 1937	Apr. 30, 1937
Gold reserve.....	501,339	603,092	603,085	603,076	603,068
Gold abroad not included in the gold reserve.....	...	...	...	...	...
Foreign correspondents.....	1,354,507	213,193	213,193	213,193	213,193
Foreign bills, bank notes, and coupons.....	83,325	89,596	91,226	91,186	91,238
Inland bills and other home loans.....	1,021,349	1,105,196	1,123,005	1,155,997	1,139,512
Finnish and foreign bonds.....	382,682	413,928	425,852	427,998	452,042
LIABILITIES					
Notes in circulation.....	1,546,084	1,891,029	1,915,857	1,893,043	2,007,918
Government deposits at sight.....	35,166	428,572	429,014	414,635	414,589
Other deposits at sight.....	600,323	601,877	578,637	658,747	494,670
Ratio of ordinary cover to liabilities at sight.....	80.09	75.36	74.94	74.70	74.22

BANK OF LITHUANIA.—In lit. (000's omitted)

Assets	Apr. 30, 1936	Feb. 28, 1937	Mar. 15, 1937	Apr. 15, 1937	Apr. 30, 1937
Gold.....	52,903	76,613	76,626	76,633	76,639
Silver and other coins.....	4,911	7,902	7,947	7,918	8,289
Foreign currency.....	15,063	3,017	3,268	3,319	2,915
Discounts.....	73,175	89,776	88,804	87,831	86,775
Advances.....	12,765	13,890	14,001	13,744	14,081
LIABILITIES					
Bank notes in circulation ..	107,325	113,259	110,796	113,512	109,874
Current accounts.....	31,396	46,314	43,855	45,282	44,849
Deposits.....	18,388	33,959	25,565	25,097	24,820

BANK OF JAPAN.—In yen (000's omitted)

Assets	Apr. 11, 1936	Mar. 20, 1937	Mar. 27, 1937	Apr. 3, 1937	Apr. 10, 1937
Gold coin and bullion.....	513,076	545,495	540,284	540,284	540,478
Other coin and bullion.....	44,135	37,906	39,030	38,950	40,068
Discounts.....	466,623	538,306	571,773	576,738	542,105
Advances.....	164,064	235,267	235,397	235,227	235,836
Advances on foreign bills.....	169,362	35,132	61,097	80,751	32,913
Government bonds.....	511,741	494,130	629,381	708,785	685,274
LIABILITIES					
Notes.....	1,270,409	1,355,333	1,463,507	1,500,232	1,402,019
Government deposits.....	574,994	345,442	400,007	463,865	463,439
Other deposits.....	53,437	58,674	83,191	62,919	62,997

MONEY AND EXCHANGE RATES
LONDON MONEY RATES

	May 6, 1937	May 7, 1937	May 8, 1937	May 10, 1937	May 11, 1937	May 12, 1937	May 13, 1937
Bank rate (changed from 2½ June 30, 1932).....	2	2	2	2	2	2	2
Market rates of discount—							
60 days' bankers' drafts.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months' do.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
4 months' do.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
6 months' do.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount Treasury Bills—							
2 months'.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months'.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Loans—Day-to-day.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Short.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Deposit allowances: Bank.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount houses at call.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
At notice.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½

Comparison with previous weeks

Comparison of Rates							
	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1937	%	%	%	%	%	%	%
Apr. 15	1-1 1/2	1-1 1/2	1-1 1/2	1-1 1/2	2-2 1/2	2 1/2-2 1/2	2 1/2-3
" 22	1-1 1/2	1-1 1/2	1-1 1/2	1-1 1/2	2-2 1/2	2 1/2-2 1/2	2 1/2-3
" 29	1-1 1/2	1-1 1/2	1-1 1/2	1-1 1/2	2-2 1/2	2 1/2-2 1/2	2 1/2-3
May 6	1-1 1/2	1-1 1/2	1-1 1/2	1-1 1/2	2-2 1/2	2 1/2-2 1/2	2 1/2-3
" 13	1-1 1/2	1-1 1/2	1-1 1/2	1-1 1/2	2-2 1/2	2 1/2-2 1/2	2 1/2-3

LONDON RATES OF EXCHANGE

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
Irish Free State	£	£	Anglo-Egyptian	£	£
Nyasaland	13,186	13,186	Sudan	3,820	3,820
British India	14,940	14,940	Bengal	16,158	16,158
Hong Kong	357,760	357,760	Norway	2,345	2,345
Germany	9.31	22	Denmark	1,080	1,080
Netherlands	2,012	275	Poland	2,953	2,953
France	12,906	275	France	1,867	276
Japan	1,851	1,851	Switzerland	2,452	2,452
Other Countries	1,851	1,851	U.S.A.	18,280	18,280
Total	30,789	359,908	Total	56,706	56,706

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

No gold movements were reported at the Bank of England between April 30th and May 6th. Figures of previous movements appeared in last week's issue.

GOLD MOVEMENTS: BANK OF ENGLAND

1937	ARRIVALS	1937	WITHDRAWALS
May 7	Nil	May 7	Nil
" 8	Nil	" 8	Nil
" 10	Nil	" 10	Nil
" 11	4,999,886	" 11	Nil
" 13	Nil	" 13	Nil
Total	4,999,886	Total	Nil

Movement, May 7 to May 13, 1937 (inclusive) £4,999,886 in
Movement during year 1936 £113,609,527 in
Movement during 1937 (January 1 to May 13, inclusive) £5,001,148 in
Movement, April 29, 1935, to May 13, 1937 (inclusive) £159,567,872 in
Movement, September 21, 1931 (gold standard suspended) to May 13, 1937 (inclusive) £181,973,324 in

GOLD MARKET

Messrs. Samuel Montagu and Company write on May 13, 1937:—
The Bank of England gold reserve against notes on May 5, 1937, was £313,661,924. This week's return will show a substantial increase as on May 11th the Bank announced the purchase of £4,999,886 in bar gold. This purchase, which was presumably made from the Exchange Equalisation Account, was the first of importance since the £65 millions acquired last December. In the open market the amount of gold available at the fixing during the period May 6th-11th, inclusive, was £1,800,000. Offerings were again mostly taken for shipment to New York, but prices continued to rule well below dollar parity. The s.s. "Strathaird," which sailed from Bombay on May 8th carries gold to the value of about £285,000.

SILVER MARKET

A steady tone has been maintained during the past week. Further buying by the Indian Bazaars was met by sales on China account and speculative re-sales, prices showing very little movement, the cash quotation varying only between 20½d. and 20¾d., and that for two months between 20¾d. and 20½d. Owing to the small demand for spot silver, the discount on that delivery increased to ½d. on the 10th instant, but moved back to ¼d. on the following day. The undertone of the market is steady, and no wide movements are expected in the immediate future.

Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard	Price of Silver New York per ounce -699 fine
			Cash	Two Months
May 6	140 8½	12 0-90	20½	20½
" 7	140 8	12 0-95	20½	20½
" 8	140 8½	12 0-90	20½	20½
" 10	140 9	12 0-86	20½	20½
" 11	140 7	12 1-03	20½	20½
" 12			Market Closed	
Average	140 8-20	12 0-93	20-387	20-462
May 13	140 5½	12 1-16	20½	20½

The highest rate of exchange on New York recorded during the period from May 6th to 11th was \$4-94½, and the lowest \$4-93½.

SHORTER COMPANY COMMENTS

COMPANY RESULTS OF THE WEEK.—This week another business controlled by the Distillers Company reports substantial improvement, BUCHANAN-DEWAR earnings being £1,009,370 against £866,692. CHARRINGTON AND COMPANY are increasing their dividend by 1 per cent. to 14 per cent. Somewhat stationary conditions in the textile trades are implied by the net earnings of BRITISH COTTON AND WOOL, almost unchanged at £100,301, though VANTONA TEXTILES have converted a loss into a profit of £17,844. E. K. COLE, LTD., who in July last inaugurated a policy of selling direct to retailers, have earned £110,026 for 10 months, against £204,842 for a year; the number of receivers increased, but the accounts reflect the reduced profit margins. BRITISH MATCH CORPORATION earnings of £474,129 represent a small improvement, the dividend being maintained at 7½ per cent. A consolidated balance sheet is published by GOODLASS, WALL AND LEAD INDUSTRIES, who are paying 7 per cent. against 6 per cent., with profits of £195,487. The first accounts of MELLOWES AND COMPANY show a profit of £59,750, a 25 per cent. dividend being paid. Another company whose profits are affected by rising costs is SMITH'S POTATO CRISPS, with earnings of £98,980 comparing with £107,549, despite a record level of sales. EVER READY COMPANY report a satisfactory improvement in earnings from £482,780 to £527,333, and are increasing their dividend from 35 per cent. to 45 per cent. All intangible assets of both the parent and the subsidiary companies have now been written off from £533,815 share premiums and transfers from reserve of £577,553. The balance sheet and the reserve account show that the company's

(Continued on page 433)

OTHER STATISTICS

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	Interim or Final	Date of Payment	Comparison with Last Year	Total Latest Year	Previous Year
RAILWAYS					
Anglo-Palestine Bank	6½%	May 28	...	10½	8½
Netherlands Bank	...	...	...	Fls. 42 p.	Fls. 50 p.
INSURANCE					
Pioneer Life Assurance	1½ p.s.	...	Same	1/9 p.s.	1/9 p.s.
TEA AND RUBBER					
Amalgamated Tea	...	...	...	4	4
Anglo-American Direct Tea	...	...	...	6	6
Badk Rubber	...	June 15	...	10	4
Bagrato Tea	9½%	June 17	5½%	12	8
British Darjeeling Tea	7½%	May 27	7½%	9	10
Beanger (Java) Rubber	4½%	May 31	Nil	...	...
Chulsa Tea	10½%	June 21	8½%	14	12
Consolidated Tea and Lands	7½%	...	Same	10	10
Kanan Devan Hills Produce	9½%	...	8½%	12½	12½
Lingao Plantations	7½%	...	Same	10	Nil
Marawan (Java) Rubber	...	...	...	6	2
Nordana (Johore) Rubber	...	June 19	...	6	2
Rajah Allie Tea	10½%	...	Same	12½	12½
United Sui Petone Rubber	7½%	...	5½%	13½	10
MINING					
Ashanti Goldfields	22½%	June 8	Same	...	...
Meru Tin	14½%	May 28	Same	...	...
Mount Lyell Mining	7½%	June 21	2½%	17½	10
Mountain Copper	15½%	May 28	...	...	...
Ramang Concessions	15½%	May 26	7½%	...	...
Sons of Gwalia (10/-)	2½ p.s.	...	Same	6½ p.s.	4½ p.s.
OTHER COMPANIES					
Advance Laundries	6½%	...	Same	10	10
Allied Newspapers	...	...	...	9	8
Associated Equipment	12½%	...	Same	...	...
Atlas Steel Foundry	2½ p.s.	June 1	1½ p.s.	...	...
Bass Ratcliff and Gretton	15½%	May 25	...	...	...
Beaumont Property Trust	3½%	May 31	Same	...	...
Birkenhead Brewery	4½%	...	Same	...	...
Boots' Pure Drug	...	...	...	(d) 29	(d) 29
British Bedaux	8½%	June 1	...	12	...
British Borneo Petroleum	12½%	June 12	Same	17½	17½
British Cotton and Wool	...	...	...	6½	6½
British Electric Traction (Def.)	...	...	...	5(n)	5(n)
British Tyre and Rubber	3½%	June 5	Same	12½	12½
Butler's Wharf	7½%	...	Same	12½	12½
Chester Northgate Brewery	2½%	...	Same	...	...
City Business Properties	2½%	...	Same	...	...
Cole (E. K.)	(m) 17½%	...	7½%	(m) 13½	12½
Compton (J.) Sons and Webb	(m) 8½%	...	...	12½	12½
Deritend Stamping	7½%	...	...	...	...
East India Tramways	14½%	May 29	Same	...	...
Electrolux Corporation	50c. p.s.	...	Same	...	...
Fitch and Son	5½%	Mar. 31	...	7½	5
Flouring (A. H.) and Company	11½%	June 10	10½%	16	15
Goodland Wall, etc.	...	...	...	7	6
Imperial Continental Gas	6½%	May 29	...	10	10
Independent Investment	...	...	...	4	3½
India General Navigation	...	...	...	4½	4½
Leeds Piston Ring	...	...	...	4½	4½
London Brick	5½%	June 1	Same	...	...
London Scottish American Trust	3½%	June 1	Same	...	...
Manbre and Garton	4½%	...	Same	...	...
Melbourne Electric	11½%	June 1	11½%	...	...
Mitchell Shackleton and Co.	3½%	June 4	...	7½	7
Morgan's Brewery	5½%	June 1	Same	...	...
Moss Gear	31½%	...	21½%	...	...
Nantvoglio and Blaina Estates	24½%	June 30	Same	...	...
New River Co.	...	...	...	15	10
Niddrie and Benhar Coal	...	May 28	Same	...	...
Northern American Trust	6½%	June 1	...	...	...
Porrills and Spencer	(m) 54½%	May 31	6½%	(m) 10	13½
Primitive Holdings	...	June 1	...	3	3
Pyre Radio (Deferred)	...	...	...	125	125
Radcliffe's Edible Products	15½%	...	Nil	...	...
Redfern Brothers	5½%	May 26	Same	9	8
Scottish Drapery Corporation	2½%	...	1½%	7½	6
Siemens Brothers	...	...	...	...	...
Simonds (H. and G.)	4½%	June 9	Same	...	...
Starkey Knight and Ford	24½%	...	Same	...	...
Stewart and Ardern	7½%	...	Same	...	...
Tadcaster Tower Brewery	5½%	June 1	Same	5	5
Telephone Properties	...	...	...	...	...
Triplex Foundry	7½%	...	...	...	...
United Woollens	61½%	June 14	4½%	...	...
Wolverhampton & Dudley Brws.	5½%	...	Same	8	8
Woodrow (John) and Son	...	June 7	...	...	...
Yates's Castle Brewery	5½%	...	Same	...	...

(b) For 10 months, making 36 per cent. for year.
† Free of income tax. (d) Includes bonus of 5 per cent. free of tax. (m) Paid on a larger capital. (n) Also a scrip bonus of 10 per cent.

BOOTS' PURE DRUG.—Net profits for year to March 31, 1937, £799,888, against £770,889. Dividend 24 per cent., less tax, also 5 per cent. tax free bonus, making 29 per cent., the same as for eight preceding years.

DE BEERS CONSOLIDATED MINES.—It has been decided to pay off the whole of the preference dividend arrears to December 31, 1936, in June, and to pay the preference dividend for the current six months then due.

BRITISH ELECTRIC TRACTION.—Net profit for year to March 31, 1937, £390,881, an increase of £59,295. Dividend on deferred stock 5 per cent., also 10 per cent. in £ deferred ordinary shares as before.

BASS, RATCLIFF AND GRETTON.—Interim dividend of 5 per cent., tax free as before.

SCOTTISH FIXED TRUST.—Fourth income distribution for half-year to May 1st paid at 7.1694d. net per sub-unit, comparing with 4.475d. for the preceding six months.

BRITISH TYRE AND RUBBER.—Interim dividend 3½ per cent., as before.

LONDON BRICK.—First interim dividend 5 per cent., as before, but paid on large capital.

COLE (E. K.).—Final dividend 17½ per cent., making 30 per cent. for ten months ended March 31, 1937, equivalent to 36 per cent. per annum. Previous year's dividend 40 per cent.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended May 7, 1937. (c) Week ended May 8, 1937.	Miles Open	Gross Receipts, week ended May 9, 1937 (£'000)						Aggregate Gross Receipts, compared with 1936 (£'000)					
		Passenger, etc.	Merchandise, etc.	Coal and Coke	Goods	Total	Receipts	Passenger, etc.	Merchandise, etc.	Coal and Coke	Goods	Total	Receipts
Great Western	1937 3,738 1936 3,746	208 180	205 194	104 94	309 288	517 468	3,141 3,551	2,076 2,076	5,627 5,288	8,768 8,370			
(c) L. & N. Eastern	1937 6,320 1936 6,333	319 278	353 330	250 217	603 547	922 825	4,971 4,926	6,105 5,856	4,660 4,453	10,765 10,309	15,736 15,135		
L. M. & Scottish	1937 6,877 1936 6,888	505 424	526 509	266 231	792 740	1,297 1,164	7,532 7,321	8,834 8,529	5,041 4,743	13,875 13,272	21,407 20,593		
Southern	1937 2,153 1936 2,154	304 272	61 25	86 86	358 358	4,653 4,653	1,101 1,101	593 616	1,660 1,717	6,503 6,370			
Total	1937 19,088 1936 19,131	1,336 1,154	1,143 1,094	644 567	1,787 1,661	3,123 2,815	20,487 19,882	19,557 18,889	12,370 11,717	31,927 30,596	52,414 50,468		
(b) Belfast & Co. Down	1937 80 1936 80	1-9 1-9	...	...	0-4 0-6	2-4 2-5	32-0 34-4	...	...	9-2 10-4	41-2 44-8		
(b) Great Northern	1937 543 1936 543	9-5 8-6	...	...	9-2 17-8	153-3	...	...	...	758-1 758-9	1,273-9 1,294-1		
(b) Great Southern	1937 2,076 1936 2,124	34-2 32-5	...	...	42-7 43-8	76-9 76-3	515-8 525-2	...	...	768-9 768-9	1,294-1		

COMPARISONS WITH CORRESPONDING PERIODS, 1935 and 1936

(000's omitted)				
	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year, 1936, compared with first half-year, 1935:				
Gross increase or decrease	+ 263	+ 937	+ 534	+ 85
Second half-year, 1936, compared with second half-year, 1935:				
Gross increase or decrease	+ 491	+ 1,575	+ 751	+ 378
First half-year, 1937, compared with first half-year, 1936:				
18 weeks to May 8, 1937	+ 398	+ 814	+ 601	+ 133
Weekly average first half 1937	+ 22½	+ 45½	+ 33½	+ 7½
Latest week 1937 compared with 1936	+ 49	+ 133	+ 97	+ 29

LONDON TRANSPORT

Week ending May 8, 1937	Aggregate 45 weeks to May 8, 1937
£147,600	£25,069,000
Compared with corresponding period of last year	£144,400
£147,600	£25,069,000

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

OVERSEAS RAILWAY RECEIPTS

Name	Weeks Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
			1937	+ or -
INDIAN				
Assam Bengal	3 Apr. 1937	1,330	Rs. 4,82,000	Rs. 32,148
Barsi Lt. Ry.	10 202	202	Rs. 43,500	Rs. 9,700
Bengal & N. Western	3 20 2,107	12,59,675	Rs. 24,09,930	Rs. 6,11,783
Bengal-Nagpur	3 20 3,268	12,44,000	Rs. 4,38,188	Rs. 1,84,000
Bombay Bar. & C.I.	4 30 3,072	14,04,000	Rs. 2,47,729	Rs. 44,810
Madras & S. Mah.	3 20 3,229	20,89,000	Rs. 5,25,201	Rs. 12,546
Rohilk'd & Kumaon	3 20 572	12,56,841	Rs. 69,405	Rs. 30,78,236
South Indian	3 20 2,532	14,98,748	Rs. 69,405	Rs. 30,78,236

† 10 days. † 11 days.

CANADIAN

Canadian National	18 May 1937	7,235,666	3,967,103	499,818	66,000,690	7,211,863
Canadian Pacific	18 May 1937	7,172,228	2,707,000	150,000	48,244,000	3,823,000

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary					
					Amount	Amount	Rate				
Breweries											
Brampton Brewery	Mar. 31	32,585	33,855	66,440	5,500	25,000	10	3,000	32,940	33,834	10
Buchanan-Dewar	Mar. 31	113,556	1,009,370	1,122,926	246,992	757,667	25	...	118,267	866,692	20
Charrington and Company	Dec. 31	222,425	833,862	1,056,287	103,778	327,442	14	392,750	232,317	805,712	13
Rowell (John) and Son	Mar. 31	29,347	21,146	50,493	2,500	10,000	10	8,500	29,493	10,177	7
Financial, Land, etc.											
London County Properties...	Mar. 31	127,415	392,470	519,885	28,655	272,690	11	91,490	127,050	350,056	11
Mid-European Corporation...	Mar. 31	86,987	50,639	137,626	23,003	21,494	3	...	93,129	48,704	3
Primitiva Holdings	Apr. 30	119,831	78,646	198,477	11,191	53,443	3	10,000	123,843	78,159	3
Tea Share Trust	Mar. 31	2,805	7,349	10,154	...	9,942	7½	...	212	8,019	8½
Warner Estate	Mar. 31	4,883	50,282	55,165	18,750	19,500	6(p)	12,500	4,415	57,986	6(p)
Gas											
Associated Gas, etc.	Mar. 31	1,590	37,621	39,211	15,198	13,742	5	...	10,271	14,138	5
Hotels, Restaurants, etc.											
Criterion Restaurants	Mar. 31	13,780	23,237	37,017	...	22,500	10	1,000	13,517	27,999	11½
Iron, Coal and Steel											
Amal. Collieries (S. Africa)	Dec. 31	...	(s) 192,090	192,090	...	114,000	6	61,931	16,159	(a)	(a)
Niddrie and Benhar Coal...	Mar. 31	14,000	44,525	58,525	...	30,000	15½	5,000	23,525	29,357	10½
Pressed Steel Company	Dec. 31	127,299	270,962	398,261	22,418	143,892	22½	140,114	91,837	181,252	Nil
Ransomes, Sims & Jefferies	Dec. 31	36,643	(x) 47,883	84,526	11,000	20,000	4	10,000	43,526	55,677	2½
Stewarts and Lloyds	Dec. 31	168,952	1,191,597	1,360,549	100,581	295,410	7½	793,802	170,756	800,535	5
Motor Cycle and Aviation											
Phillips and Powis Aircraft	Dec. 31	Dr. 20,236	Dr. 31,586	Dr. 51,822	...	...	...	...	Dr. 51,822	Dr. 20,236	Nil
Rubber											
Bandarapola Ceylon	Dec. 31	2,796	8,317	11,113	...	6,000	10	2,621	2,492	2,533	5
Baru (Java)	Dec. 31	3,758	5,755	9,513	...	6,000	5	93	3,420	Dr. 1,385	Nil
British Malay	Dec. 31	4,359	10,194	14,553	...	9,750	2½	...	4,803	3,109	2
Consolidated Malay	Dec. 31	2,360	9,571	11,931	...	7,500	10	1,990	2,441	3,737	5
Igalkande	Dec. 31	4,361	2,948	7,309	...	2,200	5	500	4,609	303	3
Kelani Valley	Dec. 31	2,025	5,150	7,175	420	2,800	8	1,600	2,355	1,887	5
Kepong (Malay)	Dec. 31	9,073	81,012	90,085	...	78,690	11½	...	11,395	24,632	4
Mahawale	Dec. 31	1,522	6,634	8,156	...	4,800	3	1,009	2,347	3,197	2
New Columbia	Dec. 31	20,096	7,334	27,430	...	6,629	12½	...	20,801	3,112	10
Oriental	Dec. 31	6,218	7,032	13,250	...	5,500	2½	1,000	6,750	2,481	2
Shipping											
Brynmor Steamship	Mar. 31	890	34,202	35,092	5,948	3,965	8	22,000	3,179	4,849	Nil
India General Navigation	Dec. 31	27,360	149,305	176,665	12,202	26,223	4½	111,029	27,211	136,436	3½
Shops and Stores											
Peacock's Stores	Dec. 31	10,632	39,652	50,284	12,162	6,000	8	15,000	17,122	33,509	8
Tea											
Alliance of Ceylon	Dec. 31	6,758	10,900	17,658	...	9,000	6	2,000	6,658	11,160	6
Ederapolla of Ceylon	Dec. 31	1,206	2,962	4,168	...	2,088	6	833	1,247	1,185	2½
Highland of Ceylon	Dec. 31	1,961	4,475	6,436	...	3,480	6	1,287	1,669	3,685	6
Imperial Ceylon	Dec. 31	5,915	11,632	17,547	...	8,400	7½	3,000	6,147	7,730	6
Scottish Ceylon	Dec. 31	2,076	13,185	15,261	1,276	9,190	12½	2,320	2,475	10,447	12½
Standard of Ceylon	Dec. 31	34,434	32,057	66,491	...	26,775	22½	6,000	33,716	32,039	22½
Textile											
British Cotton and Wool	Mar. 31	47,913	100,301	147,214	...	51,611	6½	48,887	47,716	100,325	6½
Vantona Textiles	Mar. 31	792	17,844	18,636	10,539	...	...	2,000	8,097	Dr. 6,419	Nil
Trusts											
Alliance Investment	Apr. 15	31,441	43,706	75,147	20,552	13,663	6	7,500	33,432	35,467	5
Consolidated Trust	Apr. 15	...	32,864	32,864	17,771	12,530	8	2,563	...	28,869	6
Continental Union Trust	Mar. 31	24,159	54,214	78,373	22,985	25,162	5½	8,522	21,704	49,687	5
English and International	Apr. 5	21,297	31,315	52,612	27,500	...	...	650	24,462	28,622	Nil
Industrial and General	Mar. 31	127,664	263,264	390,928	60,498	147,465	11	112,900	70,065	222,070	10
Lake View Investment	Mar. 31	34,878	63,972	98,850	11,609	39,406	8½	10,000	37,835	52,330	7½
London and Holyrood	Mar. 31	17,852	57,751	75,603	34,594	9,075	2	11,000	20,934	49,931	1½
London and Provincial	Mar. 31	46,858	31,306	78,164	12,108	12,009	4½	...	54,047	28,971	4
Third Scottish National	Mar. 31	23,924	28,696	52,620	17,250	5,703	2½	5,000	24,667	26,168	1½
Other Companies											
Allied Newspapers	Dec. 31	260,583	992,526	1,253,109	382,128	147,423	9	462,675	260,883	956,367	8
British Match Corporation	Apr. 30	50,175	474,129	524,304	22,325	369,870	7½	75,000	57,109	463,942	7½
Cole (E. K.)	Mar. 31	38,501	(v) 111,026	149,527	24,171	42,231	30	53,510	29,615	204,842	40
Energen Foods	Mar. 31	403	12,692	13,095	...	8,000	20	4,500	595	9,641	20
Ever Ready Co. (G. Britain)	Mar. 31	59,152	527,333	586,485	20,000	382,051	45	121,017	63,417	482,780	35
Frith (W. G.) and Co.	Feb. 27	1,208	13,643	14,851	...	7,915	10	2,399	4,537	(a)	(a)
Goodlass, Wall, etc.	Dec. 31	74,485	195,487	269,972	95,565	63,246	7	32,500	78,661	184,107	6
Greef-Chemicals Holdings	Dec. 31	...	15,409	15,409	3,791	8,125	6½	...	3,493	(a)	(a)
Johnson (R.) and Nephew	Mar. 31	36,410	52,444	88,854	15,881	18,000	8	...	24,973	33,502	6
Malkin Tiles (Burslem)	Feb. 28	20,612	27,632	48,244	5,658	12,413	27½	2,500	27,673	18,156	20
Mansfields	Mar. 31	2,415	9,501	11,916	3,200	3,000	20	3,000	2,716	(a)	(a)
Mellows and Company	Dec. 31	...	59,750	59,750	2,397	18,875	25	37,068	1,410	(a)	(a)
Parkinson and Cowan	Dec. 31	21,163	44,641	65,804	26,041	...	...	...	39,763	13,240	Nil
Royal Sovereign Pencil	Dec. 31	8,920	29,569	38,489	6,595	16,231	7½	7,000	8,663	20,049	6
Scottish Drapery Cpn.	Apr. 19	118,121	90,637	208,758	40,031	43,875	9	...	124,852	86,539	8
Siemens Brothers & Co.	Dec. 31	339,724	329,986	669,710	55,000	183,750	7½	86,343	344,617	208,739	6
Smith's Potato Crisps	Mar. 31	43,948	98,980	142,928	...	77,950	27½	21,000	43,978	107,549	(p)20
Telephone Manufacturing	Dec. 31	4,035	29,704	33,739	...	19,390	9	5,071	9,278	22,293	7½
West (Allen) and Company	Jan. 31	...	53,352	53,352	...	...	...	16,000	37,352	33,295	Nil

(a) No comparable figures. (n) Fourteen months. (s) Eight months. (f) Absorbed £54,179.

(p) Also bonus of 2 per cent. free of income tax, absorbing £6,500. This will be taken from reserve fund, making reserve £178,000.

† Free of income tax. (x) Nine months. (v) Ten months.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

IN view of the Coronation festivities and the approaching Whitsun holidays, business on the commodity markets was not very active this week, while the general trend of quotations was downwards.

The market in non-ferrous metals was characterised by lack of interest among buyers, and quotations for copper, lead, spelter and tin all drifted downwards. Rumours of negotiations in New York with a view to re-introducing output restrictions on copper failed to stem the decline in the price of this metal. Linseed oil and rubber were only slightly dearer than a week ago. Among textile raw materials, American cotton suffered a decline in price. The market in coal, on the other hand, remained firm, while the recent advance in quotations for iron and steel materials failed to check the pressure of demand.

Raw sugar prices, exceptionally, rose sharply on the publication of the terms of the export regulation scheme, negotiated at the Conference in London. Wheat prices tended to sag. Beef and mutton were steady, but bacon and butter were marked down a little.

In the United States, too, the general trend of prices was downwards. Moody's index of staple commodity prices (December 31, 1931 = 100) stood at 204.5 on Wednesday, (May 12th, against 209.3 a week ago, 219.5 a month ago, and 162.7 a year ago.

COAL

SHEFFIELD.—Export demand continues strong. Inquiries from the Continent extend to the end of the year. Prices are higher than for some years. The mining dispute has revived the immediate demand for house-hold coal. Requirements of all classes of industrial fuel are very heavy. Coke ovens are working to capacity. The price of large coke for Sheffield works and graded qualities for industrial use and central heating have risen by as much as 10s. per ton on last year's price. Sized and small coal is scarce.

NEWCASTLE-ON-TYNE.—Tyne coal and coke shipments, which are always an index to the North East coal trade, are now showing an improvement compared with last year, the increase to date being 57,000 tons. During the last week there has been less inquiry from abroad, but the market retains full strength for all classes of coal. Northumberland steam collieries are fully stemmed and have little free coal for this year, whilst in Durham the insistent home trade can always absorb any surplus.

GLASGOW.—Firm conditions continue in the Scottish coal market. Demand practically all round is brisk, and while some slight change in its direction results from the advance of the season there is little question of any surplus fuel to meet new inquiry. With the Baltic season now opening, shipping prospects remain bright, and there is no falling off in coastwise or Irish business. Industrial takings remain on an active scale, and here also the outlook is good. House coal tends to lag a little, but as yet

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goodwill, etc., of £227,721 has been entirely written off, while £883,647 has been used for similar purposes for the subsidiaries. Again remarkable progress has been made by PRESSED STEEL COMPANY, whose profits of £270,962 are almost 50 per cent. higher. The 22½ per cent. tax-free dividend is the first paid, though 35½ per cent. was earned for the equity dividend in 1935. A 6 per cent. dividend is being paid by AMALGAMATED COLLIERIES OF SOUTH AFRICA, whose first report discloses net earnings of £192,090. PHILLIPS AND POWIS AIRCRAFT have increased to appointed the market, as the 1935 loss of £20,236 has been increased to £31,586. Rubber results show no change in previous satisfactory trends: KEPPONG (MALAY), for instance, have earned £81,012 against £24,632. Tea reports in most cases indicate some improvement. STANDARD OF CEYLON profits of £32,057 are unchanged, but many of the smaller HOLDINGS and MID-EUROPEAN CORPORATION have made roughly the same profits as before, each company maintaining its 3 per cent. dividend. Some of the trust results indicate a sharper rate of recovery, INDUSTRIAL AND GENERAL and LAKE VIEW INVESTMENT being among the more important companies showing this trend.

RAILWAYS

URUGUAY RAILWAYS.—Under the Scheme described in a note on page 4

MIDDLESBROUGH.—Users of hematite pig iron and steel are prepared to follow the recent rise in prices, and, whilst they are anxious to cover their requirements for some time ahead, makers, who are having difficulty in fulfilling their current obligations, are not too keen to increase their commitments yet. There is only one furnace producing Cleveland foundry pig iron in this area, the production of which, after supplying maker's own requirements, is rationed to consumers. Business for forward delivery is held up as no official announcement has been made regarding the new price of this grade of iron. The demand for East Coast mixed numbers hematite is very strong and makers have no difficulty in securing the new price of 122s. 6d. per ton, delivered locally. Steel production continues to increase where possible, but is not yet sufficient to satisfy all demands.

Further shipbuilding orders continue to be received and one local yard has secured the contract for two big oil tankers. The increased production of blast-furnace coke is readily absorbed and producers report a good demand at 35s. per ton, delivered at the furnaces. Scrap prices are unaltered with supplies not too freely available. Imports of foreign ore into the Tees continue to be well maintained, the quantity for the first 11 days of May being 56,487 tons, against 73,000 tons during the first 10 days of April.

GLASGOW.—There is a definite improvement in the tonnage of semis available for re-rollers this week, deliveries of several shipments of Continental material having been made. There is still a marked shortage, however, for stocks have been exhausted at all works. At the steel-making plants the situation is unchanged. Plants are running to capacity, but are still unable to meet the demands made on them. In no branch of the industry has the recent rise in prices affected demand. At the Clyde shipyards employment is increasing as work advances on the recently placed contracts. Many yards are exceedingly busy. There are a large number of tenders out at the moment and further contracts are expected despite increased costs.

CARDIFF.—For purely domestic reasons a few of the tinplate mills are idle this week, but generally speaking the industry is quite active, with current production at 73.31 per cent. of capacity. Shipments at Swansea last week totalled 10,345 tons, compared with 5,457 tons in the corresponding week last year, and stocks in warehouse and in vans were at the relatively low figure of 3,687 tons, against 5,657 tons a year ago. Prices are ruling at from 24s. 6d. to 25s. 6d. per basis box f.o.b., while quotations for sheets and steel bars are also unchanged at their recently increased figures.

OTHER METALS

COPPER.—Despite the reserve of consumers and holiday influences, prices are slightly firmer this week. The market was impressed by a sharp drop in home warehouse stocks last week.

Consumption of copper in this country rose from 60,000 tons in the first quarter of 1936 to 69,000 in the same period of this year according to the British Metal Corporation. Since this improvement in consumption was probably maintained until the middle of May, British consumers are likely to be short of supplies following the recent interruption of buying. Meanwhile, in the United States the market remains dull.

Sales on the London Metal Exchange: 2,050 tons on Monday, against 2,900 tons last week; 1,800 tons on Tuesday, against 2,100 tons last week; nil tons on Wednesday, against 2,600 tons last week. Domestic spot was quoted at 13.97½ cents per lb. in New York on Wednesday, against 14.02½ cents a week ago and 15.12½ cents a month ago. Tuesday's official closing price for standard cash in London was £60 15s. to £61 per ton, compared with £59 10s. to £59 15s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 14,188 tons, showed a decrease of 4,581 tons, while stocks of rough copper, at 2,787 tons, were 280 tons larger.

LEAD AND SELLER.—Absence of buying support and a certain amount of hedge selling were responsible for a slightly easier tone in both lead and spelter. It is anticipated in market circles that more Spanish lead will be available shortly, or at least that the Spanish Government will pay some of its creditors with lead. Meanwhile, stocks of spelter in the United States fell by 4,272 to 13,911 short tons in April. The latter figure represents only about one week's requirements; but since American Consumers are well stocked the actual position is less tight than might be supposed from the statistics alone.

Sales of lead on the London Metal Exchange: 1,100 tons on Monday, against 2,400 tons last week; 900 tons on Tuesday, against 1,000 tons last week; nil tons on Wednesday, against 850 tons last week. The New York quotation on Wednesday was 6.00 cents per lb., against 6.00 cents a week ago and 6.00 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £23 10s. per ton, compared with £23 17s. 6d. last week.

Sales of spelter on the London Metal Exchange: 1,450 tons on Monday, against 2,000 tons last week; 1,300 tons on Tuesday, against 600 tons last week; nil tons on Wednesday, against 1,300 tons last week. Wednesday's quotation in East St. Louis was 6.75 cents per lb., against 6.75 cents the week before and 7.00 cents a month earlier. Tuesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £22 13s. 9d. per ton, against £23s. last week.

TIN.—Prices were lower in a featureless market. Nevertheless, the outlook appears promising and a resumption of normal buying would probably be followed by a price rise. It is reported that agreement has been reached between the Bolivian Government and the country's tin producers whereby tin production will be immediately increased; this agreement would appear to relate to the question of foreign exchange. In view of the fact that Bolivian producers are handicapped by shortage of labour and water, however, the importance of this agreement from the point of view of tin supplies should not be over-emphasised.

Sales of tin on the London Metal Exchange: 275 tons on Monday, against 325 tons last week; 200 tons on Tuesday, against 325 tons last week; nil tons on Wednesday, against 350 tons last week. The New York quotation on Wednesday was 54.75 cents per lb., against 55.37½ cents a week ago and 60.87½ cents a month ago. Tuesday's official closing quotation in London for standard cash was £247 15s. to £248 per ton, compared with £249 to £249 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,631 tons, a decrease of 150 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Tuesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was quoted at £15 12s. to £15 12s. 6d. per flask of 76 lb., the same as last week. Chinese antimony was quoted at £73 to £74 per ton, ex warehouse, as against £75 last week. Chinese wolfram for "May-June" shipment was quoted at 56s. to 58s. per unit, c.i.f., compared with 55s. to 57s. last week. Refined platinum was quoted on Tuesday at £11 5s. an ounce, as against £11 15s. last week.

TEXTILES

COTTON.—Manchester.—Business has not shown expansion, and numerous buyers have again been inclined to act with caution. Owing to their good order lists, spinners and manufacturers have been in a position to resist low offers. Rather wider fluctuations have occurred in raw cotton prices. More attention is now being paid to the weather reports from the American belt. Cables indicate beneficial rains in Texas; but the extent of the increase in acreage remains uncertain. According to some authorities, the labour question in the belt may have some effect on production.

In the American yarn market, the scarcity of certain counts and qualities tends to become more acute. During the last few days prices have been paid for the quick delivery of ring beams which show a substantial increase in profit margins since a month ago. Fresh business, however, has not been important. In Egyptian yarns buying has been patchy.

Some manufacturers of piece-goods have experienced a larger inquiry and in one or two directions there have been more serious attempts at transactions, but turnover has been limited. Customers abroad are undoubtedly refusing to pay practically the same prices for Lancashire goods as when American cotton in Liverpool was around 8.1. per lb. There is some irregularity in the engagements of producers, but most makers are very well sold. Moderate scattered sales have been booked for export and the home trade, but most manufacturers have not sold current production.

COTTON PRICES

	1937				Corresponding Date	
	April 21	April 28	May 5	May 11	1935	1936
Raw Cotton—Mid. American..... per lb.	7.50	7.38	7.41	7.30	6.54	8.51
„ Sakellaridis Fully Good Fair..... per lb.	12.02	11.65	11.32	11.35	8.35	8.97
Yarns—32's twist..... per lb.	14	14	14	14	10	10
„ 40's twist..... per lb.	13½	13½	13½	13½	11	11
„ 60's twist (Egyptian)..... per lb.	20½	20½	20	20	15½	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	s. d. 21 0	s. d. 21 0	s. d. 20 10½	s. d. 20 9	s. d. 17 7	s. d. 17 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	28 11	28 11	28 8	28 5	23 9	24 0
38-in. ditto, 38 yds., 18 by 18, 10 lb. 10 lb. 10 lb.	11 8	11 8	11 7	11 6	10 5	10 0
39-in. ditto, 37½ yds., 16 by 15, 8½ lb. 8½ lb. 8½ lb.	10 8	10 8	10 7	10 6	9 3	9 0

LANCASHIRE AND THE BUDGET.—Since the Budget was introduced an expert Committee of the Manchester Chamber of Commerce has investigated the N.D.C. proposals. This week a letter has been sent to the Chancellor of the Exchequer conveying the Chamber's views on the National Defence Contribution proposals. Sir Edward Rhodes, the President of the Chamber, in his communication, says: "The Manchester Chamber associated itself unequivocally with the principle that part of the financial burden occasioned by the programme of re-armament which circumstances have rendered necessary for this country, should be borne by a tax on the profits of trade and industry." The letter continues: "It appears to us, however, that this principle could better be carried into effect by a tax on trading profits in general, rather than by an attempt to isolate increased profits after the precedent of the Excess Profits Duty, with all its complexities and inequities." The National Defence Contribution proposals have also been considered by the Federation of Master Cotton Spinners' Associations. In an official statement it was announced that the Federation is of opinion that the money required could have been found in some other way and it has requested the Chancellor of the Exchequer to consider alternative methods of obtaining the desired revenue which will be more equitable.

WOOL.—Bradford.—The third series of Colonial sales came to a close after only eight selling days. The home trade was credited with purchasing 29,500 bales, and the Continent 26,000 bales, while 13,000 bales were carried forward. The slight setback in prices led to more withdrawals than seemed likely, largely because of the rather high selling limits fixed by owners. The final results left merinos on about the same level of prices as at the close of the March series, while crossbreds were mostly 5 to 7½ per cent. higher. The reception of the crossbred slipes on offer was a little disappointing, largely due to the spirit of reserve that has come over the woollen end of the textile trade. Generally speaking, however, the auctions were good and a spirit of confidence prevailed.

Turning to conditions in manufacturing centres, it is significant that a spirit of hesitancy and caution has spread throughout the textile industry of the West Riding, and markets here are very slack. It would seem as if for the time being prices have touched the peak, and instead of buying their hand, preferring to work off old contracts and await further developments. The statistical position of raw wool is sound, but since the Coronation the industry has been marking time and markets have assumed a quiet and unresponsive attitude. Prices are fairly steady, though it is possible to buy both merino and crossbred tops at a fraction below the recent highest point.

GRAIN MARKETS

WHEAT.—The Coronation holiday and the approaching Whitsun recess had a restrictive effect on business. This factor, coupled with some what bearish crop reports from North America, was responsible for an easier tone this week.

On Wednesday last, "May" futures were quoted in Chicago at 122½ cents per bushel, against 129½ cents the week before and 137½ cents a month ago. Quotations in London, Monday: No. 1 Northern Manitoba, ex ship, 51s. 9d. per 496 lbs., as against 51s. 9d. to 53s. a week ago, No. 2 Northern Manitoba, ex ship, 51s., as against 51s. 3d. to 52s. 6d. a week ago.

FLOUR.—Monday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 42s. per 280 lbs., as against 42s. 6d. a week ago; delivered inner London, 41s. 6d., as against 42s. a week ago. Manitoba patents, ex store, 40s., as against 39s. to 40s. 6d. a week ago. Australian, ex store, 33s. 9d. to 34s. 9d., as against 34s. to 35s. a week ago.

BARLEY.—Quotations per 448 lbs. in London on Monday were: "English feed," at farm, 35s. to 36s., as against 35s. to 36s. a week ago; "English malting," at farm, 38s. to 40s., as against 38s. to 40s. a week ago. Californian (new), ex ship, 49s. to 55s., as against 53s. 6d. a week ago.

OATS.—On Wednesday, "May" futures were quoted at 45½ cents a bushel in Chicago, against 49½ cents a week ago and 50½ cents last month. Quotations in London, Monday: "English black," at farm, 25s. to 27s. per 336 lbs., as against 26s. to 27s. a week ago; "English White," at farm, 25s. to 27s., as against 26s. to 27s. a week ago; mixed Canadian feed (Vancouver), landed, 26s. per 320 lbs., as against 25s. 6d. a week ago.

MAIZE.—"May" futures were quoted on Wednesday at 125½ cents per bushel in Chicago, against 132½ cents a week ago and 126½ cents last month. Quotations in London, Monday: "Plate," landed 28s. 3d. per 480 lbs., as against 27s. 6d. a week ago; "Plate," ex ship, 27s. 3d., as against 26s. 6d. a week ago; "Plate," April (new), 27s., as against 27s. a week ago.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-37:—

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	May 13, 1936	Dec. 30, 1936	May 5, 1937	May 12, 1937
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	82½	84½	78	129	133½	(a)
Chicago (No. 2, Winter) —Cents per 60 lb.	98½	101½	93	135½	129½	122½

(a) Market closed.

The visible supply of wheat in Canada amounts to 72,230,000 bushels, against 75,675,000 bushels last week, and 109,107,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1933-34 to 1936-37:—

	1933-1934	1934-1935	1935-1936	1936-1937
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to May 8.....	148,199	206,783	205,608	140,650
36 weeks to May 8.....	9,660,931	12,091,339	12,070,860	9,566,771
Average price of English wheat per cwt.	s. d. 4 5	s. d. 5 4	s. d. 6 9	s. d. 9 10

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding weeks in each of the years from 1933 to 1936:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
May 6, 1933.....	Cwts. 118,663	Cwts. 44,497	Cwts. 19,061	s. d. 5 4	s. d. 6 6	s. d. 5 9
May 5, 1934.....	148,199	22,207	23,514	5 4	7 8	6 0
May 11, 1935.....	206,783	33,172	19,933	5 4	7 1	7 1
May 9, 1936.....	205,608	26,540	28,979	6 9	7 11	6 1
May 1, 1937.....	141,854	39,987	31,398	10 0	10 3	8 7
May 8, 1937.....	140,650	17,594	29,848	9 10	10 1	8 9

OTHER FOODS

BACON.—The market has been somewhat irregular this week. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 90s. to 96s.; Canadian, 87s.; Danish, 95s.; against 92s. to 96s., 87s., and 95s. last week. Arrivals in London last week included: Danish, 14,497 bales; Canadian, 7,432; Dutch, 2,886; Lithuanian, 1,503; and Polish, 3,020; as against 15,111, 6,956, 3,064, 1,300 and 3,474 bales, respectively, in the previous week.

BUTTER.—Prices again eased on a quiet demand. Quotations (per cwt.) on the London Provision Exchange on Monday were: New Zealand, finest salted, 103s.; Australian, choicest salted, 102s. to 103s.; Danish, 110s.; compared with 104s., 103s., and 110s. to 112s. respectively a week ago.

CHEESE.—The market has again had a firm tone. Quotations (per cwt.) on the London Provision Exchange on Monday were as follows: English, finest farmers, 89s. to 96s.; Canadian, finest coloured, 76s. to 78s.; and New Zealand, finest coloured, 71s.; against 89s. to 96s., 76s. to 78s., and 70s., respectively, a week ago.

COCOA.—A further drop in prices has occurred this week. The spot quotation in New York on Wednesday was 8 cents per lb., as against 8½ cents per lb. last week. In London, on Tuesday last, good fermented new crop, Accra, "May-June," was quoted at 38s. per 50 kilos, c.i.f. Continent, against 40s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 34,807 bags; delivered, for home consumption, 8,891 bags; exported, 202 bags; stocks, 300,125 bags, against 163,814 bags a year ago.

COFFEE.—The London spot market was quiet, but New York prices showed a firmer tendency. On Wednesday, Rio No. 7 (cash) was quoted at 9½ cents per lb. in New York, as compared with 9 cents per lb. last week and 9 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 39 cwt.; delivered, for home consumption, 121 cwt.; exports, nil; stocks, 1,972 cwt., against 11,415 a year ago. Central and other South American: Landed, 5,102 cwt.; delivered, for home consumption, 1,422 cwt.; exported, 658 cwt.; stocks, 116,622 cwt., against 127,283 last year. Other kinds: Landed, 2,004 cwt.; delivered, for home consumption, 3,295 cwt.; exported, 726 cwt.; stocks, 123,161 cwt., against 180,915 last year.

EGGS.—Prices were about unchanged in a quiet market. At Smithfield, on Tuesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 9s. 3d. to 9s. 9d. per 120, against 9s. 3d. to 9s. 9d. last week; while Danish (15½ lb.) made 8s. 6d. to 8s. 9d., as against 8s. 9d. to 9s. last week.

FRUIT.—Business at Covent Garden has been active, states *The Fruitgrower*, and prices generally maintain a satisfactory level. The

demand for apples continues active, but with very heavy imports, prices are generally a point easier. Pears remain a consistent trade and quotations show little variation. Large quantities of grapes are disposed of without difficulty and peaches meet a steady sale. English forced strawberries are steady at 6s. to 12s. per lb. Large arrivals of French and Italian cherries are showing better form and meeting a fair sale at the rather lower prices now ruling. Moderate supplies of Spanish apricots sell at 6s. to 10s. per crate. Reliable parcels of oranges are inquired for, but are somewhat scarce; plentiful supplies of grape fruit meet a better sale, while lemons remain short and dear.

MEAT.—A fair business was transacted at Smithfield and prices are about unchanged. On Tuesday last, Argentine chilled hindquarters were quoted at 3s. 10d. to 4s. 3d. per 8 lbs., as compared with 3s. 10d. to 4s. 2d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,318 tons, an increase of 812 tons on the corresponding week last year.

PEPPER.—On Tuesday, Singapore white Muntok, spot, was quoted at 6d. per lb. in bond, against 6d. per lb. a week earlier. Black Lampong, spot, in bond, was quoted at 3d. per lb. sellers, compared with 3d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, 29 tons; delivered, 1 ton; stocks, 1,868, against 1,717 last year. White, landed, 89 tons; delivered, 57 tons; stocks, 11,936, compared with 12,344 a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 10s. per cwt. ex warehouse, on Tuesday, as compared with 10s. per cwt. a week ago. "May-June," in singles to Continent and U.K., was quoted at 9s. per cwt., against 9s. last week. Movements in London last week were as follows: Landed, 72 tons; delivered, 56 tons; stocks, 1,070 tons, against 1,216 a year ago.

SUGAR.—Raw sugar was a rather firmer market in London, but New York quotations were unchanged. The New York spot quotation was 3.45 cents on Wednesday, as compared with 3.45 cents per lb. last week and 3.45 cents per lb. a month ago. Tuesday's sales of raw sugar in London included "August" delivery at 6s. 5½d., against 6s. 2½d. to 6s. 3d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 28,393 tons, against 13,431 in the previous week and 6,591 in the same week of 1936; deliveries, 30,039 tons, against 19,305 and 17,699 tons, respectively; stocks, 181,624 tons, against 183,270 and 193,415 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
May 7, 1936.....	d. 12.79	d. 14.09	d. 15.67	d. 11.02	d. 10.54	d. 11.69	d. 13.55
Apr. 8, 1937.....	14.99	16.03	17.67	15.64	13.26	14.22	15.65
Apr. 15, ".....	14.82	15.89	17.36	14.15	12.94	13.83	15.47
Apr. 22, ".....	14.79	16.38	17.36	14.81	13.08	13.98	15.68
Apr. 29, ".....	15.04	16.37	17.35	13.68	12.73	14.18	15.68
May 6, ".....	15.26	16.15	17.28	14.52	13.23	14.31	15.80

At this week's public auctions in Mincing Lane, 31,963 packages of Indian and 20,721 packages of Ceylon tea came up for disposal. Prices of Indian sorts advanced on a strong demand. Ceylon teas up to 1s. 3d. per lb. were also dearer; medium and fine broken Orange Pekoes were irregular and usually easier. Leaf grades, however, were dearer.

VEGETABLES.—Increasing supplies of tomatoes are now reaching Covent Garden, according to *The Fruitgrower*, and prices are consequently declining. Cucumbers and asparagus are also more plentiful, but demand is good and prices show little variation. House-grown beans are available in fair quantities and green peas are easier. Plentiful supplies of greenstuff are offered at lower rates, but Egyptian onions are doing a little better. Rhubarb is going out fairly well, but parsnips, carrots and turnips are a slow trade. New potatoes are a more active trade and Scilly Isles supplies are now arriving. The latter have been making 2d. to 4d. per lb. while Mataro are quoted at 26s. to 27s. per cwt. Meanwhile, old potatoes remain in demand at the various London markets at steady prices. On Tuesday, best siltland King Edward made 10s. to 11s. per cwt. at the Borough, the same as a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—There is little disposition to trade and quiet conditions rule in most sections. Crushers of linseed, both here and elsewhere, are well supplied and have exhibited only desultory interest. But shippers in Argentina and India, fortified by a strong statistical position, have evinced little pressure to sell and the market is fairly steady. For Calcutta May-June loading £14 12s. 6d. per ton has been paid and Plate on passage to Hull has commanded over £13 per ton, plus duty. Shipments from the River Plate last week were 21,000 tons, the lowest figure for some weeks, bringing the total since January 1st up to 946,000 tons or rather more than two thirds of this season's estimated exportable surplus. The quantity afloat for Europe has now been reduced by substantial arrivals to 104,400 tons (including 14,100 tons from India) and that for the United States and Canada to 96,600 tons. America has made heavy demands upon the Plate crop this year. The extent of future purchases depends on the size of the domestic crop, the outlook for which is regarded as favourable.

Linseed oil made a good recovery from the recent set-back, but eased off again leaving a net gain of 20s. per ton from the lowest. Easier conditions are ruling in cottonseed after £9 paid for black Egyptian May-June loading. Demand for cotton oil, however, is only moderate, and prices remain without quotable change. The trade in oilcakes has fallen off with the coming of open weather.

RUBBER.—The market has had a firmer tone this week, and prices have recovered part of their recent fall. The spot price in New York on Wednesday was 21½ cents per lb., compared with 21½ cents per lb. a week ago and 22½ cents a month ago. Tuesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 10½d. per lb., as against 10½d. on the corresponding day last week. In forward positions, business has been done at 10½d. for "June" shipment, as against 10½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 47,757 tons, against 48,687 tons a week earlier. A year ago stocks amounted to 136,716 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, May 11th.

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

CEREALS AND MEAT

GRAIN, Etc.	s.	d.	s.	d.
Wheat—				
No. 2, N. Man. 496 lb.	51	0		
Egg Gaz. av., per cwt.	9	10		
Barley, Eng. Gaz. av.	10	1		
Oats—				
Maize, La Plata, landed	28	3		
480 lb. ex mill.	40	3		
Flour, Lon. stan. ex mill.	40	3		
280 lb.	9	0		
Rice, No. 2 Burma, per cwt.	9	0		
MEAT—				
Beef, per 8 lbs.—				
English long sides	4	6	5	2
Argentine chilled hinds	3	10	4	3
Mutton, per 8 lbs.—				
English wethers	3	4	4	0
N.Z. frozen	3	4	4	0
Lamb, per 8 lbs.—				
N.Z. frozen	4	6	5	4
Pork, English, per 8 lbs.	5	2	5	10

OTHER FOODS

BACON—	s.	d.	s.	d.
English—per cwt.	90	0	98	0
Irish—	90	0	98	0
Danish—	95	0		
Dutch—	92	0		
HAMS—				
Canadian—	94	0	97	0
United States—	92	0	95	0
BUTTER—				
Australian—	102	0	103	0
New Zealand—	103	0		
Danish—	110	0		
CHEESE—				
Canadian—per cwt.	76	0	78	0
New Zealand—	71	0		
English Cheddars, 7/5½	89	0	96	0
Dutch—	42	0	51	0
COCOA—				
(Duty, British grown, 11/8; foreign, 14/- cwt.)				
Accra, f.f. per cwt.	40	0	41	0
Trinidad—	78	0	82	0
Grenada—	67	0	80	0
COFFEE—				
(Duty, British grown, 4/8; foreign, 14/- cwt.)				
Santos sup. c. & f. cwt.	52	0	64	0
Colombian, good—	56	0	64	0
Costa Rica, med. to good	64	0	68	0
East Indian—	68	0	68	0
Kenya, medium—	58	0	72	0
EGGS—				
English—per 120	9	3	9	9
Danish—	8	6	8	9
FRUIT—Oranges—				
Valencia—cases	12	0	19	0
Jaffa—boxes	12	0	15	0
LEMONS, Malaga—cases	18	0	23	0
Sicilian—boxes	18	0	23	0
Apples: Amer. (var.) brls.				
(var.) boxes				
Australian—	9	0	16	0
Onions—				
Valencia, case—	6	0	6	6
Egyptian, bags—	6	0	6	6
Grapes, Algeria, barrels	7	0	11	0
Grapefruit, Jaffa—				
Amer.—				
LARD—				
Irish finest bladders	72	0	80	0
U.S.—per cwt.	64	0	65	6

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

POTATOES—

English King Edward	s.	d.	s.	d.
per cwt.	10	0	11	0
SPICES—				
Pepper, per lb.—				
Black Lampung	0	3		
White Muntok	0	4		
Cinnamon—1st sort, per lb.	0	2½		
Cloves—Zanzibar, per lb.	0	10½		
Guaiacum—per cwt.—	65	0		
African—	65	0		
Jamaica, ord. to good	65	0	90	9
Macis—	1	9	2	4
Nutmegs, 65½—	0	11½		
SUGAR—				
(Duty, 11/8 per cwt.)				
Centrifugals, 96½, prpt.	6	7½		
slip, c.f.f. U.K. (Cont.	17	6	19	0
W.L., crystallised—				
Jaya, white, c. & f. India				
Out-Des—	Nominal.			
Refined—London—	19	10½		
Cubes—	24	1½	24	7½
Crushed—	22	4½		
Granulated—	20	1½	21	1½
Home Grown—	20	1½	20	1½
TEA—				
Indian—per lb.—				
Pekoe	1	2½	1	4
Broken Pekoe	1	2½	1	4½
Orange Pekoe	1	2½	1	7
Broken Orange Pekoe	1	3	2	0½
Ceylon—per lb.—				
Pekoe	1	3	2	1
Broken Pekoe	1	3½	1	6½
Orange Pekoe	1	3	2	1
Broken Orange	1	3½	2	2
TOBACCO—				
(Duty, 9/8-10/6½ per lb.)				
Empire growth, 7/5½				
8/2½ per lb.)				
Virginia leaf—				
Common to fine	0	8	2	8
Rhodania leaf	0	8	1	10
Nyasaland leaf	0	7	1	4
Strips	0	9	1	8
East Indian leaf	0	7	1	10
Strips	0	6	1	9

TEXTILES

COTTON—	s.	d.	s.	d.
Med-American—per lb.	7	30		
Sakellaris, f.f. f.	11	35		
Yarns, 32's twist	14½			
60's twist	20			
FLAX—				
Livonian ZK—per ton	85	0	86	0
Pernau HD—	87	0		
Slapet Medium 1st sort	94	0	96	0
HEMP—				
Italian P.C.—per ton	66	0		
Manilla, May-July "J2"	35	10		
Sisal, African—	26	0	29	0
JUTE—				
Native 1st mks—per ton				
c.f.f. H.A.R.B.				
May-June	£21/15/0			
Daize 2½ c.f.f. Dundee	£21/7/6			
May-June				
SILK—				
Canton—per lb.	6	0	8	6
Tussah—	8	0	4	6
Japan—	8	0	8	9
Italian—raw, fr. Milan	8	6	10	0

WOOL—

English Southdown, greasy, per lb.	s.	d.	s.	d.
Lincoln hog, washed	18			
Queensland, w.d. super comb	32			
N.S.W. greasy, super comb	20			
N.Z., krsy., half bred 50-56	19			
Crossbred 40-44	16			
Tops—				
Merinos 70's average	40½			
64's "	38			
Crossbred 48's	25½			
46's	25			

MINERALS

COAL.—		s.	d.	s.	d.
Welsh, best Ad'ty., ton		19	6	22	6
Durham, best gas, f.o.b.					
Tyne		22	0		
Sheffield, best house, at pits		23	0	25	0
IRON AND STEEL.—					
Pig, Cleveland No. 3, d/d. ton					
Bars, M'orough		237	6		
Steel rails, heavy		202	6		
Tin plates, heavy per box		24	0	25	0
METALS.—					
Copper, Electrolytic, ton		63	10	0	
Sheets (strong)		95	0		64
Standard		60	15	0	
Lead, Eng. pig., per ton		25	0	0	25
Soft foreign		23	7	6	
Spotter G O B.		22	13	9	23
Tin—English ingots		248	11	0	
Standard cash		247	15	0	248

MISCELLANEOUS

CHEMICALS—	s.	d.	s.	d.
Acid, citric, per lb., less 5%	1	0	1	0½
Nitric	0	2½	0	3½
Oxalic, net	0	5	0	6
Tartaric, English, less 5%	1	1	1	1½
Alcohol, Plain Ethyl	12	0		
Alum, lump—per ton	8	10	8	15
Ammonia, carb.—ton	27	0	28	0
Sulphate—				
Arseic, lump—per ton	85	0		
Bleaching powder, per ton	8	15	9	0
Borax, gran.—per cwt.	13	6		
Do., powder	15	0		
Nitrate of soda—per cwt.	7	9		
Potash—Chlorate, net	0	4	0	4½
Sulphate—				
Soda Bicarb.—per cwt.	9	9	10	0
Crystals—per cwt.	10	0	11	0
Sulphate of Copper, per ton	23	0		
CEMENT, best Eng. Portland, d/d. site,				
London area, jute sacks, 11 to ton				
(charged and credited at 1/6d. each) or				
paper bags 20 to ton (free, non-return-				
able)—				
4-ton loads and upwards 39/- per ton				
1 and up to 4-ton loads 41/- per ton				
COPRA—				
S.D. Straits c.f.f., per ton	17	5	0	
DRUGS—				
Camphor—				
Japan, refined—per lb.	2	4		
Ipecacuanha—per lb.	6	9	7	0
HIDIS—				
Wet salted—Australian				
per lb.	0	7½	0	8
West Indian	0	5	0	8½

CAPES—

English Southdown, greasy, per lb.	s.	d.	s.	d.
Lincoln hog, washed	18			
Queensland, w.d. super comb	32			
N.S.W. greasy, super comb	20			
N.Z., krsy., half bred 50-56	19			
Crossbred 40-44	16			
Tops—				
Merinos 70's average	40½			
64's "	38			
Crossbred 48's	25½			
46's	25			

INDIGO—

English Southdown, greasy, per lb.	s.	d.	s.	d.
Lincoln hog, washed	18			
Queensland, w.d. super comb	32			
N.S.W. greasy, super comb	20			
N.Z., krsy., half bred 50-56	19			
Crossbred 40-44	16			
Tops—				
Merinos 70's average	40½			
64's "	38			
Crossbred 48's	25½			
46's	25			

LEATHER—

English Southdown, greasy, per lb.	s.	d.	s.	d.
Lincoln hog, washed	18			
Queensland, w.d. super comb	32			
N.S.W. greasy, super comb	20			
N.Z., krsy., half bred 50-56	19			
Crossbred 40-44	16			
Tops—				
Merinos 70's average	40½			
64's "	38			
Crossbred 48's	25½			
46's	25			

PETROLEUM PRODUCTS—

English Southdown, greasy, per lb.	s.	d.	s.	d.
Lincoln hog, washed	18			
Queensland, w.d. super comb	32			
N.S.W. greasy, super comb	20			
N.Z., krsy., half bred 50-56	19			
Crossbred 40-44	16			
Tops—				
Merinos 70's average	40½			
64's "	38			
Crossbred 48's	25½			
46's	25			

SHELLAC—

English Southdown, greasy, per lb.	s.	d.	s.	d.
Lincoln hog, washed	18			
Queensland, w.d. super comb	32			
N.S.W. greasy, super comb	20			
N.Z., krsy., half bred 50-56	19			
Crossbred 40-44	16			
Tops—				
Merinos 70's average	40½			
64's "	38			
Crossbred 48's	25½			
46's	25			

TALLOW—

English Southdown, greasy, per lb.	s.	d.	s.	d.
Lincoln hog, washed	18			
Queensland, w.d. super comb	32			
N.S.W. greasy, super comb	20			
N.Z., krsy., half bred 50-56	19			
Crossbred 40-44	16			
Tops—				
Merinos 70's average	40½			
64's "	38			
Crossbred 48's	25½			
46's	25			

TIMBER—

English Southdown, greasy, per lb.	s.	d.	s.	d.
Lincoln hog, washed	18			
Queensland, w.d. super comb	32			
N.S.W. greasy, super comb	20			
N.Z., krsy., half bred 50-56	19			
Crossbred 40-44	16			
Tops—				
Merinos 70's average	40½			
64's "	38			
Crossbred 48's	25½			
46's	25			

UNITED STATES

New York quotations unless otherwise stated

	May 13, 1936 Cents	Apr. 14, 1937 Cents	May 5, 1937 Cents	May 12, 1937 Cents		May 13, 1936 Cents	Apr. 14, 1937 Cents	May 5, 1937 Cents	May 12, 1937 Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	93	137½	129½	122½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-72	3-45	3-45	3-45
Maize, nearest future, Chicago, per bushel	62½	126½	132½	125½	Rubber, smoked sheet, spot, per lb.	11-63	14-36	13-65	13-31
Oats, nearest future, Chicago, per bushel	26	50½	49½	45½	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	15 ½	22 ¼	21½	21½
Rye, nearest future, Chicago, per bushel	53½	115½	112½	109½	Copper, "Electrolytic," Domestic, spot, per lb.	104	116	116	116
Barley, nearest future, Chicago, per bushel	(a)	78½	77	76½	Copper "Electrolytic," Export prompt, per lb.	8-87½	15-12½	14-02½	13-97½
Coffee, Rio No. 7, cash, per lb.	6½	9	9	9½	Spelter, East St. Louis, spot, per lb.	9-20	15-35	14-25	14-20
" Santos No. 4, cash, per lb.	8½	11	11½	11½	Lead, spot, per lb.	4-90	7-00	6-75	6-75
Cocoa, Accra, nearest future, per lb.	5-16	9-69	8-40	7-62	Tin, "Straits," spot, per lb. ...	4-60	6-00	6-00	6-00
					(a) Nominal.	46-87½	80-87½	55-37½	54-75

of labour conditions in an attempt to discover where conflict can be avoided by preventive action. Trade unionism is so thoroughly accepted in this country that it comes as a shock to realise how small a proportion of British workers are actually enrolled in trade unions. There are roughly 19 million persons covered by National Health Insurance, and some 13 millions insured against unemployment. But the membership of unions affiliated to the Trades Union Congress in 1936 was only 3,615,000. It follows that there are many unorganised industries, especially among those which have been growing most rapidly. In some of these industries wages are low and conditions of work bad. In the road haulage industry, for example, a Departmental Committee has recently reported that wages are frequently "even lower than the minimum rates of wages fixed by trade boards" and that hours are "in nearly all cases . . . considerably in excess of the 48-hour week." Some other distributive trades have conditions almost as bad. In engineering, the workers have not had a proportionate share in the recent swelling prosperity which has come to many of the lighter branches of the industry. Women's wages are almost everywhere too low.

These are all cases in which no immediate remedy can be expected from trade union activity, for organisation must precede action. It may be suggested that a more direct method would be that made possible by the Trade Boards Act of 1909, which was instrumental in the years just before and after the war in considerably improving conditions in sweated industries.

Sweated industries, however, are exceptional, though by no means non-existent, even to-day; and the Trade Board method is not applicable to industry as a whole. There the worker turns to the trade unions, and it is from them that the greater part of the pressure for improved conditions—and, incidentally, for greater effi-

ency—will come. On the whole, this pressure is to be welcomed, for its results in raising the standard of living usually outweigh the disturbance it creates. Collective bargaining is accepted in this country—indeed, it is hardly questioned in principle—and many of the most progressive industries welcome it as a factor making for order and stability. Even those employers who regard it as a necessary evil are inclined to rank the necessity above the evil. For the public at large, trade union collaboration in the settlement of working conditions accords with the growing belief that industry is fundamentally a co-operative process of partnership rather than an exclusive concern of proprietors or an anti-social exploitation.

This acceptance of trade unionism's central contention, however, carries with it certain obligations on organised labour. One is the duty to exercise a wise discrimination in using, or threatening to use, the ultimate weapon of the strike. It should remain in reserve for employment, in important cases, when all other means of settlement have been exhausted. There is also an obligation on the rank and file to observe the necessary discipline. The mechanism of the unions is rightly democratic. But it is not true democracy for the rank and file to empower leaders to make agreements and then to repudiate them.

There have been disturbing indications recently that both these truths are being forgotten. Both in the London bus strike and in the coal dispute the rank and file have overruled the leaders. In both, the strike weapon has been unsheathed with more haste than can be justified. It is important that these methods should not be further pursued. For if they are, what might be a beneficial period of labour advance may be converted into a series of unnecessarily bitter conflicts. That would be bad for the prestige of the democratic system. It would be even worse for trade unionism.

The Austrian Portent

THE comings and goings, both along and about the Rome-Berlin axis, have brought Austria's destiny once more into the forefront of European events. No one, save the chief protagonists, knows what rôle SIGNOR MUSSOLINI, HERR HITLER, GENERAL GOERING, DR VON SCHUSCHNIGG and COUNT CIANO between them during the last few weeks have reserved for that small but important country. Least of all, perhaps, have the Austrians themselves any clear idea in what political direction they wish to go, or whither they are being led. Does their destiny lie in Rome or in Berlin? Between the two, or beyond both?

This may explain the many irreconcilable opinions now being voiced in Vienna. One Austrian will assure the foreign observer that the present political regime is the old Austria come to life again, while another will warn him that it is no more than a crust on the surface of the lava in the crater of a volcano which is just getting ready to erupt. Perhaps the greatest disagreement of all is over the problem of what has happened to the former adherents of the Austrian Social-Democratic Party. Have they stayed Marxist? Have they turned Nazi? Have they drifted back into the fold of the Church? Tracking down the vanished Austrian Social-Democrat is as elusive a quest as hunting the snark, or the slipper, or the pre-war English Liberal vote. On all those questions, views are legion.

But there is one point on which these discordant voices speak in chorus. They all agree that the fate of Austria depends on the policy of England and France; and on this question there is only a difference of desire, without any difference of conviction. There is a minority of

Austrian Pan-Germans and Nazis who do not want the Western Powers to take a more active line because they wish for an *Anschluss*, or at any rate for a *Gleichschaltung*. There are other Austrians who hope to see England and France restrain the German and Italian icebergs from crushing between them the Austrian cockleshell; and these Austrians whose eyes are turned westward are probably in a majority, since they seem to include those who take no other interest in politics, as well as the politically conscious supporters of the Vaterländische Front. But the minority who set no store by Anglo-French intervention agree with the majority who place their hopes in it in believing that this Western question—and not any local play of forces—is the issue which will be decisive for Austria's destiny.

Whatever an Englishman or a Frenchman may think about this Austrian belief, he will soon find that the Austrians are not alone in holding it. If he talks to a Pole, a Hungarian or a Yugoslav, he will encounter virtually the same point of view. The truth seems to be that (perhaps with the exception of Czechoslovakia) all these lesser States that lie in the arena between Germany, Italy, and Russia have now resigned themselves to the idea that they cannot expect to be masters of their own fate. Their future will depend upon the relations between the Great Powers that overshadow them. If the Western Powers show themselves determined to prevent the Central Powers from achieving their ambition to make Central and Eastern Europe revolve round the Berlin-Rome axis, then the Central and East-European States may pluck up the courage to fight for their lives under Anglo-French leadership. But if the Western Powers

make up their minds to abandon Central and Eastern Europe to a German hegemony, then these small countries will accept the inevitable. Perhaps Czechoslovakia might put up a strong fight which would ultimately involve the whole delicate structure of Europe; but the majority of her neighbours have no stomach for self-immolation. If they are to lose their liberty, they prefer to lose it quietly rather than to lose their life as well. That is the lesson which they have learnt from the story of Abyssinia.

Undesignedly, yet not the less effectively, such an acceptance of a German hegemony would be the smaller States' revenge upon the Western Powers for having left them in the lurch. For if it be true that the destiny of Austria or Poland depends on the policy of London and Paris, is it not perhaps equally true that the destiny of France and Great Britain depends no less directly upon what happens to Central and Eastern Europe? These small countries may be right in thinking that they are nothing in themselves. But Germany might also not be wrong in thinking that, in her hands, they would be capable of making history by giving Germany a decisive superiority over her Western rivals. At present the smaller countries are all frankly temporising, and one shrewd observer from a Viennese watch tower declares that the shifts in the policy of Poland, Austria and the Little Entente States are a surer index of the state of health of England and France than any news that comes to him direct from those two Western countries.

Austria has to temporise with the rest. She cannot break away from Italy and Germany. The utmost she can do is to refuse to be drawn into an anti-Western front. With her living memories of her own rôle as a Great Power, she probably feels even more distaste than her successor-states feel for the rôle that all alike are now being compelled to play. But one cannot be guided by one's taste when one is in constant peril of one's life and when one cannot count upon any helping hand to throw a life line if one's cockle-boat is stove in.

This necessity to temporise is perhaps the hardest test of the character of the lonely man who now has the government of Austria in his hands—or, should one rather say, on his shoulders, which are manfully bearing this burden of Atlas. DR VON SCHUSCHNIGG is a man

who is convinced of his mission and is dedicated to it. He does not glory in it; he submits to it. It is not for him an intoxicating fulfilment of his personality; it is a heavy cross. And one may guess that, in the BUNDESKANZLER'S own mind, the criterion of success in his task is not an outward one. No doubt he faces the fact that the Vaterländische Front might be broken by the impact of external forces which it would be quite beyond his own power to control, and that his personal career might end in the same fashion as that of his predecessor DR DOLLFUSS. These possibilities probably do not dismay him. It is enough for him to do his duty as a good and faithful servant.

If this diagnosis of DR VON SCHUSCHNIGG comes anywhere near the mark, it means that he is one of the most formidable statesmen in Europe. A nation composed of six million Schuschniggs would be invincible. But that raises the question: Is SCHUSCHNIGG or HITLER the typical Austrian? HITLER, with his artistic temperament, bears the greater resemblance to the stage Austrian who plays his mercurial rôle in the imagination of the foreigner. But then nations have a way of making up caricatures of themselves for export. And perhaps the Austrian statesman who has stuck to his post in Vienna, instead of making a profitable Hegira to Berlin, is, after all, not so un-Austrian as he would appear to be in foreign eyes. DR VON SCHUSCHNIGG puzzles the foreigner because we are unused to finding men of this austere ascetic type in the rôle of Austrian—or, for that matter, British—politicians.

Perhaps, then, it is as a politician rather than as an Austrian that DR VON SCHUSCHNIGG is a portent. His freedom from HITLER'S shoddiness almost automatically deprives him of HITLER'S demagogic flair. Is he sufficiently in touch with the mass of his countrymen? His aloofness may be his Achilles' heel. Yet he has three very potent assets. He has behind him all the momentum of the Austrian tradition. He can console himself, if he should fail to win the hearts of the Social Democrats, with the knowledge that they greatly prefer his regime to the only now conceivable alternative. And last, but not least, he has his own character. An ascetic who is also a fighter may prove to be as much a match for the FÜHRER as for the DUCE.

A System for Saving

IN Great Britain, the cradle of the incongruous, we pride ourselves on a long and lively tradition of political thinking, and, in the same breath, on our entire emancipation from the tyranny of abstract doctrines. We work, consequently, in an environment of anomalies, and, on the whole, we thrive on it. But one disadvantage of the policy is that some of our most valuable anomalies obtain less than their meed of careful attention because they cannot readily be fitted into simple categories.

This condition certainly applies to the National Savings Movement, which is celebrating its twenty-first birthday this year. Its central organisation and part of its regional activity are financed by the State, but a great proportion of its work is done by some thousands of public-spirited private citizens. It has always enjoyed the warm support of all parties throughout its history. And it has the laudable object of encouraging, from a mainly altruistic motive, one particular virtue. The movement started in the War, as only one of many organisations called up to meet exceptional necessities in an exceptional manner. Founded on the recommendations of the Montagu Committee on War Loans for Small Investors, the National War Savings Committees (for there were two at first, which were quickly merged) set themselves

the twofold object of reducing individual spending and securing as much as possible of the money saved for the Government. To attain those ends, the National War Savings Movement enlisted an immense body of voluntary helpers, engaged upon a furious propaganda campaign and organised a host of War Savings Associations to purchase the newly instituted War Savings Certificates. It also ran special campaigns in support of the Five Per Cent. War Loan, War Bonds and Food Economy.

When the War ended, the movement, unlike most other novelties of the period, survived intact, on the recommendation of an official committee "impressed by the enormous potential increase in the number of small investors." To-day, after twenty-one years of development, its constitution is as follows. At the apex of the pyramid stands the National Savings Committee, a large body composed partly of members appointed by the Treasury, partly of representatives of various interested bodies and partly of delegates elected from the movement's voluntary workers. This Committee has a very strong Industrial Advisory Council to assist in one branch of its work. Beneath the national committee comes a voluntary organisation, composed of some 1,250

Local Savings Committees, each dealing with its own area, which in nearly all cases is the same as the local government area. These committees, whose personnel includes municipal leaders, teachers, social workers and other public spirited persons, supervise and encourage the local savings clubs (usually called National Savings Groups), the promotion of which is the *raison d'être* of the whole hierarchy. The National Savings Committee runs a London office, which has an official Civil Service staff of about 200 persons all told, and is financed directly by the Treasury. Under the office, in turn, are the twelve regions into which England and Wales are divided—Scotland has a separate organisation. Each region has a commissioner and a varying number of assistant commissioners. An annual conference is held in each region with delegates from each local committee, proportionate in number to the number of Savings Groups under its aegis. This conference elects the region's representative on the national committee. At county meetings (held in the course of the regional conferences) delegates are chosen for the National Savings Assembly, the annual parliament of the movement as a whole.

Thus, in this complex of private and public activity the streams of influence flow up and down with a nice division of forces. The opposite dangers of bureaucracy and amateurism are neatly escaped, and throughout its life the movement has consistently succeeded in adapting its methods with increasing skill to changing circumstances. A glance at its statistics reveals the changes with which it has had to contend. In the War period, under the spur of exceptional needs, the number of groups which it organised rose to 41,000. In the first flush of peace, when men and women attempted to restore pre-war modes of life, many groups died outright, and more first slept and then expired. By the beginning of 1923 the total had fallen to nearly 18,000. The greatest tribute to the movement's vitality is that this crisis was safely surmounted. In the following years, even in the worst period of slump, the number rose steadily. To-day it is back at 38,000, with a membership of about 1,250,000 persons actually enrolled in its groups.

The movement is now an established and prospering part of our national life. The rough figures available suggest that a high proportion of working-class saving is performed through its mechanism. What part of this is in any sense net, it is, of course, very hard to tell, but if we look at the details of group organisation, it is not impossible to make a reasonable guess.

Of the existing groups, three-fifths are in schools, and of the remainder about two-thirds are in places of employment, and one-third in social organisations, churches, mothers' unions, clubs and the like. The national committee suggests a diversity of different schemes for these different classes of savings groups, the Post Office Savings Bank, Trustee Savings Banks and National Savings Certificates being the media through which the movement works. The most elaborate schemes are naturally designed for places of employment. Under these schemes, the savings of the employees, with assistance from the employer, can be used to provide endowment and death benefit. Many simpler types of schemes are appropriate to schools and social organisations. The secretary of a group may simply bank the members' contributions, and distribute the money at the annual meeting, or, if any member so wishes, transfer it to his private savings account or buy savings certificates for him. Alternatively, a member may have a National Savings Stamp Book and buy stamps for it from the secretary; or he may have a Penny Savings Bank book in which his payments-in and his withdrawals can be recorded. One popular and ingenious scheme makes a mild appeal to the saver's gambling instinct. Each member of the group covenants to save so many sixpences a week for thirty weeks to obtain so many savings certi-

ificates. With the weekly revenue the secretary buys certificates, and a weekly ballot is held to decide in whose name these certificates shall be put. The least fortunate subscriber obtains his certificate as soon as he has completed his thirty weeks' saving. The remainder begin to earn their interest anything from one to twenty-nine weeks earlier.

The simplicity of these schemes, the places in which they work, and the literature which recommends them, suggest two conclusive facts. The motives for saving which are fostered are very general. The new savers save for the most part, not specifically to have money for holidays or Christmas festivities and so on, but because they are taught the merits of wise spending and the utility of possessing a reserve fund. The movement has affected national life mainly by raising the economic intelligence of those to whom economic wisdom is most important. And, secondly, the people directly affected comprise a large population untouched through most of their lives by similar movements. Of the school-children (and their parents) to whom the movement appeals, many probably learn to save throughout their working lives; and others, while ceasing to exercise communal thrift, doubtless continue to be careful spenders. As this has now gone on for more than two decades, and its effects are cumulative, its net result must have been enormous.

After this review of its works, it is scarcely necessary to give the movement a formal testimonial. But two criticisms are often heard which deserve mention. In the first place, the wisdom of saving on our present scale has been energetically attacked by some economists. And, moreover, the old objection to "taking money out of circulation"—singularly inapplicable though it be to loans to Government—is always ready to be hurled at advocates of personal economy. But the movement should surely lose no sleep over such questionings. The aggregate volume of savings in the three institutions mentioned is now not less than £1,371,800,000, and the annual increment is about £70 millions. But if we measure usefulness by the addition it makes to the welfare of the people who save it, it is obviously the most useful part of the nation's savings. If it should ever be desirable that we save less, there are other streams we can dam at a less direct cost and an equal indirect gain. Secondly, some well-intentioned people accuse the movement of having, consciously or unconsciously, a political effect. By cheaply assisting the poor man to have a stake in the country's capital, it is supposed to prevent his expressing resentment at the way he is treated by Capitalism. This contention seems singularly inept. If the stake is small—as in most cases it must be—the objection posits a remarkable potentiality for complacency: and if it is large enough to stifle discontent, who could honestly object to that?

All things considered, therefore, the case for defence and congratulation is fully established. Theory may huff and puff, but the structure is thoroughly windproof. His MAJESTY THE KING has called it one of the most beneficent influences in our national life. In 1926, four Prime Ministers and six Chancellors sent anniversary congratulations; this year, twenty-first birthday messages have come from leading figures in many branches of national life, including the PRIME MINISTER, the CHANCELLOR, the PRESIDENT OF THE FEDERATION OF BRITISH INDUSTRIES, the GOVERNOR OF THE BANK OF ENGLAND and the PRESIDENT OF THE NATIONAL UNION OF TEACHERS. In the Advisory Council under the Government's Physical Fitness legislation, and in some aspects of the Special Areas policy, the authorities have offered the National Savings Movement the sincerest form of flattery. And coming years will doubtless see more experiments in the combination of voluntary and official effort.

The Trend of Overseas Trade

CONTEMPORARY developments in Britain's overseas trade have much significance. A year ago our imports, measured both by volume and value, were rising faster than our exports. Between the first quarters of 1935 and 1936 imports increased by 12.3 per cent. in value and by 8.2 per cent. in volume, while British exports rose by only 0.6 per cent. in value and decreased by 0.6 per cent. in volume. More recently, these trends have been reversed. The value and volume of British exports between January and March this year, compared with those of the first three months of 1936, showed increases of 14½ per cent. and 10 per cent. respectively, while imports rose by 14½ per cent. in value but only by 2½ per cent. in volume. And, as will be seen from an analysis of our overseas trade in April, made on page 451, the tendency of exports to increase faster than imports is continuing.

Statistics of changes in the distribution of Britain's overseas trade between the first quarters of 1936 and 1937, published in the *Accounts Relating to Trade and Navigation* for April and analysed in the tables below, can best be read in the light of these general tendencies. During the upward phase of a trade cycle there is usually a time lag between increased imports of raw materials by industrial countries and exports of finished goods to primary producing countries. Heavier shipments of primary products are not immediately reflected in increased purchasing power, and time must necessarily elapse between placing and the completion of orders for

manufactured goods. In the past year, raw material producing countries have not only benefited from increased sales but also from the marked rise in prices. Since manufactured goods have not shown a corresponding price rise, primary producers have been able to obtain a greater volume of finished commodities in exchange for their exports of raw materials and crude foodstuffs. World recovery, moreover, is normally accompanied by an increase in trade in partly finished and finished goods between countries engaged mainly in the production of manufactures. In recent months the majority of industrial countries have made economic headway. But Britain's exports to them, though higher in most cases than a year ago, have inevitably been affected by the varying degree of recovery attained by, and the economic and financial policy of, each country.

The two charts overleaf show changes in the value of imports and exports during the first quarter of every year since 1929, and the distribution of our trade between Empire and foreign countries. Between 1929 and 1933, the proportion of our total imports purchased from the Empire, mainly in the form of raw materials and crude foodstuffs, rose from 32.1 per cent. to 38.8 per cent., largely owing to the reduction of British imports of manufactures during this period and to the diversion of trade after the 1932 tariff and Ottawa. Between the first quarters of 1933 and 1936, however, when Britain's imports of raw materials and of partly-finished and finished goods rose fairly rapidly, the

DISTRIBUTION OF BRITAIN'S OVERSEAS TRADE

TRADE WITH BRITISH COUNTRIES
January to March
(000's omitted)

From or to	IMPORTS				BRITISH EXPORTS			
	1929	1933	1936	1937	1929	1933	1936	1937
Irish Free State	9,504	4,096	4,247	4,384	8,013	4,062	5,140	5,353
West Africa	4,350	2,477	3,734	5,797	3,220	1,856	2,770	3,385
South Africa	7,770	4,990	4,054	3,368	8,093	5,293	9,288	9,911
India and Ceylon	19,983	9,824	14,951	17,230	23,429	9,219	9,857	10,400
Straits Settlements	3,360	860	1,640	1,098	3,167	1,095	1,446	1,908
Australia	15,927	12,189	16,521	18,123	12,488	5,039	7,328	7,951
New Zealand	16,538	9,934	11,266	11,561	5,161	2,447	3,560	4,863
Canada	10,983	10,496	15,178	18,343	9,311	3,033	4,728	5,323
West Indies	1,181	1,038	1,298	2,042	1,026	1,169	1,243	1,312
Other Possessions	8,560	6,035	8,689	10,112	7,754	6,334	5,979	6,816
TOTAL	98,156	61,849	81,578	92,058	81,662	39,547	51,339	57,222
Excluding the Irish Free State	88,652	57,843	77,331	87,674	73,649	35,485	46,199	51,869

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE
January to March
(000's omitted)

From or to	IMPORTS				BRITISH EXPORTS			
	1929	1933	1936	1937	1929	1933	1936	1937
Turkey	539	165	171	281	631	414	293	176
Egypt	7,491	3,031	3,911	5,461	3,507	1,671	2,185	1,739
Iraq	474	61	491	1,041	682	554	505	511
Iran	2,166	2,094	1,918	2,165	593	225	499	748
China	3,379	1,174	1,554	1,953	4,115	1,632	1,265	1,901
Japan	2,324	1,493	2,311	2,630	3,131	1,425	767	1,258
Dependencies	243	243	243	35	35	3,303	6,935	8,947
United States	57,239	18,359	23,818	23,733	10,821	217	168	212
Dependencies	604	113	351	380	324	187	270	346
Cuba	730	620	755	951	592	356	331	366
Mexico	550	164	222	856	490	158	323	317
Colombia	1,249	827	964	1,650	1,876	133	485	404
Peru	1,834	621	1,028	1,709	4,038	1,643	1,009	1,435
Chile	1,299	840	1,828	1,709	4,038	1,643	1,009	1,435
Brazil	1,792	1,055	1,440	1,191	835	421	439	443
Uruguay	1,249	211	956	643	121	124	48	41
Bolivia	21,098	11,980	11,374	19,620	7,412	3,264	3,928	4,307
Argentina	2,874	2,257	1,687	1,878	2,703	1,465	1,152	1,360
Other Non-European Countries	108,102	45,589	55,397	67,281	43,403	17,800	21,222	25,282
TOTAL	108,102	45,589	55,397	67,281	43,403	17,800	21,222	25,282

TRADE WITH EUROPEAN COUNTRIES
January to March
(000's omitted)

From or to	IMPORTS				BRITISH EXPORTS			
	1929	1933	1936	1937	1929	1933	1936	1937
U.S.S.R.	3,166	2,713	2,270	3,082	729	1,310	702	489
Finland	1,821	1,851	2,941	3,046	763	404	657	932
Latvia	909	389	568	877	196	103	266	283
Sweden	4,500	2,650	4,165	4,367	2,107	1,549	2,367	2,713
Norway	3,474	1,785	2,289	2,660	1,804	1,269	1,743	2,152
Denmark	12,043	7,982	7,867	8,178	2,311	2,857	3,581	4,298
Poland	1,039	1,350	2,068	2,243	948	635	986	1,143
Germany	14,306	6,591	7,937	8,068	9,207	3,524	4,641	5,093
Netherlands	9,325	3,981	5,319	6,698	5,200	2,899	3,024	3,564
Dependencies	5,461	3,487	4,032	3,860	2,573	724	668	892
Belgium	10,360	2,597	4,017	5,231	4,954	2,443	2,480	3,043
France	48	11	4	8	182	119	123	105
Dependencies	13,550	4,330	6,609	6,222	7,576	4,947	4,354	5,747
Switzerland	1,865	712	1,271	1,282	1,651	1,175	1,011	1,005
Portugal	3,371	1,172	1,400	1,599	1,707	944	996	1,202
Dependencies	937	567	696	1,016	972	768	667	778
Spain	140	79	88	97	1,068	553	492	537
Dependencies	4,947	3,065	2,923	2,969	3,057	1,152	1,201	373
Italy	826	610	809	815	447	409	320	160
Dependencies	4,173	2,255	59	1,793	4,217	2,372	108	762
Austria	12	3	3	32	33	30	2	1
Czechoslovakia	547	254	437	608	660	214	422	499
Greece	1,335	545	1,202	1,516	559	210	441	616
Romania	427	295	237	341	1,274	503	979	710
Other European Countries	338	1,071	1,041	1,266	620	641	172	395
TOTAL	797	1,063	2,194	2,319	1,287	605	1,117	1,124
Excluding the Irish Free State	99,717	51,805	63,346	70,194	56,102	32,359	33,520	38,616

RE-EXPORTS
January to March
(000's omitted)

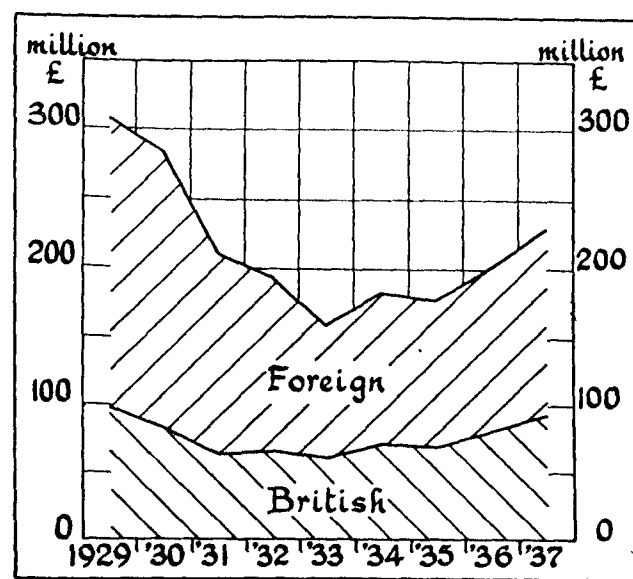
To	1929	1933	1936	1937
U.S.S.R.	439	257	2,239	5,017
Germany	7,188	2,501	1,882	71,871
Netherlands	1,179	517	448	478
Dependencies	33	15	17	17
Belgium	2,676	1,398	1,298	1,577
France	5,343	2,669	2,432	2,460
Dependencies	46	35	32	63
United States	4,886	1,179	2,571	3,791
Dependencies	9	4	2	3
Other Foreign Countries	2,278	1,612	2,362	2,828
Irish Free State	2,500	988	1,194	1,095
Other British Countries	3,000	1,415	1,382	1,529
TOTAL	30,098	12,621	15,862	18,753

proportion of our total purchases taken from the Empire rose only slightly, from 38.8 per cent. to 40.7 per cent. Finally, the growing need for partly-finished and finished goods, due to the insufficiency of home production, was, very largely, responsible for the small decline of the Empire share in Britain's import trade, from 40.7 per cent. in the first quarter of 1936 to 40.1 per cent. in January-March, 1937.

In contrast to the trend of imports between 1929 and 1933, the proportion of Britain's exports consigned to the Empire declined from 45.1 per cent. to 44.0 per

I.—U.K. IMPORTS FROM BRITISH AND FOREIGN COUNTRIES

(First Quarter of each Year)



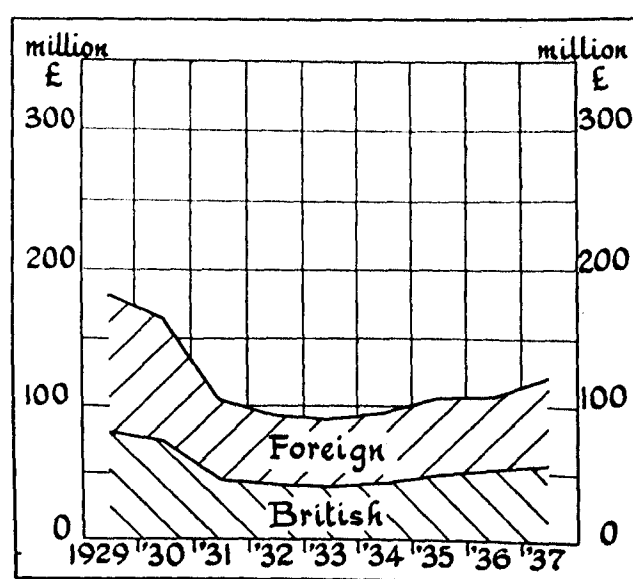
cent. Between 1933 and 1936, however, when the Empire countries, as a whole, recovered more rapidly than many other countries, the Imperial share of our export trade rose from 44 per cent. to 48.4 per cent. But, more recently, recovery has made rapid strides in other raw material producing and industrial countries. Consequently, the proportion of total British exports to the Empire, like imports from it, showed a decline, from 48.4 per cent. in January-March, 1936, to 47.2 per cent. in the first quarter of the current year.

While the trend of our trade was upwards in the case of most countries, the tables on the preceding page reveal striking differences between individual nations. While our imports from the Empire, for example, showed an increase of 13 per cent. between the first quarters of 1936 and 1937, our purchases of commodities (exclusive of gold) from South Africa actually declined by 17 per cent. The increase of 11½ per cent. in exports to British countries was smaller than the rise in imports from them, but it was more evenly distributed. A comparison of our imports from the Dominions in

the first quarter of 1929 with our purchases in January-March this year shows substantial increases in imports from Australia and Canada. Imports from the latter country, which sends us large quantities of wheat, metals and timber, rose by no less than 62 per cent. between 1929 and 1937 and by 21 per cent. during the past year. South Africa, enriched by her gold mines, purchased more commodities from us in the first quarter of 1937 than eight years ago, but Canada and Australia are still taking less from us than in the first quarter of 1929.

II.—U.K. EXPORTS TO BRITISH AND FOREIGN COUNTRIES

(First Quarter of each Year)



Changes in our trade with individual foreign countries are equally noteworthy. Our exports to the United States, for example, rose by no less than 30 per cent. between the first quarters of 1936 and 1937, while our purchases from that country actually showed a slight decline. The figures for France reveal a similar trend, but an opposite tendency is disclosed by our trade with the U.S.S.R., Turkey, Egypt, Chile and Peru. Imports from Argentina, again, rose by 72½ per cent., partly owing to higher prices for grain, wool and hides, but British sales to that country increased by only 9½ per cent. For crop-producing countries, however, a single quarter's figures may not be fully representative. Purchases from Germany, surprisingly, increased by only 1½ per cent., while British exports to that country rose by 9½ per cent.

Present indications point to a continuance of these trends during the next few months. The increasing purchasing power of raw material producing countries and the expansion of activity in industrialised nations are likely to stimulate international trade still further.

War on Land

FROM the time when wars began, the warrior has tended steadily to become less important than his weapons. This is not to belittle the quality of the human element in warfare. Indeed, quality, in many respects, is to-day more important than ever. Nevertheless, it is true in respect of both sheer physique and numbers. The military significances of these two factors have long been and are still being constantly reduced by the destructive inventiveness of mankind, by the exploitation of scientific discovery in order to equip armies with ever deadlier weapons.

In war on land—as in war on sea and, latterly, in the air—each new weapon of offence evokes a new weapon of defence. When flint axes and pebbles in slings formed the armoury of men, earthen ramparts like those of Maiden Castle, near Dorchester, could keep an attacking

army at bay. The collapse of the Roman Empire and of the Pax Romana in Europe ushered in a period of petty warring States and of walled cities and strongholds, until gunpowder destroyed what neither arrows nor rams could reduce. A long period of warfare in open country followed, when—apart from sieges, which followed ancient usage, with fortifications and redoubts—strategy and tactics decided which army should win the victory. The campaigns of Marlborough and Napoleon show this phase at its best: forced marches, quick dispositions, surprise movements—these are all more important than sheer numbers, as long as the weapons on both sides are the same.

In the middle of last century, the pace of invention began to tell on military science: the Prussian needle-gun defeated Austria at Sadowa, and France was both

out-maneuvred and under-equipped in Lorraine five years later. From then until to-day, the striking power of rifles, field-guns, howitzers, machine-guns and (latterly) tanks has been matched on the side of defence by a new science of fortification in ferro-concrete, by anti-tank guns, concrete machine-gun emplacements, etc. Hence the widely discussed conclusion of military scientists to-day, that war on land is tending more and more towards stalemate. "It was bad enough in the Great War," they say, "when hundreds of thousands of men fought from trenches, with gas and artillery and tanks and aircraft, for the possession of a few hundred yards of what had once been woodland; what will it be like next time?" Or, again: "The armies of the future will be like the workers of the future: machine-tenders. The machines will spit and snarl at each other, over no-man's-land, from impregnable emplacements." In such a context, *ils ne passeront pas* acquires a double-edged significance; for the so-called "war of attrition" will set in from the start. This means that the decisive factors in the war will emerge in other spheres than the strictly military: e.g. the psychology, morale, or nutrition of the civil populations; blockade—which is the old siege on a national scale; and national exhaustion of resources for warfare.

But this scepticism about a purely military decision is exaggerated. It is too facile as a general truth; though it may well hold good of a particular country which pushes its military preparations for war ahead so rapidly and so comprehensively that its endurance is endangered. Two recent developments in military science modify the conclusion that armies must quickly reach a position of stalemate. The first is the rapid transformation of armies into two parts: the old "battering-ram" army (like the mass of a navy), and the new—untried—highly mobile units. The second is the preparation and eventual utilisation of all the State's resources, human and material, for the purpose of surprise attack, without preliminaries of any kind save those which may make the surprise attack crushing and complete. To this end, industry, agriculture, men, women, and children, transport, houses, schools, ships, all are scheduled, recruited, and allocated to specific uses by the State, in time of peace for time of war. A State which simultaneously organises its armed forces on that basis and equips them with the finest available weapons disposes both of a formidable military force and also of an unparalleled war-machine behind it.

On the other hand, the surprise element in attack can be overestimated. Secret services have more, not less, means at their disposal to-day; and, with the growth in a modern attacking army's needs of mechanical and transport preparations, no government intent on sudden aggression could hope to keep its intentions unsuspected. The Ethiopian Government, as well as many military experts and diplomatic correspondents, drew attention to Italy's bellicose preparations a year before the attack was launched. Only foreign governments affected to ignore them. An army big enough to ensure sudden victory cannot be assembled by even a Great Power on the frontier of a smaller neighbour without evoking complete mobilisation beyond that frontier.

The crucial question in land warfare to-day is thus: How is the defence likely to stand up to initial assault of so formidable a character? And the second question, almost as crucial, follows: If defence is adequate, how will warfare on land develop?

The able and extremely well-informed military correspondent of *The Times*, Captain Liddell Hart, has observed in his recent book, "Europe in Arms," that the mechanisation of modern armies is proceeding so rapidly that the best Maginot lines may be circumvented in a night, without declaration of war, by the mass transportation of troops by air or by other similar means. But though potential attackers are still trusting to their numbers and to their wonderful equipment, the advance of scientific technique works also for the defence. For in difficult country, thoroughly known by its defenders, every route may prove a new Thermopylae; two hundred men may hold back 20,000 by means of machine-guns, ample

ammunition, and emplacements secure from artillery and aerial bombardment. For what it is worth, some evidence to this effect is offered by the offensive on Bilbao, where, despite the Basques' total lack of aircraft and relatively poor field equipment, they have been able to hold up a much better-equipped and better-trained force. The task of a large, very numerous army attacking, say, Switzerland or Czechoslovakia may, thus, be more costly than attacking, say, Belgium or Hungary; for, in future land warfare, geography and topography may once again come to the aid of the defence.

We may, therefore, expect the disciples of mass warfare to loose the first bolt of war; but we must also expect two things to aid the defence. First, the attackers will employ great numbers (Signor Mussolini has boasted that he can now put 2,000,000 men, fully equipped, into the field, and the German and Russian armies to-day stand at 1,000,000 and more); and, as Captain Liddell Hart pertinently observes, the great increase in the fire-power of armies to-day renders "the big battalions" more vulnerable than before. Secondly, despite reliance upon the "crushing surprise blow" theory of Von Schlieffen and others, mechanisation and technical improvements are certainly as potent for defence as—if not more than—for attack. To give but one example, Belgium, France, and Czechoslovakia all conceive the possibility that Germany may one day attack them. In view of the rate and extent of German war-preparations they could not do otherwise. Their measures have been, first, to put their German frontiers in a state of semi-permanent mobilisation, with self-sufficient garrisons in their Maginot lines, wartime munitions supplies, etc.; and, secondly, to organise their military commands in such a way that the minimum of marching, communications by road or rail, etc., is necessitated, thus minimising the risk of dislocation by sudden aerial attack. For the rest, if an attack comes like a thief in the night, special plans of defensive campaigning are linked—as almost every kind of warfare is linked to-day—with the possibility of organised air-raids on the military and industrial centres of the enemy. This week, the Italian Under-Secretary for War has announced that Italy's land frontiers are to be permanently manned; and, as we describe in a Note on page 449, Italy's military, naval and aerial dispositions are to be linked to her self-sufficiency programme. Enough has been shown in Spain to prove that a better-equipped attacking force to-day needs the consilience of many other favourable factors before their leaders can count on anything like a surprise "walk-over." No European, no Western State—however small—is likely ever to prove so easy to reduce as Ethiopia proved to Italy a year ago.

In these circumstances, the very mechanisation and (if we can use the word in this context) over-capitalisation of land warfare is likely to remove decisions in such warfare from the purely military sphere to other spheres, if only the defence against sudden attack can hold. We must not forget that a sudden attack on land will doubtless be accompanied—in order to be more crushing—by aerial and possibly naval action, on a great scale; and it may be that, against a small State in isolation, a Great Power could quickly prove victorious.

Against such a possibility, however, other factors work: the solidarity of political and military interests between the various groups of European States (to say nothing of the League of Nations); the sudden imposition of the strain of war upon the aggressor's national economy; the tendency of local wars to spread, if victory is not sudden and complete. Over and above these factors, there is the inordinate material wastage of modern land warfare, however localised. The disciples of "totalitarian war" have at least this much on their side. As far as we can see to-day, a State which aims to achieve a political decision by means of war must reckon on much more than a war between professional land armies. It will need to be a war of all the talents, all the resources, of the nation. Providence is tending to march away from the big battalions; and in such unfamiliar circumstances, the risks of miscalculation and the penalty of failure are to-day far greater than they have ever been before.

Federation will only be resorted to if direct negotiations now fail. It seems a pity that gaps in conciliation procedure should permit the prolongation and embitterment of labour disputes in so critical an industry as armament engineering.

* * *

American Hesitations—American politics have reached the state which is usual in the month of May. After four months of speechmaking, the approach of summer is increasing the pressure for legislative results. It is at this stage in the session that a strong President can get what he wants by the exercise of judicious pressure. Mr Roosevelt is back from his holiday, and is doubtless preparing to exert the pressure. This year, however, his task is complicated by his proposals for reforming the Supreme Court, on which he has refused to consider any compromise. This is not the usual matter of conflicting pressure groups bearing upon the legislators; it is a subject in which the public is very interested and on which Congressmen themselves hold strong views. The opposition to the President's plan is very strong, certainly stronger in Congress than those who are completely committed to Mr Roosevelt's support. The assent of the waverers depends entirely upon whether some change in the Court can be demonstrated to be necessary. So far the Justices have refused to oblige the President by being intransigent. Their judgments in the current session have been notably liberal, although a decision on the vital Social Security Act is still withheld. Moreover, one of the oldest and most conservative Justices, Mr Van Devanter, has resigned. The effect of his resignation was to induce the Judiciary Committee to report against the President's Bill by a small majority, and the same effect has undoubtedly been produced on the floor of the Senate itself. Mr Roosevelt may still get his wish, but to do so he will have to exert himself as never before.

* * *

In industry, the ferment induced by the activities of the Committee for Industrial Organisation continues. After appearing for many months to carry all before it, the C.I.O. has now come up against resolute opposition from some of the "independents" (i.e. firms unrelated to the United States Steel Corporation) in the Ohio steel industry. These firms threaten to close their works rather than submit to Mr Lewis's demands, and though the roar of defiance is doubtless doubly loud for stage effect, it is clear that there is a severe struggle in prospect. With political uncertainty and industrial disturbance, it is not surprising that the current mood in business is one of caution. A moderate pause in recovery, or even a slight recession, seems to be anticipated. But if anything of the sort is coming, it still lies in the future, as the current indices and the first quarter's profits figures continue to make a favourable showing. At this stage in recovery, however, there is good reason to welcome some consolidation of the gains hitherto realised rather than a further rapid advance. And a psychology of circumspection may do positive good.

* * *

The Way to Anglo-American Trade Agreement—A speech made on Wednesday in New York by the British Ambassador to the United States contained what has all the appearances of being welcome news. After expressing his "earnest hope" that an agreement would be possible, Sir Ronald Lindsay said that the British Government were willing to accord American farmers "favourable treatment" for their produce in the British market if, in return, "reasonable" reductions were made in the American tariff on "certain classes of typically British goods." It is no secret that the major obstacle to the conclusion of an agreement has not been any unwillingness on the American side to make the necessary concessions, but a difficulty on the British side in finding any concessions to American agricultural produce which would not conflict with the Ottawa Agreements. It is, of course, possible that when the British

Government says "favourable treatment" it means the continuance of the present treatment; such interpretations have not been unknown in the recent history of British commercial negotiations. But it is hardly conceivable that the Government would expect the United States to conclude an Agreement in which she received nothing in return but a promise of economic non-aggression. If this possibility be ruled out, Sir Ronald Lindsay's words can only be interpreted in a most hopeful sense. The indirect benefits of an Anglo-American Trade Agreement would be so large that it is worth a very large effort to bring the negotiations to a successful conclusion.

* * *

Higher Railway Charges?—The application of the four main line railways to the Rates Tribunal for authority to increase fares and charges by approximately 5 per cent. affords the latest of many examples of the passing on of increased wages and material costs to the consumer. A letter sent on behalf of the railways to the Tribunal, this week, shows that the projected increase is to apply to all passenger fares—including season ticket rates—and all freight charges—including goods carried at exceptional rates. As none of the railways, except the Southern, is even within hailing distance of its standard revenue under the 1921 Act, the Rates Tribunal will presumably grant the application, so long as the railways are able to show that it will, in fact, produce a net increase in revenue. Of this, there can be little doubt. The change will increase the vulnerability of the railways, *pro tanto*, to road competition, but it is only a little one; and the companies are presumably satisfied that it will not prejudice their future tactical position.

* * *

Last year the aggregate gross receipts of the four railways were just under £160 millions. Given no loss of traffic, therefore, the proposed increase would produce about £8,000,000 of additional receipts in a full year. Actually, as we show in a Stock Exchange Note on page 466, gross receipts are running appreciably higher this year than last, and nineteen weeks' operations at existing rates have produced a gross gain of a little over £2½ millions. The Coronation is past, but what is normally the heaviest period of passenger traffic is still to come; and there is no sign as yet of a reversal of the upward trend of general trade activity. Past experience emphasises the hazard of estimating a year's gains by simple proportion. Nevertheless, an increase of £5 to £6 millions in the full year may be hoped for. Against this there will be a formidable growth in expenses. From 40 to 50 per cent. of the gain may be offset by the increased cost of handling a larger traffic. Coal, steel, timber and other materials will cost at least an additional £2 millions, and last year's wages concessions approximately another three-quarters of a million. Thus, the "natural" increase in railway receipts appears already fully mortgaged. Where will the fruits of the proposed addition to charges go? Costs of materials will probably be still higher next year. Railway workers are likely to ask for, and to obtain, the remission of the remaining 1½ per cent. of the wages cut of 1931, and it is doubtful whether they will be content to stop there. In fact, the railways seem to be endeavouring to avoid any threat of a strike by creating, in advance, a reserve of earnings out of which they can meet fresh demands from labour—within reason—without reducing dividends to stockholders.

* * *

N.D.C. and its Critics.—On April 27th Mr Chamberlain declared that his National Defence Contribution proposals represented merely an "outline," and he undertook to seek detailed information before presenting his scheme in detail, and to examine all proposals "in the most sympathetic manner." Potential tax payers, having learned with amazement that N.D.C. was in the inchoate state of notes on a blotting pad,

has since been awaiting its presentation in draft—in the Finance Bill expected early next week. In a leading article in Budget Week, we suggested that the inequity of the Contribution as a tax on growth would in part be met by introducing some of the characteristics of a general tax on corporation profits. In particular, we submitted three suggestions for the Chancellor's consideration; that the chosen base for the tax should be the two best years of the period 1933 to 1936; that the exemption limit should be below the figure of the standard period where that figure was already very high; and that the proposed rates of tax should be modified, so as to grade the burden more smoothly. Subsequently, numerous business organisations have generously supplied the Chancellor with information, criticism, protest, and special pleading. Most of the memoranda have stressed the importance of three factors (implicit in our own suggestions): the effect of the base period, the calculation of the capital standard, and the percentage from which the growth of profits is to be measured. On each matter, the Chancellor has already foreshadowed the prospect of major amendments. To revise the base period, however, is a simple matter compared with the complete definition of a capital standard and the full enumeration of profits percentages to be applied to different industries. For this reason the Finance Bill may conceivably lack finality on these two matters.

* * *

Suggestions to the Chancellor.—A summary of the various representations made to the Chancellor may prepare the way for examination of the Finance Bill. At the end of April, the *Association of British Chambers of Commerce* led the way by stressing the inequities created by fortuitous differences in the capital structures of otherwise similar companies. The Association criticised the base period 1933–35, suggested an optional standard to avoid injustices, and appealed for a variable profits percentage, subject to a maximum impost, in any accounting period, of 10 per cent. of the profits. The *Shipbuilders' organisation* presented a statistical illustration of the "unrelieved gloom" of the industry during the base period; stressed the unfairness of any tax which would prevent the industry from recruiting its technical and financial strength after a prolonged depression, and claimed that its circumstances warranted special reserve provisions or a higher profits standard. The *Shipowners' Parliamentary Committee* followed with the suggestion that the datum period should be any three consecutive years, at the taxpayer's option, during the ten accounting periods to April, 1937. The incidence of N.D.C. upon shipping, it was pointed out, would be severe on those companies which had financed themselves largely by loans or debentures; while the 6 per cent. datum in prosperous years was inadequate to maintain shipping enterprise in good years and bad. Spokesmen for the *textile industries* stressed their preference for a simple tax based on all profits, rather than an attempt to adopt the complex principle of taxing an increase.

* * *

The most detailed submissions were made last week by representatives of seven leading business organisations, including the *Association of British Chambers of Commerce*, the *Federation of British Industries*, the *Chamber of Shipping* and the *British Iron and Steel Federation*. Their memorandum suggested that the liability for N.D.C. should not exceed 10 per cent. of total statutory profits; that the basic period for the total statutory profits should take in the year 1936, and the profits standard should have the option to choose two or four years in the previous four- or ten-year period. The document went on to discuss the difficulty of precise computation of "capital," and suggested that this might be largely removed if the "zones of charge" were abandoned. A plea was made for special consideration of adjustments necessitated by reconstructions, development expenditure, increased capital, investments

and wear-and-tear allowances. The problem of domicile and of tax avoidance by overseas registration was stressed, and the report concluded with the suggestion that a tribunal should be set up with all the powers exercised by the Board of Referees under E.P.D., and the further power of fixing an optional period for the Profits Standard whenever the Act would work harshly. Finally, memoranda have been submitted by the *Rubber Growers' Association*, by a number of *base metal mining companies* and by the *National Union of Manufacturers* which traverse similar ground. The former document stresses the speculative nature of rubber production. Recognising that most rubber companies would elect for the capital standard, the industry declares that development cost should rank as capital employed; that a 12½ per cent. return is a reasonable minimum; and that deficiencies in the datum period below this level should be offset against assessable profits. Altogether, Mr Chamberlain should now be the most knowledgeable of men, if wisdom resides in a multitude of counsellors.

* * *

The End of the Socialist League.—Without dissent the annual conference of the Socialist League decided, on May 16th, to dissolve its organisation in the interests of working class unity. The League was founded in 1932 and has consistently afforded an asylum for the extremists within the Labour Party and a home for unrewarded zeal. It has steadily advocated a policy of militant Socialism; and, indeed, it owed its inception to dissatisfaction with the tentative programme and final disaster of the last Labour Government. Since then its members have continued to criticise the cautious empiricism of the party bureaucracy. Like so many other ginger groups of the past, the League derived its importance from the personality and standing of its leader, Sir Stafford Cripps. But it was not until last year that its anomalous position and the conflict between its principles and those of the Labour Party were revealed, when the League embarked upon the United Front campaign in co-operation with the Independent Labour Party and the Communists. The official Labour position remained unchanged; to be compromised with revolutionary groups would be electorally damaging and contrary to the evolutionary Socialism for which the party stood. The fact that the Communist was now willing to suspend his revolutionary ambitions and to play the constitutional game made no difference. In conference last year, both the Labour Party and the Trade Unions rejected in mass the Communist alliance, and the co-operation of the splinter parties in the unity campaign has not sufficed to change the attitude of the Labour leaders. Sir Stafford Cripps himself has admitted that no Popular Front can be effective unless it rests upon the main body of the organised working class. Accordingly, the Communists and their friends have turned to more direct and effective work within particular trade unions; and the League has



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been lingering uselessly in the wilderness. In March the National Executive of the Labour Party proscribed the League, and decided that from June 1st members of that body would be ineligible for membership of the Party. The inevitable sequel came at Leicester last Sunday, and a few vigorous minds and much enthusiastic youth have been saved from political exile, while Sir Stafford Cripps himself has been restored to the fold. Fundamentally, however, nothing has been changed. All that has happened is that the clash of doctrine has been brought once again inside the Labour Party; and the assault upon the citadel of Transport House will hereafter come from within.

The Trend of Population.—There has recently been much discussion of the certainty that Britain's population will soon cease to increase and the probability that, subsequently, it may begin actually to decline. The diagram at the foot of this page throws considerable light on the recent trend of population in this country. The upper and lower lines on the chart show, respectively, the births and deaths in England and Wales during each year from 1900 to 1936; and the shaded area between the two lines consequently indicates the natural increase of the population—that is, the increase exclusive of the effects of migration. Deaths due to the Great War are excluded. The annual number of deaths showed little variation between 1900-1930, the general tendency being slightly downwards. During this period the death rate fell from 18.2 per thousand of the population in 1900 to 11.4 per thousand in 1930. After remaining fairly stable during the first eight years of the present century, the annual number of live births began slowly to decline before the war. The abrupt fall during the war was compensated, to some extent, in 1920-21, but the downward trend, which had begun before the war, soon reasserted itself. Thus, the birth rate per thousand of the population fell from 28.7 per thousand of the population in 1900 to 14.4 per thousand in 1933. The natural rate of growth of the population of England and Wales has thus fallen from about 400,000 per annum to little over 100,000 per annum. More recently, a state of comparative stability has been reached. The annual number of births has risen slightly, mainly, it may be presumed, as a consequence of the increase in marriages from 307,184 in 1932 to 353,561 in 1936, which, in turn, may doubtless be attributed to improved economic conditions and the larger number of persons of marriageable age. The number of deaths, however, has tended to increase slightly since 1930, as a

reflection of the gradual increase in the average age of the population. The latter factor is likely to continue, and even to be accentuated, and in the absence of a striking rise in births, it will be only a matter of time before the natural increase of the population is reduced to zero.

The Diplomatic Roundabout.—The diplomatic merry-go-round, to which Signor Mussolini and Count Ciano imparted a surprising acceleration with the Italo-Yugoslav pact and the Italo-German and Italo-Austrian conversations, has quickened again during the last few days. Prince Paul of Yugoslavia, M. de Kánya, Foreign Minister of Hungary, Dr Hodza, Prime Minister of Czechoslovakia, and M. Litvinov, Russian Commissar for Foreign Affairs, have all been in touch with London or Paris; and it is feasible to ascribe the intense diplomatic activity of the last few days to concern about Central European security. The extremes to which Italy has recently been impelled—mainly by reason of blows to her prestige in Spain—and the degree to which Germany is supporting her, have forced the Austrian and Hungarian Governments to revise their attitude to the link with Rome. After the Italo-Yugoslav agreement, which is a blow to Austrian and Hungarian trade with Italy without being an economic advantage to Yugoslavia, Austrian and Hungarian statesmen may well have wondered whether their link with Rome was not likely to drag them into unwelcome adventures, the cost of which would first fall on Austria and Hungary. Thus, while the aim of Italy and Germany has latterly been to isolate Czechoslovakia and disrupt the Little Entente, the apparent defection of Yugoslavia has been more than offset by an increase in those earnest discussions between Prague, Vienna and Budapest which have for some months been directed towards economic and political understanding in the key-region of the whole Danubian basin. Despite the formidable pressure which Germany and Italy may jointly be prepared to exert upon Austria and Hungary, it still seems dangerous for them to go to the length of forcing Dr von Schuschnigg either to resign or to admit Nazis into his Cabinet.

A Pact for the Pacific.—In a notable opening speech at the Imperial Conference on May 14th, Mr J. A. Lyons, Prime Minister of Australia, said that the Australian Government wanted a statement to issue from

the Conference "which would demonstrate to the rest of the world that the countries composing the British Commonwealth of Nations were prepared to act together in support of the maintenance of international law and order." He then went on to say that

Australia would greatly welcome a regional understanding and pact of non-aggression by the countries of the Pacific, conceived in the spirit of the principles of the League. Towards the achievement of such a pact we are prepared to collaborate with all other peoples of the Pacific in a spirit of understanding and sympathy.

These are pregnant words; for they clearly apply to Russia as much as to Japan, the United States, the Netherlands, France, and other nations with possessions in the Pacific. Mr Lyons also emphasised Australia's will to accept full responsibility for co-operation in defence of the British Commonwealth, and for removing trade barriers in the cause of economic understanding and political appeasement. On the latter point, his country's growing trade with Japan and inability to sell all its exports to the United Kingdom may have proved conclusive. Meanwhile, in an address in Tokyo three days later, Mr Sato, Japanese Foreign Minister, reiterated his assurances that Japan harboured no aggressive designs on China, and emphasised once again Japan's desire to improve relations with Great Britain, with whose statesmen the Japanese Ambassador in London is now discussing ways and means to an understanding. As we observed in a leading article last week, there is no real reason, apart from the unhappy periodical incursions of militaristic extremists into Japanese politics, why such an understanding should not prove a prelude to a general Pacific pact. And such a pact would go far to restore that measure of stability in the Pacific which the Japanese themselves destroyed when they tore up the Nine-Power Treaty and refused to renew the eminently successful Washington agreements. It might even open up welcome vistas of an international agreement on naval limitation in the Pacific. It would, as we pointed out last week, necessarily have to include as Mr Lyons indicated; and that would face Russia, as Mr Lyons indicated; and that would face Japan with the choice of securing the real benefits of a general Pacific agreement in which Italy and Germany could not be included, or waiving them in favour of the illusory and dangerous anti-Communist pacts with Germany and Italy. Doubtless the Japanese know on which side of the bread lies the butter.

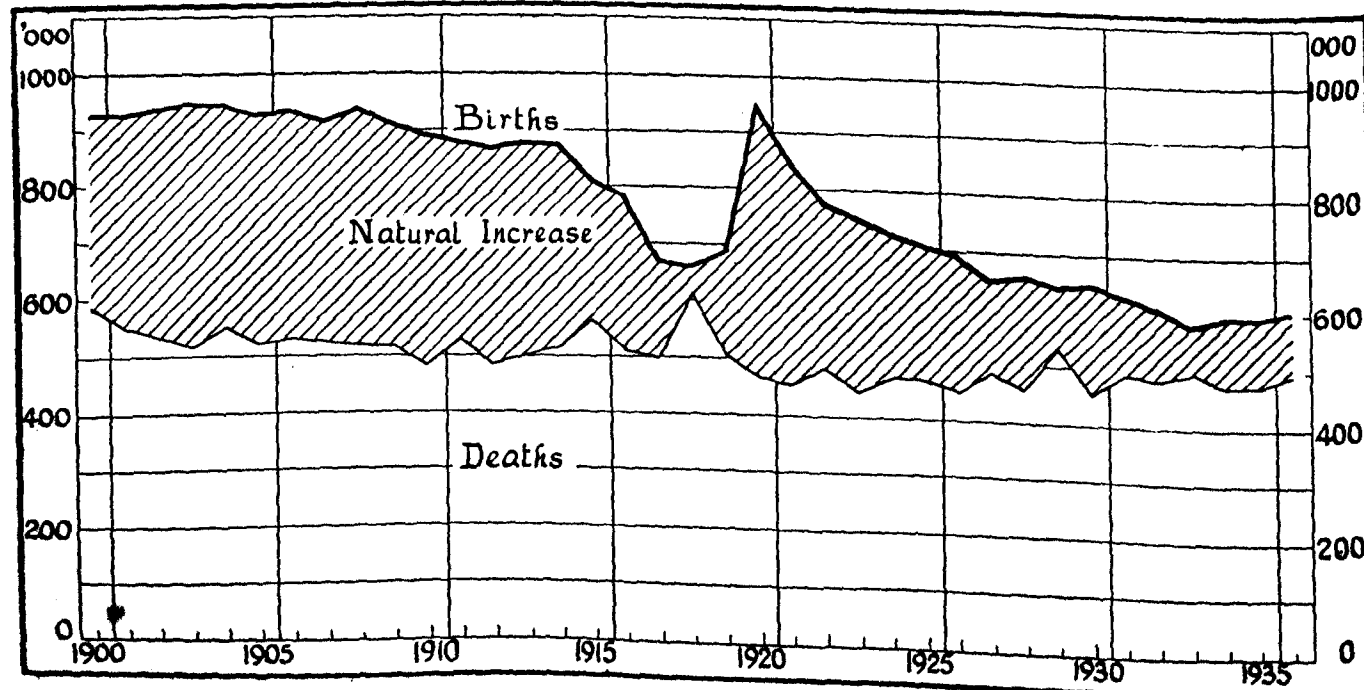
Count Ciano on Foreign Policy.—On May 13th the Foreign Minister of Italy introduced the Foreign Office Estimates with an *exposé* of Italian foreign policy. Count Ciano took pains to emphasise Italy's desire to collaborate for peace with all peoples, and scouted the notion that Italy and Germany together constituted a *bloc*. Italy would remain passive, even indifferent, over the future of the League of Nations; but if Italian foreign policy moved parallel on many points with that of Germany, it was not out of a desire to provoke scissions. The gentleman's agreement with Britain of January 2nd had provided little comfort, for some unexpected obstacle had delayed reconciliation. This obstacle, Count Ciano indicated, was not British rearmament; since Italy could not deny others what she claimed as of right for herself; nor was it the British refusal to recognise *de jure* Italy's conquest of Ethiopia. It is to be presumed that the British attitude over Spain, and over the allied subject of British naval dispositions in the Mediterranean and Red Seas, was implied; or it may have been the reports from Spain in the free British Press which Count Ciano disliked. He then disclaimed any intent to foment anti-British feelings in the Islamic world, and characterised Italy's efforts among the Moslems as dictated by her own vital interests. Perhaps the most obscure part of his speech was that in which he outlined Italian policy over West European security. Here Count Ciano seemed at great pains to trim his sails to the western wind from Britain and France, without giving offence to Germany. In his speech as a whole there was evident a sense of Italian isolation, and

of a desire to improve relations with other Powers than Germany. If that is true, Signor Mussolini should best know how to begin to realise the aims his Foreign Minister has set forth.

The Duce, however, waited until last Saturday and then made one of his more intransigent speeches. He proclaimed Italy's determination to be economically independent of the richer democracies animated by aggressive designs; and intimated that Italy would be self-sufficient in oils by the second half of next year, mainly by means of the treatment in Italy of Albanian petrol and lignite. This latter point partly explains the Italo-Yugoslav pact for control of the Adriatic, and the recent renewal of the Italian subsidy to the Albanian Government. The Italian Empire would be exploited to the full in the cause of Italian self-sufficiency; and Italy would never give up this ideal in order to enter into an economic system controlled by the "aggressive" democracies. This pronouncement was emphasised on the same day by the speeches of the Under-secretaries for Navy, Air, and Army, who all urged Italy's need to render her Empire self-sufficient and impregnable. General Valle, Under-secretary for Air, declared that the centre of gravity for the air arm had shifted from the valley of the Po towards the Mediterranean, the Red Sea and the Indian Ocean. The Navy was being organised on a basis of big battleships and cruisers; and the Army was in future to mount permanent guard on the land frontiers. From an economically strong Great Power, possessed of unmortgaged and unlimited resources, these declarations might presage ill for Europe. From the Italy of to-day, they argue a nervous hysteria—which, apparently, international goodwill cannot be allowed by the Duce to abate—rather than sheer ill-will.

The Spanish Government.—The news of the week from Spain has been the re-fashioning—much more than a mere reshuffle—of the Spanish Government. After the abortive recourse by the Catalan Anarcho-Syndicalists to civil strife (described in these Notes last week), it was evident that something had to be done to give the Spanish Government coherence and unitary direction. The new Cabinet, led by Dr Negrin, a moderate Socialist who was Finance Minister in the last Government, is remarkable first for its catholicity, and secondly for the absence of Señor Largo Caballero, the Left-wing leader of the Socialist trade unions, and also the Anarcho-Syndicalists. The Communists have two portfolios (Agriculture and Education and Health), the Socialists three (Prime Ministership, Defence and Interior), the Republicans two, the Catalan Left one, and the Basques one. The Communists absolutely refused to accede to Señor Caballero's new demand for the portfolio of the Interior as well as the Prime Ministership and Defence. They insisted that Defence should be organised by a supreme war council with a responsible chief of staff. Though, surprisingly enough, President Azaña seems to have urged them to give in to Señor Caballero, they remained adamant; Señor Caballero and the C.N.T. ministers were dropped; the Socialists rallied with the Communists for centralised administration against the

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economic sectionalism of the Syndicalists; and the upshot was the victory of Señor Don Indalecio Prieto, the moderate Socialist, and his control of Defence. In the Ministries of Air and Marine he is reported to have been very successful hitherto; and there is no doubt that the new Government presents a more uniform, workmanlike appearance. If the Socialist trade unions of Señor Caballero and the Syndicalists loyally co-operate, as they have promised to do, the prospects of the Spanish Government should now improve.

The attack on Bilbao continues, but without any striking success for the insurgents. Their German aeroplanes and pilots have razed more Basque villages; and the capture and examination of a German "volunteer" pilot who bombed Guernica give an adequate idea how systematically this is organised. The German pilot in question had a diary, which showed that, though a business man and an amateur aviator in private life, he had been forwarded by commercial air liners to Rome and thence to the insurgents' base as recently as last month, i.e. after the ban on volunteers had been nominally enforced, by agreement, by Italy and Germany. This discovery has naturally incensed the Basque and Valencia authorities, who see in it another proof that the supervision of non-intervention works as supervision of a blockade on supplies to the Spanish Government. On the Madrid, Toledo and Teruel fronts the insurgents have been hard pressed. All activity is centred round Bilbao, where, as at Madrid, a decision may be so long deferred as to make the insurgents' hearts sick. The best news of the week is that, after last-minute hitches, the 4,000 Basque children from Bilbao are due in this country next week.

The Russian Riddle.—What is happening in Russia, and why, are questions defying human wits—outside Russia—to answer. Conjecture alone is possible. The recent fall of Yagoda, for long chief of the dreaded G.P.U., was followed last week-end by the effective dismissal of Marshal Tukhachevsky from his post of Deputy Commissar for War and Deputy Commander-in-Chief under Marshal Voroshilov. Tukhachevsky was an officer in the old Imperial Guard; a very clever leader of the Red Army in Poland in 1920; and became the originator of the reorganisation and mechanisation of the Red Army in 1930. In this capacity he achieved what all competent military observers describe as wonders with the reformed Red Army; but in so doing he fell foul of Yagoda, whose 200,000 State Security Police were concerned to maintain, in their pristine strength, the revolutionary military councils of politicians, whose job it had ever been to purge the Army of any "deviationist" tendencies. Tukhachevsky, who was only 40 in 1933, was able, with the aid of Marshal Voroshilov, to decrease politics and to increase discipline, national self-feeling, preferment of rank, and vocational pride in the Red Army; but Yagoda's first blows fell last summer, when a General of the Tank Corps and several officers were arrested at Kieff, on a charge of plotting against Stalin and Voroshilov. When the Trotskyist conspiracies were alleged to have been unearthed, the arrests of other high officers by the G.P.U. followed; and some of these have "disappeared." Since then, Yagoda's downfall did much to appease the Red Army leaders; but now Tukhachevsky and his successful policy have been liquidated by an even higher instance than the G.P.U. The political councils of supervision in all military districts are re-established; and Tukhachevsky, at 44, retires to a nominal post in the Volga command. What do these lightning blows to left and right portend? Is Stalin afraid that the revolutionary praetorian guard is outpacing his own march towards the bourgeois State? If so, what will Marshal Voroshilov—and what will all the other young Army leaders, bred to mechanisation and military efficiency—think of Tukhachevsky's reward?

Co-operative Economic Policy.—Nineteen hundred and thirty delegates were present at the Congress of the British Co-operative movement held at Bath this Whitsuntide. Though this was a record attendance, the mood of the delegates was more sombre than usual, for the co-operative societies are being increasingly affected by what their leaders term "the economic warfare" of the Government's fiscal policy. Throughout the report of the Co-operative Union were indications of the growing tendency of the Government to substitute commodity and foodstuffs control by independent commissions for their former policy of control by producers. This variation in the structure of marketing schemes and industrial organisation is viewed with the more disfavour because it assigns no place to the seven and a half million members of co-operative societies who are organised consumers. They and their dependents represent more than half the population and their societies had a turnover last year of £234,598,250. During the present year the cost of foodstuffs has steadily risen in every part of the country, and it is feared that wages may have to be modified if the present policy is continued. The imposition of taxation on foodstuffs, the limitation of imports, the continuance of subsidies and the marketing schemes were estimated by the Right Hon. A. V. Alexander, M.P., to cost the country £90 millions a year. As distributors the co-operative societies were deeply concerned with the Milk Marketing Scheme examined by the Government's Committee of Investigation last autumn. The societies claim to have been responsible for the reduction in wholesale prices from 15s. 6d. to 15s. 3d. per dozen gallons. The operation of the quota system in bacon have cut down by one-half the imports from the English Co-operative Wholesale Society's own bacon factory in Denmark. Simultaneously, difficulties have been experienced in securing licences for additional co-operative bacon-curing accommodation in this country. Co-operators have objected to the raising of £3,000,000 by import duties on meat as a contribution to the cost of subsidising home producers. Already the effect is being felt in the retail butchers' shops in every town.

Freer Trade and the Co-operatives.—The co-operative societies have opposed—unsuccessfully—applications for increased duties on boxboards, granite, dressed leather, typewriters and starch. The Congress at Bath adopted a resolution of its Parliamentary Committee recording its concern over the rise in the cost of living and calling upon the Government to establish a fairer incidence of taxation and to open negotiations with foreign Powers for a freer basis of trade. The proceedings showed that British co-operators approach the problem from an international viewpoint. Sir William Bradshaw, the president of the Co-operative Wholesale Society, has intimated that plans are ready for the opening in London of a centre for international trading relations between the various national co-operative organisations. Previous efforts have been hindered by tariff barriers. The co-operators of Sweden and the Co-operative Wholesale Society of Scotland are ready for reciprocal trading; but tariffs have upset calculations so far. Meanwhile efforts are being made to develop business with the growing co-operative societies in the Dominions. The presence of a Canadian representative for the first time at a British co-operative congress suggests that the desire of British co-operators for freer trade may have some response among the new co-operative movements in Canada, Australia and South Africa. This year's Congress may be the beginning of a new phase of co-operation, in which development on the Empire side may find an important place in the movement's policy.

Industrial Activity after the Coronation.—The temporary lull in new business due to the Coronation was prolonged in many branches of activity by the Whitsun holidays, while the possibility of a coal strike

at the end of this month has introduced an element of uncertainty into the outlook. While many markets were closed this week, the pressure of demand for coal and iron and steel remains as strong as ever. Coal production is now running about 9 per cent. above last year's level, and in spite of the rise in prices, consumers have difficulty in obtaining the supplies they require. The possibility of a coal strike has added to the anxiety. In the iron and steel markets consumers continue to attach more importance to the question of deliveries than to rising prices. As our Manchester correspondent points out on page 487, business in cotton yarns and piece goods was somewhat restricted this week, but prices have been maintained, and spinners and manufacturers have sufficient orders on hand to keep them busy. The jute industry, too, has experienced a lull in new business, but order books are well filled. Sales of motor-cars continue well above last year's level, but the latest figures of goods vehicle registrations, relating to March, show a decline on the year. In general, there are no indications of an early decline in business activity apart from normal seasonal movements—if a coal strike can be averted.

Overseas Trade in April.—Britain's overseas trade figures continue to increase rapidly, and, indeed, at an accelerating rate. The most welcome indication in the April returns is that, for the first time in many months, the percentage increase in exports has been greater than that in imports. The rise in the former has been large enough to make the statement true also for the whole of the first four months of the year. The full figures are shown in the following tables:—

MONTH OF APRIL (000's omitted)					
	1935	1936	1937	Change between 1936 and 1937	
Total imports	£59,872	£66,664	£82,871	+16,207	+24.2
British exports	33,009	33,427	43,027	+9,600	+28.3
Re-exports	4,203	5,922	7,274	+1,352	+22.8
Total exports	37,212	39,349	50,302	+10,952	+27.8
Excess of imports over exports	22,660	27,315	32,569	+5,254	+19.2
Transshipments under bond	2,058	1,964	3,223	+1,259	+64.1

FIRST FOUR MONTHS (000's omitted)					
	1935	1936	1937	Change between 1936 and 1937	
Total imports	£237,866	£266,517	£312,002	+45,485	+17.0
British exports	138,498	139,483	164,146	+24,663	+17.7
Re-exports	18,089	21,780	26,080	+4,249	+19.5
Total exports	156,587	161,263	190,226	+28,912	+17.9
Excess of imports over exports	81,279	105,253	121,776	+16,523	+15.7
Transshipments under bond	7,796	8,662	12,511	+3,849	+44.4

Despite the encouraging movement in exports last month, the absolute excess of imports over total exports was £5½ millions greater than in April, 1936. For the first few months this year the increase in the visible import balance is £16½ millions, but invisible items have risen appreciably with the rise in raw material prices and freight rates.

Trade by Commodities.—The quantities of the main retained imports for the month of April for the last three years are shown in the table below. No fewer than half the items show a decrease in quantity as compared with last year, though in most cases the percentage is small. Changes in their value are discussed in the next Note. Rising prices and the adequacy of the stocks already in existence account for the big fall in the volume of wheat imported. The

other chief decline, in wool, reflects the lull experienced in the last month or so in the Yorkshire industry. The effects of the armament are clear in the increased import of machinery, more than half of which comes from Germany and the United States. The other figures show only a normal expansion.

RETAINED IMPORTS—MONTH OF APRIL

Items and Measure	1935	1936	1937
Wheat ('000 cwt.s.)	8,086	8,337	7,153
Beef and veal ('000 cwt.s.)	974	1,039	1,141
Mutton and lamb ('000 cwt.s.)	599	447	554
Sugar, unrefined ('000 cwt.s.)	2,808	3,034	3,169
Iron ore and scrap ('000 tons)	429	633	655
Raw cotton ('000 cwt.s.)	833	1,229	1,226
Sheep's and lambs' wool ('000 cwt.s.)	1,217	1,088	872
Flax, hemp, and jute (tons)	24,744	21,963	28,061
Crude petroleum ('000 galls.)	40,516	38,215	44,530
Hides, wet and dry ('000 cwt.s.)	123	163	124
Wood pulp ('000 tons)	163	204	116
Rubber ('000 cwt.s.)	297	122	236
Unwrought copper (tons)	32,360	28,298	33,210
Tin: Ore and concentrates (tons)	29,844	30,633	30,515
Tin: Blocks, ingots, slabs and bars (tons)	3,282	4,760	4,702
Iron and steel manufactures ('000 tons)	787	3,033	1,284
Machinery (tons)	63	121	88
	6,171	10,211	13,151

Figures for the most important groups of exports are shown in the second table, and reveal a very different trend.

BRITISH EXPORTS—MONTH OF APRIL

Items and Measure	1935	1936	1937
Coal ('000 tons)	2,873	2,537	3,242
Iron and steel scrap (tons)	12,509	8,822	30,971
Pig iron and ferro alloys (tons)	20,175	9,810	17,664
Railway materials (tons)	7,637	18,131	10,576
Total iron and steel manufacture (tons)	204,291	177,519	239,461
Textile machinery (tons)	5,281	4,031	6,402
Total machinery (tons)	32,187	30,807	38,576
Cotton yarns ('000 lbs.)	10,463	11,936	14,772
Cotton piece goods ('000 sq. yds.)	159,452	141,194	164,785
Wool tops ('000 lbs.)	4,234	4,338	3,787
Worsted yarns ('000 lbs.)	2,269	2,302	2,230
Woollen tissues ('000 sq. yds.)	4,549	5,174	5,627
Worsted tissues ('000 sq. yds.)	2,461	2,372	2,963
Linon piece goods ('000 sq. yds.)	8,215	7,271	7,331
Leather boots and shoes (doz. pairs)	33,285	25,954	30,829
Leather (cwt.s.)	21,142	21,179	33,034
Paper and cardboard (cwt.s.)	285,822	304,467	353,760
Locomotives (complete and parts) (tons)	661	832	1,514
Motor vehicles and chassis (tons)	5,451	6,245	7,496

All but three of the commodities entered here show increases. The jump in coal and iron and steel manufactures is especially welcome. As in the March returns, the main increases (with the exception of paper and cardboard, which compensates a decline in March) are in those commodities which are capital goods or are used in heavy industry. Textile products have remained fairly stable, though there has been a recovery of cotton piece-good exports, principally to the Continent.

Import and Export Prices.—In a leading article on page 441 the course of British international trade in the first quarter of this year is discussed. It is shown that, though imports and exports have changed in value more or less in proportion, in quantity imports have risen less than exports. In illustration of these tendencies we have calculated price changes of individual commodities during the past three years from the trade returns for April. These figures are particularly

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valuable in that they show the average prices at which actual transactions have taken place.

AVERAGE PRICES OF IMPORTS

Item	Unit	April, 1935	April, 1936	April, 1937	Change 1936 to 1937
Wheat	cwt.	0.286	0.343	0.518	+ 51.0
Chilled Beef	cwt.	1.60	1.50	1.63	+ 8.7
Bacon	cwt.	3.95	4.11	4.22	+ 2.7
Butter	cwt.	3.68	4.07	4.72	+ 1.6
Sugar, unrefined	cwt.	0.317	0.320	0.438	+ 36.9
Raw cotton (4 14 staple)	cental	2.71	2.52	3.14	+ 24.6
Wool, merino greasy	1,000 lbs.	3.99	5.15	6.66	+ 29.3
Cottonseed	ton	5.38	5.55	6.96	+ 25.4
Motor spirit	1,000 galls.	14.0	15.8	19.2	+ 21.6
Rubber, raw	centals	2.51	3.04	4.68	+ 53.9
Copper (electrolytic)	ton	31.5	40.3	70.8	+ 75.7
Lead (unwrought)	ton	12.2	16.6	28.6	+ 84.2
Tin (blocks, etc.)	ton	22.6	21.2	25.9	+ 17.5
Zinc	ton	13.6	16.3	27.4	+ 68.1

The table of import prices brings out very clearly the extremely rapid rise in the cost of wheat, the very modest increase in meat and dairy produce prices and the startling jump in the cost of industrial raw materials.

Export prices have also shown a general rise, though in no case does the increase exceed 20 per cent., and in the majority it is in the neighbourhood of 10 per cent.

AVERAGE PRICES OF EXPORTS

Item	Unit	April, 1935	April, 1936	April, 1937	Change 1936 to 1937
Spirits	Proof gall.	1.21	1.28	1.24	- 4.0
Tobacco	lb.	0.114	0.111	0.117	+ 5.4
Coal, large steam	ton	0.839	0.854	0.949	+ 11.3
Coal, sized steam	ton	0.698	0.772	0.886	+ 14.8
Galvanised sheet	ton	12.7	13.5	14.7	+ 8.9
Tinned plates	ton	19.8	20.7	22.6	+ 9.2
Steel tubes	ton	20.9	18.6	18.7	+ 0.5
Cotton yarn*	100 lb.	5.62	5.71	6.06	+ 6.1
Cotton piece - goods, bleached	1,000 sq. yds.	16.3	17.1	18.4	+ 7.6
Cotton piece-goods, dyed in the piece	1,000 sq. yds.	24.6	25.9	27.4	+ 5.8
Worsted yarns (combed)	100 lbs.	12.9	13.2	15.5	+ 17.4
Woolen tissue†	100 sq. yds.	15.8	18.3	20.2	+ 10.4

* Unbleached, up to No. 40 count. † All wool, 8 to 12 oz. per sq. yd.

For the most part the explanation of the rise in prices is simply the increased cost of raw materials, though many manufacturers have succeeded in increasing their profit margins as a result of the increase in world demand.

Lower Steel Output.—The latest returns of the British Iron and Steel Federation show a decline in the output of crude steel, but a further increase in the production of pig iron. On a daily basis, crude steel production declined from 44,380 tons in March to 41,554 tons in April, while the output of pig iron rose from 21,945 tons to 22,690 tons during this period. The number of furnaces in blast showed a net increase of 4 to 121 during the past month:—

PRODUCTION AND FOREIGN TRADE IN IRON AND STEEL
(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.6	185.9	414.1
1929	632.4	803.0	235.2	364.9
1932	297.8	438.5	132.7	157.4
1936	640.5	974.8	123.6	183.8
1936—March	633.6	980.1	130.3	163.4
April	629.8	984.2	120.8	177.5
May	661.0	963.0	117.5	204.1
June	644.1	965.9	110.6	173.5
July	665.6	974.1	170.3	216.1
August	635.8	872.7	141.8	164.0
September	650.8	1,027.0	165.0	183.0
October	670.3	1,060.5	101.0	194.4
November	643.1	1,001.3	90.7	193.3
December	671.4	1,019.2	94.8	204.8
1937—January	650.7	998.9	83.1	215.0
February	603.7	995.9	82.9	200.5
March	680.3	1,109.5	94.3	231.6
April	680.7	1,080.4	88.5	239.5

Despite the decline in steel production, output was still almost 100,000 tons higher than in April, 1937, while the current rate of pig iron production is about 50,000 tons in excess of last year's level. Despite the recent increase in prices, the supply position remains

stringent, partly as a result of the marked reduction in imports and the increasing demand from overseas customers.

Sterling and International Prices.—The latest index numbers show that the recent recession in wholesale prices has now been checked. *The Economist's* complete British index number has risen during the past fortnight by 0.3 per cent. Primary products have fallen in England by 0.7 per cent., but have risen in the United States by 0.5 per cent. The Irving Fisher general index number has fallen by 0.9 per cent. These movements are both small and indeterminate, but they show that the period of recession has now been succeeded by one of hesitancy, which may be the prelude to a new recovery. Italian wholesale price index numbers are now available, for the first time for nearly two years. We reproduce from *The Financial Times* the monthly averages for most of 1936, together with the figures for recent fortnights. The net rise in Italian prices during the past year is 14.8 per cent. This is very moderate when allowance is made for the rise in world prices and also for last October's devaluation of the lira, but the total increase since July, 1935, is 31.8 per cent. Apparently the internal value of the lira depreciated in anticipation of its devaluation, presumably as the result of the Abyssinian war and sanctions:—

SEPTEMBER 18, 1931 = 100

Date	The Economist Indices		Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt	
	British Complete Index (sterling)	Primary Products						
		British (sterling)						American (dollar)
1932								
July 27th 1933	99.5	103.5	84.1	136.9	88.3	91.3	88.1	
July 28th 1934	108.1	120.6	124.7	145.7	100.9	89.7	86.6	
July 18th 1935	109.5	124.8	136.7	162.4	113.2	81.4	83.2	
July 31st 1936	112.7	126.7	146.2	165.6	120.2	75.9	98.2	
Jan. 29th 1936	118.1	131.7	145.7	165.6	121.8	82.3	95.1	
Feb. 26th 1936	117.4	132.8	145.0	166.0	120.7	85.2	95.2	
Mar. 25th 1936	117.4	133.9	144.3	165.8	119.6	85.2	95.3	
Apr. 29th 1936	117.3	132.8	143.2	165.8	119.2	85.0	111.8+	
May 27th 1936	115.5	130.1	140.5	164.3	117.7	85.2	112.2+	
June 24th 1936	116.2	133.2	147.0	163.2	119.8	84.1	111.9+	
July 22nd 1936	118.7	140.4	157.2	163.4	121.9	88.8	111.4+	
Aug. 19th 1936	119.4	141.9	163.2	163.4	121.9	88.8	111.4+	
Sept. 30th 1936	121.8	144.5	159.6	165.0	121.8	88.8	111.4+	
Oct. 28th 1936	123.6	145.7	161.1	167.1	122.5	102.1	112.5+	
Nov. 11th 1936	125.0	148.9	167.8	167.7	123.7	105.3	114.8+	
Nov. 25th 1936	128.3	150.9	172.0	167.2	124.8	106.9	114.8+	
Dec. 9th 1936	128.2	157.0	179.5	166.7	125.6	108.9	116.3+	
Dec. 30th 1937	131.3	163.9	187.3	166.7	128.8	113.0	96.3	
1937							95.4	
Jan. 13th 1937	133.6	165.1	190.2	166.6	131.5	115.5	120.1+	
Jan. 27th 1937	134.2	164.2	184.5	167.0	131.5	116.2	95.7	
Feb. 10th 1937	135.0	166.3	184.3	167.2	131.5	116.2	97.0	
Feb. 24th 1937	136.3	168.2	185.5	167.4	131.8	116.8	96.2	
Mar. 10th 1937	140.8	178.2	197.4	167.4	134.7	120.7	97.5	
Mar. 31st 1937	141.3	181.9	199.7	167.4	137.3	121.8	97.3	
Apr. 14th 1937	143.8	175.0	189.8	166.6	137.0	121.8	97.5	
Apr. 28th 1937	142.0	169.9	183.5	165.4	135.6	120.5	97.5	
May 19th 1937	142.4	168.7	184.4	165.3	134.4	120.5	97.2	

* These figures refer to May 12th.
† Monthly averages.

During the past fortnight increases in the cereals and meat and minerals groups were balanced by declines in the other three groups:—

The Economist INDEX (1927 = 100)				
	Sept. 18, 1931	Apr. 14, 1937	Apr. 28, 1937	May 19, 1937
Cereals and meat	64.5	95.0	92.2	94.6
Other foods	62.2	70.2	69.7	68.4
Textiles	43.7	74.6	74.3	73.8
Minerals	67.4	107.4	105.5	107.1
Miscellaneous	65.8	87.0	87.1	86.7
Complete index	60.4	86.8	85.7	86.0
1913 = 100	83.1	119.3	118.0	118.4
1924 = 100	52.2	75.0	74.1	74.3

Both grain and meat prices were firmer. Bacon was unchanged. Among other foods, there was an increase in coffee, but most of the remaining prices were lower. Cotton and wool were cheaper, but there were increases in flax and jute. In the minerals group there were advances in steel and copper and declines in lead, tin and spelter. In the miscellaneous group, rubber, tallow and leather are all cheaper, while linseed oil advanced.

Overseas Correspondence

From Our Special Correspondents

United States

The Raising of Required Reserves

NEW YORK, May 11.—Perhaps the largest single control operation ever undertaken by the Reserve System was completed on May 1st, when required reserves were raised to the legal maximum. That is, all member banks in Central Reserve Cities are now required to maintain deposits at the Reserve Banks equal to 26 per cent. of their demand deposits; in Reserve Cities, 20 per cent.; and elsewhere 14 per cent. The required reserve against time deposits is uniformly 6 per cent. The initial action of raising required reserves by 50 per cent., undertaken last August 15th, was largely neutralised by subsequent gold imports. At the end of the year, the creation of the Inactive Gold Fund, whose operation is analogous to that of the British Equalisation Fund, effectively checked the further expansion of excess reserves, but as these were in the vicinity of \$2,000 millions, the Reserve authorities were still far from control of the credit system. This state of affairs was viewed complacently as long as we were pursuing a policy of inflation, but is irreconcilable with the increasingly frequent warnings from Washington of the imminence of a dangerous boom. The announcement in February that the required reserves would be raised another 50 per cent., in two equal steps on March 1st and May 1st, was therefore the logical sequel to the measures initiated in the previous year.

That the elimination of some \$3,000 millions of bank cash, even though this left excess reserves conservatively estimated at \$500 millions, would cause some firming of money rates was expected. Indeed this movement became perceptible in the second half of last year, when came Governments advanced from practically rates on short Governments from 0.0 per cent. to about 0.40 per cent. (and in instances actually) 0.0 per cent. to about 0.40 per cent. on nine months' paper. It was apparently believed that this logical consequence would be confined to the short-money market; and up to the end of February the rate on long Governments showed no firming whatsoever. The fact that the new issue market went flat in January and the corporate bond market turned heavy in February was ascribed to special causes, for at the end of February the long Governments were in new high ground, and it was generally assumed that the banks (which had been given abundant notice) had adjusted their reserve position to the new requirements. This supposition was supported by all the statistical data publicly available. The Treasury, therefore, offered for March 15th a long-term 2½ per cent. conversion bond, which promptly went to a premium before issue.

Scarcely had the books been closed when bond, stock and commodity markets fell sharply. The consternation expressed in banking and official circles seemed rather disproportionate to the actual decline in Government securities. The 2½ per cent. issue, for example, dropped from a little over 101 to a little under 97, or from a 2½ per cent. basis to a 2½ per cent. basis. At the end of March the Reserve Board, which was apparently quite disconcerted, announced that it would undertake additional purchases to support the market, or to use the official term, to maintain an orderly market. By that time, however, the flurry had practically spent its force. The Reserve Bank has actually added about \$100 million to its total holdings of Governments, as well as increasing its proportion of longs to shorts. Certain Government agencies have also been purchasers. The Government market regained its equanimity, and the current rate on long Governments is quiet, with long 2½'s at par.

This decline was partly sympathetic at a time when all

sorts of markets at home and abroad were uneasy; it was partly a nervous response to alarming official utterances; and for these reasons it may be described as essentially a flurry. Certainly the shift in quotations on Government bonds (from 2½ per cent. to 2½ per cent.) can as yet hardly be described as a change in the long-term rate of interest, as the term is used in economic discussion. Nevertheless, the change from excess reserves of over \$3,000 millions to excess reserves of about \$800 millions, is a major operation; and operating a banking system which requires 26 per cent. of bank cash against demand deposits in its principal financial centres is more delicate than operating on a required reserve of 13 per cent. plus an equal amount of excess reserves.

Adjustment in New York City

The New York market has something of the same relation to the banking system of the United States that London has, not to Britain, but to the sterling area; that is, there is a balance-of-payments problem of considerable complexity. This balance-of-payments problem has in recent years been conditioned by two facts: the New York banks were continuously receiving reserves in the form of gold imports; and were continuously losing reserve cash to the interior by reason of an adverse balance of payments between New York and the rest of the United States. The replenishment of the cash of the New York banks by gold imports was abruptly terminated by the creation of the Inactive Gold Fund; but New York's relation to the interior of the United States has become to a large degree conditioned by financing of deficits; and the Budget outlook is anything but clear.

The following tables show how the Member Banks of New York City progressively adjusted themselves to the change in reserve requirements.

NEW YORK MEMBER BANKS
(\$000,000)

	July 1, 1936	Feb. 24, 1937	May 5, 1937
Total loans and investments	9,063	8,633	8,379
Brokers loans	1,004	1,053	1,147
Security loan to others	765	727	732
Commercial loans, etc.	1,555	1,791	1,935
U. S. and guaranteed securities	4,582	3,917	3,476
Other securities	1,157	1,145	1,089
Reserve with Fed. Res. Banks	2,004	2,648	2,430
Demand deposits	6,215	6,515	6,333
Time deposits	550	645	658
Government deposits	192	134	66
Inter-bank deposits	2,933	2,764	2,464

It does not appear that these banks were under actual pressure at any time up to the end of February. The liquidation between July 1, 1936, and the end of February, 1937, appears to have been precautionary rather than compulsory. Between the end of February and the end of April, the New York City Banks actually lost almost \$200 millions of reserves, in addition to the increase in reserve requirements, and were forced to borrow—although the group continuously had great

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excess reserves. This illustrates the technical problem of distributing excess reserves, or any reserves for that matter, in a banking system that is no longer complemented with a smoothly functioning money market.

Formerly, the New York money market was composed of a large call market; a fair commercial paper and bill market; and the short Government market. The call market is now much shrunken and is limited to the New York banks; the commercial paper market is quite small; and the short Government market, now the sole money market, reduced by the funding operations of the past year, is carrying the whole load. In the 20's, the system functioned smoothly with \$25 to \$50 millions of excess reserves; at present the excess reserves probably exceed \$800 millions. While the process of adjustment from \$3,000 millions of excess reserves to the present figure has produced rather more disturbance than was statistically anticipated, the completion of the undertaking is generally believed to find the adjustment also completed. This belief, however, pre-supposes that the balance of payments between New York and the interior is in equilibrium; and on this theme it is impossible to offer any positive opinion.

France

High Hopes of the Exhibition

PARIS, May 20.—The Paris Exhibition will be opened on May 24. Foreign tourists will bring pounds, dollars, etc., which will opportunely stock the Equalisation Fund just when the import surplus has reached 6,000 million francs for the first four months of the year. This week will also be marked by new measures of the revival of business, which will include a revision of the 40-hour week in retail trade, the establishment of full powers to revise the tariff and to substitute duties for quotas, and the increase of some taxes and of railway rates and fares. The practical benefits of the Exhibition, taken with the price in social reform, should help to restore confidence and to effect a recovery in the money market, which has still to meet the needs of the Treasury for 1937.

The Treasury will officially need 18,000 million francs between April until the end of December, though 20,000 millions is a more probable figure. These forecasts assume that fiscal receipts will conform to the estimates (in April they did not), that the English Loan will be renewed, and that the first maturity of the 4½ per cent. 1934 Treasury bonds, which were issued with a term of 3, 6 and 9 years, will not have to be wholly repaid. If confidence exists, these operations will present no serious difficulties. If not, the problem will not be solved without a financial and political crisis. These considerations explain the recent speeches in which M. Blum and his Ministers emphasised the need for Socialists to respect the "pause." They also explain the desire of the French Government to collaborate with Great Britain to make peace and international co-operation effective.

Imports were in April slightly lower and exports slightly higher, as the following table shows:—

	FOREIGN TRADE			
	In Francs ('000,000 omitted)	In Tons ('000 omitted)		
	March, 1937	April, 1937	March, 1937	April, 1937
Imports:—				
Foodstuffs	790	830	480	515
Raw materials	1,898	1,986	3,910	4,215
Manufactured goods ...	539	481	208	223
Totals	3,227	3,297	4,598	4,953
Exports:—				
Foodstuffs	266	277	84	89
Raw materials	608	735	1,972	2,257
Manufactured goods ...	963	961	209	255
Totals	1,837	1,973	2,265	2,601

For the first four months of 1937, imports show an increase in value of 5,375 million francs and exports of 2,402 million francs compared with the same period of 1936. The import surplus was 6,205 million francs, against 3,273 millions in 1936. Both in imports and exports, the increase was principally in raw materials.

Steady Prices

The latest indices of prices, for April, show that wholesale prices were steady at 532, against 537 in March, and retail prices had only moved from 577 to 580. The stability of wholesale prices is explained by the decline in world prices and the seasonal heaviness of certain domestic food products, while certain other prices, notably those of metallurgical and re-armament products, registered a new rise. It is feared, however, that the cost of living, which was 581 for the first quarter of 1937, against 486, 504, and 540 for the first, third and fourth quarters of 1936, will be pushed up in the future by the general introduction of the 40-hour week, by the increase in the cost of goods transport and, next winter, by the seasonal rise in the price of coal, wheat and food products. The Government will, however, try to mitigate this by a further reduction of import duties.

Unemployment on May 8th was 363,569, a fall of 4,812 for the week and of 77,545 compared with the corresponding week of 1936. Railways receipts for the first 17 weeks of 1937 were 3,273 million francs, an increase of 9.86 per cent. compared with 1936. Loaded waggons for the same period numbered 4,928,238, against 4,788,331 in 1936, an increase of 2.92 per cent.

Fiscal receipts in April were less favourable than for the first quarter of the year. They were 131.5 million francs lower than those of the corresponding month of 1936. The decline was particularly marked in the yield of the turnover tax, which produced 397 million francs, against 540 millions in the same month of 1936.

The general heaviness of international markets added to the effects of internal political troubles and of Anglo-Italian tension reacted on French industrials. Nevertheless, quotations remain much higher than the highest of 1936.

Germany

Self-Sufficiency at all Costs

BERLIN, May 18.—The Four-Year Plan for raw materials entered a new phase last week when an import duty of over 100 per cent. *ad valorem* was imposed on rubber, hitherto free from duty. The new duty may be increased or reduced with changes in price, and embraces caoutchouc, gutta-percha and balata. The present market price of duty-free rubber, which is quoted in Hamburg in pence per English pound, works out at about Rm. 118 per 100 kilogrammes. On the basis of an import of 80,000 tons a year, the yield of the new duty would be Rm. 100 millions. It is announced that the receipts will be used to finance the new Buna synthetic rubber plants. These concerns cannot get along without Reich help. It seems, however, that Reich financial help will not be confined to the producers of the new material. In great measure these have already raised the capital necessary or have financed themselves out of their own resources. Reich financial assistance will be required by the manufacturing consumers of Buna, who must now expand and adapt their plant. The new duty involves a doubling of the price of the natural rubber whenever the new substitute is generally available.

The measure throws some light on the policy behind the Four-Year Plan. Sometimes the Plan has been justified on ideological Party grounds, because national self-sufficiency is regarded as desirable in itself. Sometimes it has been justified by the exigencies of national defence, because all the materials to be produced are more or less indispensable to war. There is no contradiction between these two motives; but a contradiction is implied by the third kind of official utterance, which is temporising, protesting and even apologetic. In these protestations the Plan appears as an urgent but disagreeable necessity. It is protested that Germany desires nothing more ardently than the emancipation of international trade; but that unluckily she cannot expect this in view of foreign trade barriers. Consequently she is short of foreign exchange to pay for imports. In a

reasonable world, they claim, she would never have dreamed of a Four-Year Plan. It accords with this view that until now the import of the necessary raw materials which Germany does not possess, but for which she might produce substitutes, has been in general duty free. That was the case with rubber. The new rubber duty, however, is an instance of a new impediment to trade, ostensibly with the incongruous aim of overcoming the undesirable consequences of old impediments. Actually Germany has experienced no difficulty in obtaining a supply of foreign rubber. While her import of many commodities has been heavily cut down, her import of rubber has risen rapidly from 50,200 tons in 1932 to 82,100 tons in 1936. The raising of a new obstacle to imports suggests that the Plan was not really an emergency measure forced on an unwilling Reich by the perverse trade and currency policy of the outside world, but that it sprang from a desire to attain self-sufficiency at all costs.

Industrial activity is increasing. Most trades which manufacture production-goods have reached the point where they would normally expand their plant. Armament orders, new raw-material undertakings, building, and export (in which the demand for capital goods predominates) are responsible for this condition. Iron production has not succeeded in maintaining the high level reached in September, 1936. The output of production-goods is estimated at between 7 and 10 per cent. higher than a year ago.

Officially, it is declared that there is now virtually no unemployment. Of approximately one million persons now registered as unemployed, some 300,000 to 500,000 are short-term unemployed who, when the return was compiled, were changing their jobs, and of the remainder some 330,000 were not fully employable. The consumption of electricity in March was 21 per cent. higher than in March, 1936. Pig-iron output in April was 1,306,200 tons, against 1,303,900 tons in March; in the first four months of 1937 it was 5,093,000 tons, against 4,913,900 tons in 1936.

Change in Direction and Terms of Trade

The geographical distribution of foreign trade continues to change in the now familiar direction. The chief feature is the decline in passive balances with overseas countries. In the first quarter of 1937 there was an export surplus with Europe of Rm. 231 millions against Rm. 169 millions in the same quarter of 1936; and an import surplus with overseas countries of only Rm. 37 millions compared with Rm. 87 millions a year ago. With Asia and America the import surpluses have entirely disappeared; with Africa the surplus has changed little, and with Australia it has slightly increased. Imports from South-East Europe increased considerably, but from the United States they heavily declined. The increase in export values was about 13.1 per cent. in all and was evenly spread over European and other trade. Brazil, Argentina, Mexico and Venezuela have greatly increased their purchases in the last quarter; and in trade with the United States exports have actually exceeded imports. American figures, which are differently compiled, do not, however, usually agree with the German. The shift in the direction of export trade is shown by the following table:—

	Jan.-March (inclusive)	
	1933	1937
Percentage share in German exports of:—		
Europe	78.5	68.3
Africa	2.3	3.8
Asia	7.2	11.9
America	11.3	15.0
Australasia	0.6	0.9

The monetary trade-balance is still unfavourably influenced by the "price scissors." Although the price of exports rose slightly in the first quarter of this year, the price of imports rose still more. It is officially reckoned that 8 to 9 per cent. more exports must be sold this year to pay for the same quantity of imports as was purchased last year. The large increase in the export of manufactured goods in 1936 was mainly due to a rise in the sale of production or capital goods, cloth being the

Switzerland

Budget Recriminations

GENEVA, May 16.—Much dissatisfaction is being expressed throughout the country about the financial policy of the Swiss Confederation in 1936. A deficit of 300,000 francs was estimated. Actually the accounts show a deficit of 27 million francs. The Federal Finance Department had pledged itself to curtail all expenses and to oppose any increase in expenditure. Parliament voted a rise in the rates of the "Crisis Tax" to increase its yield by several millions. The taxpayers supplied an extra 65 million francs to the Treasury, general receipts were 7 million francs higher than estimated, but the Finance Department, after making economies to a total of about 4 million francs, spent 34 million francs more than forecast.

In 1933, when the Federal finances were in a difficult position, a first financial programme was voted by Parliament; it included the institution of the "Crisis Tax" and the raising of several existing taxes. That programme was a failure, and in 1933 the deficit reached 72 millions; while it was 26 million francs in 1934 and 18 million francs in 1935. A second financial programme was approved last year, to yield another 130 million francs, enough to balance the accounts. The 1936 deficit shows the result.

If the present economic revival continues it may to some extent ease the position of the Federal finances, but it is nevertheless certain that some more curtailments are needed in all Federal services. State subsidies were reduced last year, but they still reached about 200 millions, against 22 millions in 1913 and 86 millions in 1929. Important savings could now be made in State grants, especially since unemployment is falling. The Socialist Party has launched a campaign for the levying of new taxes to balance the Budget and to permit the undertaking of big public works.

Business Activity

Swiss foreign trade returns for the first quarter of 1937 show that the improvement recorded since the currency was devalued is still going on. Imports reached the value of 454,911,769 francs, an increase of 69 per cent. over the corresponding period of 1936, and of 2 per cent. over the previous quarter. The rise in the imports of raw materials shows that industry is more active. Exports were valued at 264,099,456 francs, a rise of

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32 per cent. compared with the first quarter of 1936. The situation has improved so much in the watch-making industry that a great number of factories cannot accept new orders for six months, while a few refuse them unless the goods may be delivered next year. The machine industry is also more active.

Imports from Great Britain reached the value of 28,887,771 francs, compared with 17,474,708 francs a year ago, while exports to her reached 30,575,756 francs, against 19,773,969 francs in 1936. The five chief exporters to Switzerland were Germany (90.2 million francs), France (61.3 million francs), Great Britain (28.5 million francs), United States (28.0 million francs), and Italy (27.8 million francs); while the five best importers from Switzerland were Germany (42.0 million francs), France (34.0 million francs), Great Britain (30.5 million francs), United States (25.2 million francs), and Italy (16.8 million francs). There has been a noticeable drop in unemployment in almost all branches of industry and commerce. The number of registered unemployed was 104,000 at the end of December, 1936, compared with 118,700 in 1935, and 89,390 at the end of March against 98,300 at the end of March, 1936.

The Future of Swiss Railways

For the first time since 1930 the Swiss Federal Railways recorded an increase both in passengers and goods traffic, and a surplus of 23 million francs, compared with 11 millions in 1936. It is feared, however, that the re-organisation plan for the railways which the Federal Council has been discussing for the past three years may now be deferred.

The economic crisis of the past five years deeply influenced the earnings of all transport undertakings. The receipts of the Federal Railways, which exceeded 420 million francs in 1930, gradually declined, but the working surplus remained comparatively high, thanks to drastic savings in all expenses. Receipts and yearly surpluses since 1931 have been as follows:—

	Receipts (In millions of francs.)	Surplus
1931	389	106
1932	342	69
1933	336	76
1934	333	86
1935	314	74
1936	290	77

The receipts of private lines dwindled in a somewhat higher proportion, and a number of them have been unable to even pay the interests on mortgages and securities. Some of them have been financially helped by the Cantons and Communes concerned, but that help has proved inadequate. The Federal Government has been called upon to undertake the same financial restoration of the private lines as of public. The network of the Swiss Federal railways is 1,781 miles, valued at about 3,000 million francs; the network of private lines is 1,875 miles, estimated to be worth 1,000 million francs. The Federal Council is prepared to spend 150 million francs to save those private lines, the existence of which is justified by economic, tourist or military reasons. It is not yet known how the Confederation will proceed: the private lines will probably be under Government control, but will retain some independence. The failure of the State purchase of private lines in 1901 is an ill omen for this new venture.

Hungary

Foreign Policy

BUDAPEST, May 12.—The visit of the Italian royal family to Budapest coincides with the tenth anniversary of the Italian-Hungarian treaty of friendship, which was the forerunner of the Rome Protocol. Though the visit was decided last November when Admiral Horthy, Regent of Hungary, went to Rome with his Ministers, the presence of the Italian monarch in Budapest, accompanied by his Foreign Minister, Count Ciano, coming as it does so soon after the visit of the Austrian President

and Chancellor von Schuschnigg, affords plenty of room for speculation about its significance. It is worth while, therefore, to quote a recent statement of the Foreign Minister, M. de Kánya, who summarised the foreign policy of Hungary as follows: "Loyalty to our friends, avoidance of any and all adventures, the establishment of satisfactory relationships with those from whom we are now separated by controversial matters; and opposition to the political blocs and military alliances."

Hungary welcomed the improvement of Italian-Jugoslav relations, and earnestly regrets that new differences have arisen between Italy and England. The Government realises that no satisfactory solution of the Danubian problem is possible without the active and benevolent co-operation of all the Great Powers concerned. The Administration is therefore concentrating every effort to bring about social improvements to diminish the danger of extreme propagandists of the Right or Left seizing power in the rural areas. This is particularly important because the new electoral law will extend the secret ballot to rural constituencies.

Cautious Finance

Business and public revenue continue to be satisfactory, but Mr Tyler's last report contains a timely reminder that the improvement arises mainly from favourable circumstances which may not last very long. The League representative points out that a poor harvest, coupled with a less advantageous price situation, might reverse the tendency; and that the present position calls for the continuation of a conservative financial policy.

The new Budget for 1937-38 discloses a deficit of 67.9 million pengő, but it is safe to say that barring unforeseen accidents current receipts will amply suffice to meet not only current expenditure, but also some of the cost of investments and social improvements which are planned to increase the productive capacity of the country.

The Budget estimates are as follows, compared with the figures for last year:—

	1936-37	1937-38
	Million pengő	
Administration:—		
Expenditure.....	788.1	821.7
Receipts.....	771.6	805.3
Deficit.....	—16.5	—16.4
Undertakings:—		
Expenditure.....	423.6	445.2
Receipts.....	364.5	393.7
Deficit.....	—59.1	—51.5
Total deficit.....	—75.6	—67.9

The full service of the State's foreign debts, calculated at the official rate, has again been included in these estimates at 92.3 million pengő, and judging from the experience of the past two years, actual disbursements will not exceed 65 million pengő. It must be pointed out, however, that the above estimates do not include the sums due to the Agricultural Relief Fund, which amounted to 51 million pengő in the current year. Because of the rise in prices and the national income the burden of taxation is somewhat lighter than it was in the depression years, but it is still very heavy.

The Break in Stocks

The Budapest Stock Exchange experienced its worst day on April 27th, when the quotations of leading shares fell by some 20 per cent. or more because of the collapse of domestic over-speculation and the break in foreign markets. Bonds were entirely unaffected and maintained a firm tendency throughout April and May; the reverse in the share market, which in spite of the repeated warnings of the authorities, showed all the signs of an inflationary boom, was long overdue. In sympathy with the rally in Vienna and Prague, stocks rallied in the first part of May, recovering about half of their losses. It is significant that the yield of the leading shares on the Budapest Exchange, even at the lower prices now quoted, is scarcely more than 2-3 per cent., whereas the best securities with fixed interest, State and mortgage bonds alike, offer a yield of more than 5½ or 6 per cent. The comparatively high rates ruling for bonds in the open market do not make attractive the flotation of an internal loan.

India

Congress Policy in Bombay

BOMBAY, April 26.—The programme put forward by the Bombay Ministry, and held up as a model for Ministries in other provinces, aims to stimulate economic activity by giving the utmost encouragement to agriculture. The programme is designed to afford the ryot profitable access to forest areas, and it also proposes to distribute waste ground to landless labourers. A general review of assessment for land revenue is also suggested. The Ministry hopes in the long run to establish free and compulsory primary education throughout the Presidency. Prohibition, which has always been of great interest to the Congress Party, is also included in the long run policy of the Ministry.

The subject is exhaustively discussed in the report of the Prohibition (Finance) Committee of the Bombay Presidency issued in 1927. The Commissioner of Excise for the Presidency reckoned that, exclusive of Sind, the recurring cost of trying to enforce prohibition would be Rs. 339 lakhs, and that the capital cost of buildings and equipment for enforcement would be another Rs. 515 lakhs. The Committee thought that these costs were exaggerated. Some thought that economies might be made by handing over preventive work to the police; but the Inspector-General argued that to hand over this task to the police would be disastrous to the morals of his force and would in fact result in no saving.

The Farmer and the Moneylender

One of the best documents about economic conditions in India issued for a very long time is the report which has been submitted to the Government of India by the Reserve Bank about rural credit. In much of the discussion preliminary to the establishment of the bank there was constant reference to the need for using it to help agriculture. The economic problem of agricultural India is only to a minor extent one of credit facilities. The farmer must first be made credit-worthy. This means that his earning capacity must be increased and that he must have a practical desire to improve his economic condition. Any economic improvement, if it is to be effective or lasting, must be accompanied, and in many cases preceded, by improvements in village sanitation and hygiene, medical facilities, roads, wells and irrigation works, and the spread of a practical form of education. Villagers must also be educated to take effective co-operative action towards the consolidation of holdings. Public opinion must be developed to prevent the undue splitting up of holdings into uneconomic patches yielding but a bare subsistence.

The Indian ryot is normally trapped in a vicious circle, since he pays interest at usurious rates on a load of indebtedness which eats up his profit and leaves no incentive for improvement. Provincial Governments are trying to break this vicious circle by setting up debt conciliation machinery which seems to be working fairly satisfactorily. They are also exploring the possibility of finding suitable and profitable bye-employments for the ryot and inducing him to follow them.

The report examines the part that commercial banks could play in helping agriculture and points out that they could do little more than finance the marketing of crops. But there are certain prerequisites before this aid can be proffered. A reasonable standardisation of marketable crops is necessary, as also are proper storage under proper supervision and properly regulated forward markets run on orthodox lines in the interest of both sellers and buyers.

The Co-operative Credit Societies might fulfil the rôle by providing the farmer with funds for growing his crops. They are not doing so adequately, states the report, because of overdue debts which are large and have in effect become long-term loans. It is necessary for these long-term debts to be placed on a business footing. It is recommended that more practical bankers should be in

control in each Province. There should be more representation of depositors on the boards of Provincial Co-operative Banks and the Central Banks. The nature of the business which the societies can finance should be much more restricted. Loans should be issued in instalments and not in lump sums. It should also be considered whether a cultivator-borrower who sells his produce without any attempt to repay the loan on it should not be liable to imprisonment.

There is scope for land mortgage banks on a joint stock basis to bring the money markets and the farmer into closer contact. Even with a revitalised co-operative movement and the greatest possible contact between finance and the farmer, he must continue for a long time to come in many places and in many ways to depend on the village moneylender. The report states that a system of compulsory licensing and registration of approved moneylenders should go a long way to restore harmony between ryot and *bania*.

Favourable Trade Agreement

The Indo-Japanese Trade Agreement does not, as some industrialists hoped, deal with the question of anything else but Japanese imports of textiles. In essentials the new agreement maintains the *status quo* allowing for the separation of Burma. India is to take 283 million yards of cotton piece-goods against purchases by Japan of one million bales of Indian cotton, with a maximum receipt of 358 million yards against an increased purchase by Japan of 1½ million bales of Indian cotton. The changes in the categories of piece-goods within the quota are to India's advantage. Finally, the new protocol, like the old, makes no mention of such extraneous imports as made-up garments, towellings, and re-exports over India's land frontiers to the neighbouring markets of Nepal and Afghanistan. The non-official advisers pressed for action against these; apparently Japan was unwilling to concede the point. On the whole, however, India's position is stronger under the revised protocol.



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Letters to the Editor

State Money or Bank Money?

TO THE EDITOR OF THE ECONOMIST

SIR,—There is no doubt that Mr Mackenzie King, Prime Minister of Canada, hit the nail on the head when he said recently: "Until the control and issue of currency is restored to the State, recognised as the Government's most conspicuous and sacred responsibility, all talk of the Sovereignty of Parliament and Democracy is idle and futile."

Money and food are very much alike in one respect. We must have money, like food, in order to exist. But if we use a large proportion of non-genuine currency we are bound to suffer economic ill-health, in the same way that we suffer physical ill-health when we eat bad food. The only genuine State currency employed at the present time in England and most foreign countries, is the metal cash and postal order money, which together represent a very small fraction of the currency.

So long as the amount of State currency remains more or less stationary, crushing taxation and indebtedness will go on increasing, and the root cause of strife and war will not be removed. Surely a National debt of about £8,000 million and a local government one of £1,300 million should set the duldest mind thinking furiously. These colossal debts are due chiefly to the present method of using cheques. Nearly all our currency has no tangible existence beyond being in the form of book entries, which a certain section of the community are able to create through the medium of cheques. Banks must return to their original function of handling money in tangible form.

Cheques must cease to be temporary money; they must be an order to transfer 100 per cent. State-money notes of a special type, so that any sum, however large, can be easily and safely paid with one or a few notes. At first this may appear to be a cumbersome scheme, but it will be found to be less complicated than the present method of handling cheques, which often cost the banks about eighteen pence each to clear, as they have to pass through about a dozen hands.

The world has got into the present appalling economic and debt tangle through the departure from using tangible State currency, which it could now do in a new and modern way. This has prevented the State from exercising its prerogative over the creation and issue of the currency,

thus depriving the people of incalculable benefits and the enjoyment of a progressive civilisation. It is quite conceivable that the amount of new money that would have to be added to the existing money each year in order to keep prices at their desired level and enable the people to buy to the extent that they can produce, would make taxation unnecessary.

The British Government has a wonderful opportunity of adopting a 100 per cent. State-money system. If it did, we would rapidly become strong financially, industrially and in many other ways. Other nations would soon follow our example and there would be a chance to settle international disputes by mutually beneficial agreements. Insane destructive wars would become the follies of a bygone age.

Yours faithfully,

A. VERDON-ROE.

Hamble, Southampton.

Our New Financial Machinery

TO THE EDITOR OF THE ECONOMIST

SIR,—I notice in your issue of May 8th a comparison between our present monetary and credit machine and that of the gold standard illustrated from locomotive engineering, quoting No. 10,000 and the "Lord of the Isles." If the latter is the celebrated G.W.R. machine of last century, and No. 10,000 the recent L.N.E.R. high-pressure, water-tube boiler, compound locomotive, the analogy is, to put it mildly, unfortunate.

"Lord of the Isles" was extremely successful and did its job for many years until outclassed by increasing weights of trains. So far, so good. "No. 10,000," after ceaseless experimenting for six or seven years, has had to be abandoned, as far as its new principles are concerned, and is to be rebuilt on the old lines. Not so good.

Yours, etc.,

RAILWAY OBSERVER.

St. Albans.

[Perhaps our correspondent will read our article on page 460, this week.—ED. Econ.]

Books and Publications

Central Control and Local Finance

NEITHER in Germany nor in Great Britain has it yet been possible to find one single principle by which to distinguish the spheres of local and national finance. "The choice," writes Miss Newcomen,* "between varying local tax rates on real estate and business, and the distribution of revenues from taxes levied at uniform rates throughout a country has yet to be made. The one leads to local self-government, with its local freedom, local responsibility, and individuality—all desirable ends. The other leads to uniform taxes and equal opportunity, likewise desirable ends." The conflict of principles is well stated in these few sentences, and the

prevailing tendency towards increasing central aid and control suggests the very gradual triumph of the second principle in Great Britain as well as in Germany.

Miss Newcomen does full justice to the complexity of the issue, and to the still greater complexity of the *ad hoc* methods used to solve it in this country. Even the systematising Act of 1929 was devised rather to provide an acceptable solution of current difficulties than to solve the difficulty of principle. The elaborate "weighting" of counties according to the number of children, the population per mile of road, the percentage of unemployed, etc., was designed to effect certain desired results at the time of drafting, but cannot be justified on other grounds. As the situation changes, the equalising effect of the formulas will change, and they may have to be revised.

De-rating is, as Miss Newcomen says, the most criticised feature of the 1929 Act. "What, in fact, the Government chose to do was to subsidise farmers, mine-owners, manufacturers, and shippers, at the expense of the users of light oil." In support of this de-rating, it is frequently contended that industry should not bear burdens equal to those placed on residents, since local government services benefit residents rather than industrial concerns. But rates are commonly justified on the theory of ability to pay rather than benefit; and moreover it is by no means clear that industrial establishments ought not to contribute to local government expenditure on education, housing, health, and relief.

* "Central and Local Finance in Germany and England." By Mabel Newcomen. 381 pages. Columbia University Press. 17s. 6d. net.

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"Highways, at least, are essential to the farm. Yet farm real estate contributes nothing at all."

Miss Newcomen asks if merchants are to be regarded as unproductive? Only industrialists and farmers are treated as producers in the allocation of the benefits of the Act, at the expense of the private resident, the shopkeepers, and the motorist. The Act has, moreover, "permanently impaired" the rate basis of local government, so that increasing dependence on the national Exchequer is to be expected in the future. This means that ordinary taxpayers, including the working and lower middle classes, will indirectly come to bear in yet another way the burden of the subsidy effected through de-rating. Moreover, the growing dependence of local authorities on the central Government both for grant-aid and for permission to raise loans imposes a grave responsibility on the central Government. It may be out of touch with the electors of a particular locality, and is not in any case directly responsible to them. The first principle of local responsibility has thus been dropped, without the second, the principle of full equalisation, being established; we are therefore at a half-way house in the relations between local and central finance.

Miss Newcomen's book is a notable contribution to English understanding of home problems, which are clarified by comparison with German organisation and by the expression of Miss Newcomen's own detached and penetrating criticisms.

Shorter Notices

"The Railway Worker." By G. M. Rountree, M.A. McGill University. Oxford University Press (Humphrey Milford). 12s. 6d.

The stability of employment in British railways before the post-war amalgamations made them a kind of industrial aristocracy. Expansion was almost continuous; the effect of the trade cycle was relatively small; technological unemployment was insignificant; and seasonal unemployment was almost equally so. Even after the grouping it was possible to reduce the labour force by employment attrition rather than dismissal, with a consequent minimum of disturbance.

British railwaymen will find a vivid contrast in the Canadian conditions described in Mr Rountree's book. Seasonal variation in traffic and employment assumes in the Dominion an importance quite unknown here. The freezing of the Eastern ports in the winter and the autumn movement of the wheat crop exercise a substantial influence on employment among the traffic staff; while employment among the permanent way men is dominated by the fact that, in Mr Rountree's words, "from November to March it is literally impossible to accomplish anything but very minor repairs to the permanent way." Superimposed upon this picture of normal variation is the huge shadow of "the railway problem"—the writing down of the assets of the Canadian National and the closing of redundant lines. This in itself makes the employment question highly complex; but when the effects of the depression and of road competition are added the threads seem almost inextricably tangled.

Nor is the organisation of collective bargaining, at any rate to an English student, either logical or strategically effective. There is nothing corresponding to the dominance of the great industrial union, the National Union of Railwaymen, in this country, which represents the railway workers as a whole while leaving scope for independent action by the Amalgamated Society of Locomotive Engineers and Firemen, the Railway Clerks' Association, and the shopmen's unions. In Canada the unions are split on the question of international or national organisation (which usually means federation with the American Federation of Labour or with the All-Canadian Congress of Labour). There is, of course, also the cleavage between craft and industrial unionism; and Mr Rountree points out that the most important national Canadian union, the Canadian Brotherhood of Railway Employees, is in conflict with the craft principle of the Trades and Labour Congress of Canada. An added complication arises from the existence of separate union federations for the Canadian Pacific Railway and the Canadian National Railway.

Mr Rountree ends with two chapters on "Short Run Problems" and "Long Run Problems," in the first of which he makes various practical suggestions for reducing the incidence of "normal" seasonal unemployment; in the second he deals with the effects on employment of railway unification.

"World Revolution (1917-1936)." By C. L. R. James. Secker and Warburg. 429 pages. 12s. 6d.

A history of the Communist International which seeks to interpret post-war history in terms of revolution and counter-revolution. Reveals the fissures within Communism, and accuses Stalin of sabotaging world revolution by falsification and physical repression. Surveys the Russian Revolution, the work of Lenin, the Socialist failures of 1923, the collapse of revolution in China, and the emergence of a bureaucratic State in Russia. Suggests that Stalin is insecure, and that only a Fourth International can salvage world Socialism. A biased and challenging book.

"Public Finance." By A. G. Buehler. McGraw Hill. 632 pages. 24s.

The traditional American text-book "for the use of college classes." Thorough, painstaking, and well-arranged, this book is lucidly written, and will be a useful work of reference for students interested in the minutiae of public finance in North America. The historical sections are good; and the theoretical background is consistently adequate.

"The Business Management Review." Vol. II. January-March, 1937. Management Journals. 5s.

This quarterly review contains the gist of the discussions of the Management Conference at Oxford, where the question how a business may be developed by plan was examined. The rôle of the economist, the practical terrain, market research, publicity, production and buying were dealt with by appropriate experts and men of experience. The result is an interesting and useful volume.

"The Russian Peasant Movement." By L. A. Owen. P. S. King. 267 pages. 12s. 6d.

An account and explanation of the agrarian facets of the Revolution of 1917 and subsequent developments; prefaced by a valuable analysis of Government policy and peasant organisation in the preceding decade. Sets the events of 1917, the history of Soviet Russia and the policy of Lenin and Stalin in a new perspective.

Books Received

Spain over Britain. By Henry Blythe. (London) George Routledge and Sons, Ltd. 62 pages. 1s. net.

Annales des Sciences Commerciales et Economiques. First Year No. 3. (Louvain) Ecole des Sciences Commerciales et Economiques de l'Université. 7.50 frs. Annual subscription 50 frs.

Practical Branch Banking. By A. Forrester Fergus. (London) Pitman and Sons. 285 pages. 8s. 6d. net.

Bombay: The Gateway to India. (Bombay) The Rotary Club of Bombay. 111 pages. No price stated.

Co-operative Union Central Board Report to the Bath Co-operative Congress, 1937. (Manchester) The Co-operative Union, Ltd., Hanover Street. 387 pages. No price stated.

Kapitalismus und Sozialismus. By L. Caro. (Vienna) Verlag Franz Leo and Comp. 320 pages. No price stated.

The End of Socialism in Russia. By Max Eastman. (London) Secker and Warburg. 45 pages. 1s. net.

Chatham House. By Stephen King-Hall. (London) H. Milford. 144 pages. 5s. net.

Modern Drafting in Cotton Spinning. By J. Voguera. (Leeds) Chorley and Pickersgill. 193 pages. 9s. 6d. net.

Les Illusions du Crédit. By Louis Baudin. (Montreal) Editions Albert Levesque. 1735, rue St-Denis. 317 pages. \$1.00.

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MONEY AND BANKING

The Problem of Gold—II

LAST week we described the growth in the world's gold supplies during the last few years. We then showed that there has been an expansion in four years of 16.5 per cent. in the gold held by the central banks, equal to an annual expansion of 4.1 per cent. This is rather greater than the 3 per cent. annual expansion often assumed to be necessary to ensure reasonable economic progress. Moreover, the aggravated maldistribution of the world's gold—i.e. its concentration in England and the United States—means that these two countries have accumulated gold at a rate far in excess of their normal needs.

Now a rapid increase in the world's monetary system tends to bring about a rise in commodity prices, and there is no doubt that the general recovery and the rise in world prices since 1932 has partly depended on the increase in the world's available gold supply. At all events if gold had not been available, the improvement could not have taken place except by a general and complete severance of the link with gold. To that extent the new gold has brought relief, and is a cause of satisfaction rather than anxiety. Yet while there is no direct mathematical relation between an increase in gold stocks and a rise in prices, it would be easy to show that if all the gold held in England and the United States were let loose in the banking system and if confidence was such that it was able to exercise its full effect upon the volume of credit, the resultant rise in commodities would carry the British and American price-levels far beyond those of 1929. In this respect the situation is quite abnormal—or at all events unprecedented. At the moment the gold is being held in check, partly by the segregation of a substantial proportion in exchange funds and partly because the Bank of England still under-values its gold. This course of action is illogical, for there seems little sense in buying new gold at a relatively high price, only to write it down arbitrarily or bury it in exchange funds. This, broadly speaking, is the problem with which we are faced to-day.

Arguments can be, and are, found both for and against a rise in world prices. The case against can be stated very simply. Trade conditions at home and abroad show that the present level of prices is already remunerative to many producers, including at least some primary producers as well as industrialists. A further increase would add to industrial costs and the cost of living, and would create a legitimate basis for demands for higher wages with all their attendant labour troubles. The *rentier*, after having his money income cut down by the fall in interest rates and debt conversions, would have his real income further reduced by a rise of prices, and though he would gain some relief from the rise in interest rates, both short-term and long-term, which would follow a rise of prices, the wider consequences of that rise would be harmful. Finally a renewed rise in commodity prices would cause new out-breaks of speculation, followed by liquidation and a general unsettlement of trade.

The arguments in favour of a slow and orderly rise in prices are equally potent. It would reduce the burden of the National Debt, which is now very heavy. This of course is the obverse to the penalisation of the holders of government debt, and in essence it implies the transference of part of the burden from the *entrepreneur* to the *rentier* and possibly to the Civil Servant and other salaried classes. Again, it is doubted if all the primary producing countries have yet regained a fair level of prices. A further increase of prices, it is argued, would enable them to buy more of our manufactured goods, it would hasten the liquidation of their outstanding debts, and would put them in a position to borrow more capital for

purposes of internal development. A further point is that a period of rising prices is the only one in which Governments can be induced to consider tariff reductions in practice instead of in principle. It would be the counterpart to the collapse of 1929-32, which was the main cause of the virulent spread of economic nationalism at that time. For these reasons it is argued that a gradual return to the 1929 level is to be desired.

On the balance of these two views it may be admitted that there is still some leeway to be made up from the bottom level of the depression. But any such recovery must be made with the very greatest caution—and the present gold supply provides an ample backing for it.

Meanwhile, is it to be assumed that England and the United States are becoming so choked with gold as to require a desperate remedy? England, it must be remembered, has become since 1931 the centre of the sterling area, and our gold reserves are in that sense the ultimate reserves of the whole sterling area as well as of ourselves. Again, a proportion of both the British and American gold reserves are in reality the product of "hot money." Gold to-day is badly distributed throughout the world, partly because capital is also badly distributed. Instead of seeking its normal employment at home, capital has fled for refuge to London and New York, and only a portion of it is properly invested there in productive enterprise, the remainder being hoarded in idle bank deposits, in currency, or even in gold itself. Now the economics of hot money have so far received imperfect study. To the extent that this fugitive money is hoarded in bank deposits, it is legitimate for the banking system to re-lend it at short-term to the Treasury, which in turn uses it to finance the exchange fund's gold holdings. This is one justification for the accumulation of gold in a Government controlled exchange fund. Equally, if hot money is hoarded in currency, it is right for the central bank to hold additional gold against that currency. These are the only ways in which the recipient countries, notably England, the United States and Holland, can preserve a liquid position. To that extent the accumulation and segregation of apparently surplus gold by those countries is the inevitable consequence of the accumulation of large floating masses of hot money. This suggests that the real problem is that owing to a deterioration of confidence the world is not making full use of its savings. If those savings could be induced to seek proper investment either at home or where they could be usefully employed, then the gold too could be better distributed, and the problem of surplus gold in London or Washington would become less obtrusive.

None of these ends would be furthered either by a reduction in the price of gold or by restriction of its purchase. Indeed, either of these possibilities would involve grave disadvantages if they were carried out by individual countries without international agreement. The Tripartite Monetary Agreement would be jettisoned and the exchanges thrown into fresh chaos. Again, neither the British Empire nor the United States would agree to a step which would plunge gold producers into sudden ruin, nor would it be right for them to do so. The inevitable reaction on world trade would make this course of action unjustifiable. France, too, could not agree to a step which would write down the value of the Banque de France's gold stocks, for unlike Great Britain and the United States, she has no reserve of segregated gold upon which to draw. We have also witnessed during recent weeks the psychological consequences of even a rumour of a movement in this

direction. Finally, the less sophisticated section of world opinion still regards gold as the one standard of value immune from Government interference. It is because the public believes in gold that bankers are able to use it as the ultimate basis of bank cash, credit, and indeed of money in the most general sense of the term. Governments have already caused a violent upheaval in the value of gold once, when they either deliberately devalued their currencies or allowed them to depreciate. If they now interfere with it again in the opposite direction, they will seriously shake belief in the yellow metal. So long as our knowledge of the price structure remains incomplete, and our methods of monetary management embryonic, no source of stability is to be neglected. There is nothing to be gained from a conspicuous display of arbitrary fluctuations in the value of gold.

But if there is to be no drastic action affecting the price of gold, the authorities must do their best to curb speculation, to minimise labour troubles, and to make any rise in prices that may occur as slow and orderly as possible. In short, they must see to it that the consequences of an abundant gold supply do not get out of hand. This requires a reversal of the banking measures taken eight years ago to "economise" gold; the segregation of gold and the raising of banking reserve requirements are among the practicable ways of doing this. For the rest, we may look to continued trade expansion to prevent the gold surplus from growing to unmanageable proportions. With a more remunerative price level throughout the world, confidence should return, and fresh opportunities should be sought for reducing tariffs, for removing trade and exchange restrictions, and for reviving home and international investment. Meanwhile, as recovery progresses, India should become once more an absorber of gold, while now that China has abandoned silver as a monetary standard, she too may begin to build up a gold reserve. All this is looking rather far ahead; but it suggests that with care it may be possible to achieve a better distribution of gold. It would be foolish to deny that the present gold surplus carries with it certain dangers, or to refrain from taking all possible action to minimise them—though it is legitimate to add that the dangers of a surfeit of gold are less than those of a shortage. But when stability is beginning to emerge from the chaos of the exchanges, it is hardly the time to inject the new disturbing factor which any drastic alteration in the price of gold, or arbitrary restriction of the market for gold, would assuredly be. When world trade has recovered its freedom and regained fresh life, the time will have come to take stock of our gold supplies and to devise a long-term remedy for any permanent maladjustment or general gold excess which may then still persist.

Financial Notes

Defence Loan Reactions.—For the current financial year from April 1st to May 15th, there is a seasonal deficit of £24 millions, which in the absence of other operations by the Government should cause a parallel increase in the floating debt. On this occasion, however, the floating debt has only risen by £4 millions, mainly because of the receipt to date by the Treasury of £24.5 millions, representing the two first calls on the new National Defence Bonds. The change in the position of the floating debt during these six weeks is illuminating. Tender issues of Treasury bills have risen by £30 millions, while there has been a reduction of £26 millions in the floating assets of public departments. This last movement points very strongly to two main deductions. The first is that the Exchange Equalisation Account has been buying gold, and so has had to reduce its holdings of Treasury bills. The second deduction is that the departments have taken up the bulk of the new Defence Loan issue, reducing their floating assets in order to make room for it. Last week, when a call of £19.5 millions was paid, the floating assets of the

departments were reduced by £18 millions, and there is a fairly close resemblance between these two figures. All this confirms the view widely expressed at the time the loan was issued. The net result is that the effective portion of the floating debt, consisting of money borrowed by means of tender issues of Treasury bills, has risen commensurately with the revenue deficit. Unless the departments can dispose of their holdings it looks as if re-armament expenditure will cause an increase in the effective floating debt.

* * *

Swedish Monetary Policy.—Last week we called attention to a statement by the Swedish Minister of Finance to the effect that in order to offset the tendency towards rising prices in Sweden it might be necessary to raise the value of the krona against the pound and also to restrict credit at home. The full statement, which was not available when we went to press, was that the general rise in wholesale prices must soon cause a considerable increase in the cost of living. If Swedish monetary policy was to maintain a stable price standard efforts must be made to stop the inflationary development of prices in the world markets. In these circumstances the external value of the krona was a secondary consideration. The Minister suggested an appreciation in the value of the krona against sterling, and more stringent control of domestic credit. Both measures, he added, were most undesirable and only applicable in the greatest necessity. He concluded by asking for authority to use up to Kr.100 millions of the Riksbank's exchange reserves for State purchases abroad. This warning was rather abrupt, and the following day the Finance Minister apparently realised that fact. Reverting to an earlier statement of his, made last March, he said on May 14th that an alteration in the value of the krona was no more necessary to-day than it was earlier in the year. On the contrary, the recent fall in international prices had made it less essential to consider such a measure. In common with other countries, Sweden is obviously a little anxious about the rise in world prices, but the Government realises how easy it is to upset the whole course of trade by the application of sudden remedies. The dividing line between boom and slump can be very narrow. Hence it is reassuring to learn that the Finance Minister was thinking aloud about the distant future, and that he realises the danger of any fresh disturbance to world exchange, trade and prices.

* * *

The Money Market.—Three months ago, Treasury bill allotments to the market were confined mainly to bills maturing on the days following Coronation Day and Whit-Monday. These bills had an extra day to run, which was to the advantage of the Government. As a result there were very heavy maturities on these two days, namely Thursday, May 13th, and Tuesday, May 18th. This explains the transfer of funds from public to bankers' deposits, shown in this week's Bank return, and has also made money quite easy:—

	Apr. 29, 1937	May 6, 1937	May 13, 1937	May 20, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	1	1	1	1
Short loan rate:—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	1-1	1-1	1-1	1-1
Discount rates:—				
Treasury bills	1	1	1	1
Three months' bank bills	1-1	1-1	1-1	1-1

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

Discount rates are unchanged, but the market fared rather better at last week's tender, for the syndicate secured 54 per cent. of the allotment against only 18 per cent. the previous week. The market was therefore more willing to sell Treasury bills to the banks, though it was only selling July maturities. The banks were on the

whole reader to buy August bills, as they were well supplied with July bills, but some of the banks were quite ready to take what they could get. The supply of commercial bills continues to increase, but the operative rate for three months' bank bills is little better than $\frac{1}{2}$ per cent. Six months' bills are quoted at $\frac{3}{4}$ per cent., but the market regards these rates as a little low for so long a period.

The Bank Return.—Whitsun has brought with it a further small increase in the note circulation. This week's figure of £481.4 millions represents a high record for all time, for it just surpasses the previous record of £480.6 millions in 1920 for the combined note issues. The Bank has bought another £2.5 millions of gold, so that the Reserve is slightly higher in spite of the expansion in the circulation. Incidentally, if the Bank's gold were revalued at the current market price, even this record note circulation would be more than covered in gold; in fact, the notes in the Reserve would be covered as well. It is difficult to forecast the future trend of the note circulation, but after dropping slightly during the next two months it may rise to a new record during the August holidays:—

	BANK OF ENGLAND				
	May 20, 1936	Apr. 28, 1937	May 5, 1937	May 12, 1937	May 19, 1937
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	205.4	313.7	313.7	318.7	321.3
Note circulation	423.1	468.8	475.2	479.9	481.4
Banking Department:—					
Reserve	43.1	45.8	39.4	39.6	40.7
Public deposits	21.0	26.2	16.4	32.5	19.2
Bankers' deposits	80.1	87.6	97.2	87.7	97.4
Other deposits	36.8	39.6	37.7	37.2	37.6
Government securities	91.2	97.7	103.1	108.3	103.3
Discounts and advances	7.1	5.5	5.4	5.9	6.6
Other securities	14.3	22.0	21.0	21.3	21.4
Proportion	31.2%	29.9%	26.0%	25.1%	26.4%

The main movement in the banking department is a transfer of funds from public to bankers' deposits. This is due to the heavy Treasury bill maturities referred to in a previous note. Government securities are reduced by £5 millions, possibly because the gold cover of the note circulation has been increased.

The Foreign Exchanges.—The spot Paris rate is a shade weaker at Frs. 110 $\frac{1}{2}$, while the discount on three months' francs has also widened fractionally to Frs. 1 $\frac{1}{8}$ discount. During the last day or two sterling has weakened a shade against the dollar and its allied currencies, such as guilders, belgas and Swiss francs. There has been some demand for forward belgas. Spot dollars were quoted on Thursday at \$4.9420. There was some evidence of a commercial demand for all dates up to the end of the year, and the opinion was expressed that without this the rate would have been driven up to \$4.95 by sales of dollars against gold purchases. A large quantity of gold was disposed of in the London bullion market during the past week, at prices giving consistently a discount of 2d. per ounce below the dollar parity price. The American banks are still nervous about shipping gold freely to the United States, and are reluctant to hold gold on the water beyond a certain limit. The demand has thus come mainly from arbitrageurs, who are able to secure a good profit while only incurring the very slight risk of a change in the American Treasury's buying policy while their gold is in transit. In spite of the somewhat contradictory declarations concerning Swedish monetary policy, the krona has remained unaltered during the past week at Kr. 19.39 $\frac{1}{2}$, which is the normal pegged rate.

Union Bank of Scotland.—We regret that the 1937 entries in the table published on page 44 of the Banking Supplement of May 15th contained certain

errors. The number of branches of the Union Bank was given as 181 instead of the correct figure of 212. The true figure for "Cash in hand and at bank" is £3,051,401, and "discounts and advances, including short loans on stock," should read £10,721,123. The proportion of profits to resources is 0.78 per cent. We take this opportunity of making these corrections.

Insurance Notes

London and Manchester Assurance Company.—New business in the ordinary branch for the year ended March 31st last consisted of 30,300 policies, assuring £4,316,000, against 33,600 for £4,690,000, in the preceding year. The interest credited to the ordinary and industrial branches results in net rates of interest on the respective funds of £4 6s. 5d. per cent. and £4 5s. 7d. per cent., against £4 9s. per cent. and £4 6s. 10d. per cent., respectively, for the year ended March 31, 1936. The net rate of interest earned in the ordinary branch of this office is consistently greater than in the industrial branch, a result (as we have been in the habit of pointing out each year) not easy to understand, particularly as there is only one balance sheet. The expense ratio in the industrial branch showed further reduction from 39.6 per cent. to 38.8 per cent. of the premium income. This ratio is not altogether comparable with the ratio of some other industrial offices, as the whole of the premiums are payable weekly; all monthly premium policies—which of course involve smaller collection expenses—are included in the ordinary branch. The usual annual valuation of liabilities has been made, and the results are given below:—

	ORDINARY BRANCH		Year to March 24th	
	1936	1937	1936	1937
Surplus earned in year	394,954	421,287		
Brought forward from preceding year ..	230,580	262,994		
	625,534	684,281		
Allocations:—				
To Bonuses to policyholders	327,540	319,760		
„ Shareholders' account	15,000	15,000		
„ Staff pension fund	20,000	20,000		
„ Carried forward to next year	262,994	329,521		
	625,534	684,281		
INDUSTRIAL BRANCH				
Surplus earned in year	272,574	294,815		
Brought forward from preceding year ..	130,023	131,119		
	402,597	425,934		
Allocations:—				
To Bonuses to policyholders	112,950	110,172		
„ Staff pension fund	30,000	30,000		
„ Staff benefit fund	20,000	20,000		
„ Shareholders' account	108,528	108,498		
„ Common contingency fund	25,000	25,000		
„ Carried forward to next year	131,119	132,264		
	402,597	425,934		

The rate of bonus in the ordinary branch is 40s. per cent. calculated on the sum assured and the cost is amply covered by the trading profits. For many years the rate of bonus has been 44s. per cent. The present reduction reflects a cautious view of the future, as it will be seen from the above table that the previous rate of bonus could have been maintained out of trading profits. In the industrial branch the basis of allocation is unaltered. The total assets have increased from £16,657,000 to £17,852,000 and considerable movement has taken place in the various classes of investments. Mortgages on property showed an increase of 30 per cent. to £1,540,000, but British Government securities and Indian and Colonial government securities were smaller by £186,000 and £247,000 respectively. On the other hand debenture stocks increased from £2,004,000 to £2,521,000, preference stocks from £1,500,000 to

£1,746,000 and ordinary stocks from £1,379,000 to £1,947,000. The dividend is again at the rate of 50 per cent., free of tax.

Royal Insurance Company.—New life assurances were slightly larger at £4,924,000. The net rate of interest earned on the life assurances and annuity funds fell by 1s. 7d. per cent. to £3 17s. 11d. per cent. Fire premiums were £5,526,000 against £5,558,000 in the previous year. Underwriting profits were satisfactory, but there was a considerable reduction from the exceptionally good results of 1935. Accident premiums rose from £5,160,000 to £5,494,000 and underwriting results expanded by £43,000. Marine premium income was practically unaltered at £807,000. Reserves are strong at 103 per cent., 104 per cent. and 186 per cent. of the premium income in the fire, accident and marine branches.

	1935		1936	
	Profit	Per cent. of Premiums	Profit	Per cent. of Premiums
Fire	720,631	13.0	559,695	10.1
Personal accident, employers' liability and general	297,108	5.8	340,708	6.2
Marine	60,914		52,756	
Life	50,000		50,000	
	1,128,653		1,003,159	
Less items debited to profit and loss ..	382,224		417,155	
To general reserve ..	250,000		250,000	
	496,429		336,004	

Total assets in the consolidated balance sheet amount to £57,773,000; there is a reserve fund of £1,500,000 and a profit and loss balance of £1,878,000. Mortgages on a property, after increasing by nearly £1 million in 1935 to £2,919,000, showed some reduction at £2,844,000; to £2,919,000, showed some reduction at £1,332,000. British policy loans were also smaller at £14,162,000, while government securities amount to £9,072,000 are equal to foreign government securities at £8,193,000 16 per cent. of the total assets, compared with £8,193,000 in 1935, and £6,533,000 in 1934. Debenture stocks increased by £264,000 to £8,753,000 and preference stocks by £92,000 to £4,050,000 for the seventh successive year. The dividend is 65 per cent. and costs £1,390,000, against interest earnings of £1,223,000.

Yorkshire Insurance Company.—In the fire branch premium income in 1936 was £16,000 smaller at £897,000, but underwriting profits were the best for many years. The accident department resulted in an increase of £77,000 in premium income, but profits were lower. New life assurances increased by 14 per cent. to £2,780,000. The net rate of interest earned on life assurance funds fell by 2s. 1d. per cent. to £4 4s. per cent. Marine premium income was somewhat smaller at £339,000.

	1935		1936	
	Profit	Per cent. of Premiums	Profit	Per cent. of Premiums
Fire	103,585	11.3	117,923	13.2
Accident and general	36,633	2.9	28,885	2.1
Marine	9,985		13,570	
Life	13,570		8,000	
Profits from reversions	8,000		178,507	
	171,773		30,000	
To general reserve ..	30,000		148,507	
	141,773		112,798	
Less items debited to profit and loss	105,475		35,709	
	36,298			

The total assets of the Yorkshire increased from £15,091,000 to £15,848,000; the investment reserve remains at £100,000 and the general reserve increased by £30,000 to £1,165,000. In addition to the usual reserves for unexpired risks, additional reserves in the fire and accident departments amount to £320,000 and £220,000 equal to 35 per cent. and 16 per cent. of the

premium income. The marine fund amounts to 176 per cent. of the 1936 premiums. The dividend is unchanged at 47 $\frac{1}{2}$ per cent. and costs £139,000, compared with interest earnings of £104,000.

Marine Insurance Company.—The premium income of this Company (which is a subsidiary of the London and Lancashire) reversed the trend of recent years by increasing in 1936 from £521,000 to £592,000. First year's claims and expenses accounted for 32 per cent. of this premium income, compared with 29 per cent. in each of the previous two years. Claims in the 1935 underwriting account at £218,000, although quite satisfactory in amount, were somewhat greater than the comparative experience of recent years. The 1934 underwriting account has been closed by a transfer to Profit and Loss of £107,000, which is equal to 20.1 per cent. of the 1934 premium income; the profit transferred in the two preceding years amounted to 23.2 per cent. and 22.5 per cent. Total assets are £2,633,000, against which there is a Reserve Fund of £700,000 and a Profit and Loss balance, after providing for the 1936 dividend, of £457,000. Interest earnings are £90,000 and the dividend, unchanged at 40 per cent., costs £183,000.

Motor Union Insurance.—The accident department is much the most important branch of this company's business. The total premiums in this branch in 1936 amounted to £1,615,000, compared with £1,606,000 in 1935. Although the report unfortunately does not show the figures relating to the various sections which comprise this branch, motor insurance premiums probably accounted for about 90 per cent. of the total. In the circumstances, the large increase in the underwriting profit is especially gratifying. Fire premiums were slightly lower at £185,000, but marine premiums increased by £3,000 to £54,000.

	1935		1936	
	Profit	Per cent. of Premiums	Profit	Per cent. of Premiums
Fire	26,480	14.1	24,504	13.2
General	94,898	5.9	146,265	9.1
	121,378		170,769	
Less Items Debited to Profit and Loss ..	52,464		89,845	
	68,914		80,924	
To general reserve	69,000		93,000	

Total assets amount to £2,823,000, and the market values of the assets on December 31, 1936, exceeded the book values by £153,000. In addition, there is an investment reserve fund of £243,000. There is also a general reserve of £586,000. The dividend on the share capital—which is held by the Royal Exchange—has been increased from 32 per cent. to 37 per cent. The cost is £56,000, against interest earnings of £79,000.

Sea Insurance Company.—The total premium income increased slightly from £705,000 to £707,000; the marine branch alone accounts for £465,000 against £452,000 for 1935, and as usual underwriting results were good.

	1935		1936	
	Profit	Per cent. of Premiums	Profit	Per cent. of Premiums
Fire	4,804	3.3	7,456	5.4
Accident	3,158	3.0	3,105	3.0
Marine	38,464		57,875	
	40,110		62,226	
Less Items Debited to Profit and Loss ..	20,666		22,524	
Account ..	19,444		39,702	

Total assets amount to £2,292,000, compared with general and investment reserves aggregating £750,000 and a free profit and loss balance of £199,000. The dividend is at the usual rate of 17 $\frac{1}{2}$ per cent., and its cost is covered by interest earnings.

Corporation Borrowing Again.—After an interval of six months, the voice of the corporation borrower is again heard in the new issue market. A deputation from the City Council of Leeds has visited London, and obtained permission to issue £4,000,000 of new stock. The "life" of this stock is the conventional span of twenty to twenty-three years, but the rate of interest is new and portentous. For the first time since cheap money became well established, a first-class home corporation is issuing—not a 2½ per cent. or a 3 per cent., but a 3½ per cent. stock. The price, at 101, is as near par as makes no odds. As a clue to official intentions this curtain-raising operation appears to have a twofold significance. First, it suggests that the Treasury is not prepared to insist on a monopoly of the market until its National Defence Bonds are digested. Secondly, the authorities would appear to have decided to take the cash and let the credit go—in other words, they are meeting the market in fixing the terms of all new issue operations except their own. Only the Government are in the happy position of having Public Departments which can take in their own washing. For other borrowers it is wise not to run the risk of creating a mass of undigested new corporation securities in order to maintain a fictitiously low interest level.

Home Rail Rates and Traffics.—Since the Chancellor wrought havoc in the speculative share markets, "marginal" Home Rail stocks have received more attention. Home rails are entirely immune from N.D.C., and they have improved their status since the 1936 reports were issued and chairmen's speeches heard. This week, further particulars of the companies' application for increased charges have been published. Apparently the companies propose to increase all charges—passenger and goods, "standard" and "exceptional"—by a flat rate of 5 per cent. The increases in the costs of road transport and the "boom" demand for transport of all kinds support the companies' contention that increased net revenue will be obtained, although it will probably be much less than the "theoretical" figure of £8,000,000 which represents 5 per cent. of gross railway receipts last year—for reasons discussed at length in a Note on page 446. Moreover, any increase of net revenue will necessarily be shared with the workmen—claims involving an annual cost of some £2,250,000 are already due for consideration. The main market significance of the companies' proposal lies in the fact that it releases railway stocks from the stable revenue *cum* increasing costs position which they seemed to occupy three months ago.

The trend of traffics, accordingly, again assumes considerable interest for investors. The current week's figures are somewhat indecisive. They refer to a pre-Whitsun week which also included Coronation Day—a bank holiday. In comparison with the pre-Whitsun week of 1936 they show a decline of £65,000—gains of £84,000 in passengers and £33,500 in coal being offset by a merchandise decline of £182,500. There is no doubt, however, that lately the trend has been improving. Whereas in the first ten weeks of the year, the average weekly gain was only £51,000, in the third five-week period, which included Easter, the weekly gain was £155,000, and in the three post-Easter weeks (not including Coronation week), the average gain was £221,000. The main advance lately has been in passengers, and is largely due to the Coronation, but goods and coal traffics have been very well maintained, and, barring a national coal strike, should continue favourable. The medium-term prospects of Home Rail stocks, in short, look more promising than they have been for some time.

Increased Tea Quota.—The International Tea Committee sprang a complete surprise with its decision to increase export quotas by 5 per cent. during the current regulation year. This is the first occasion on which an established quota has been altered, and the

measure is the more unexpected in that the season is already nearly two months old. The substantial rise in tea prices, which has recently provided the one cheerful note in the commodity markets, has undoubtedly impressed the Committee with a sense of urgency. Since the beginning of the year Ceylon and Javanese teas have sold at about 2½d. a lb. above the average for 1936, and common Indian teas have now risen to about 1s. 3d. a lb., against approximately 1s. a lb. last year. At the same time, stocks of tea in London have declined by 81 million lbs. in the first four months against only 28 million lbs. last year. Definite indications are still lacking whether this exceptional reduction is due to larger consumption or to an accumulation of invisible reserves in the hands of dealers. The prospect of some increase in tea duties undoubtedly stimulated purchases by distributors. But demand has shown no falling off since the Budget was announced, though it is conceivable that the expectation of higher prices itself encouraged purchases during the past few weeks. The forthcoming auctions will thus provide an acid test of the strength of the recent advance in prices. Some decline—possibly of appreciable dimensions—may be expected to follow upon the new quota announcement. But unless actual consumption has shown no improvement whatever, part at least of the gains should be held. The trend of prices in the more distant future is somewhat obscure. Larger supplies may be expected to correct the tendency for the margin between common and fine teas to close, which had become so noticeable in recent months. It is even possible that producers of finer grades such as the Darjeeling and some of the Assam companies, together with the leading Ceylon estates, will enjoy higher prices if demand tends to increase somewhat, even though common teas become more plentiful. This new move of the Tea Committee has thus enhanced the perplexities of the prospective investor in tea shares. Previously it appeared likely that common-grade producers would reap the more substantial gains this year. The better-class companies now stand in a more attractive light. In general, investors would be well advised to await the course of auction prices in the next few weeks before entering into new commitments.

A Threat to Rubber?—Rubber has recently been meeting with more than a normal share of adversity. After showing distinct signs of recovery, with prices climbing once more to the level of 11d. a lb., the market experienced a precipitate drop on the report that a new duty, amounting to 125 marks per 100 kilograms, had been imposed on imports of rubber into Germany. The avowed object of the tax is to provide funds for the erection of plant to produce the variety of synthetic rubber known as "Buna," with which German chemists have long been experimenting. Though reports from Germany of the progress of this material have not been lacking during the past year or so, the market in general has tended to treat these and similar accounts from other centres with some scepticism. The realisation that the drastic measure now announced would hardly have been adopted if commercial production of synthetic rubber were not close to the stage of practical possibility, has come as a considerable shock. Second thoughts, however, have produced rather more reassuring views about the near-term prospect. Germany's demand for raw rubber is still extremely heavy, and some years must elapse before home-made substitutes can replace the 70,000 tons which she annually requires, though a steady reduction in imports as the Four-year self-sufficiency plan progresses may be inevitable. But even the total loss of the German market, amounting to about 7 per cent. of world demand, would hardly be a major tragedy, and might normally be made good by expansion in other markets—provided that the costs of production of synthetic rubber are not reduced from their present extravagant levels to a figure more competitive with the natural product. This seems a remote contingency and "Buna" and its fellows will probably long remain the expensive luxury of totalitarian governments.

Building Society Co-operation.—Sir Harold Belman's presidential address to the first conference of the new Building Societies Association this week necessarily dwelt mainly on the importance and progress of the policy of co-operation, which unfortunately produced last year's cleavage within the movement. The Code was never intended to be a rigid formulation, and although less than a year has passed since its inception, revision has been found necessary in the light of experience. Some provisional amendments are in operation, and it is the task of the Conference to arrange for further revision. Sir Harold found it advisable, in view of certain misconceptions, to reiterate that the Association's object was to safeguard and not to penalise. On the future of building activity, his remarks were cautious, but he threw out the interesting suggestion that qualitative improvements in housing accommodation might provide a new outlet for building society finance.

Industrial Profits in April.—The increase of 23.36 per cent. in the profits of companies whose reports were published in April is the largest since October. Rubber companies, showing a rise of 112 per cent., account for 75 out of the 245 reports, but their influence on the total increase of £6,004,776 is not large. The record of recent months is shown below:—

Reports published in	No. of Companies	Rise in Profits*	Reports published in	No. of Companies	Rise in Profits*
1935—			1936—		
December ...	159	12.27	August	47	14.21
1936—			September ..	107	12.32
January	128	13.66	October	146	18.09
February ...	205	9.00	November...	177	13.49
March	236	17.39	December ..	175	15.49
April	254	9.66	1937—		
May	269	9.41	January ...	110	15.92
June	214	13.50	February ...	208	8.95
July	228	15.69	March	307	12.52
			April	245	23.36

* After payment of debenture interest.

The total net profits covered by the April reports amounted to £31,712,217, compared with £25,707,441 for the preceding year. The greatest absolute improvement is shown by the miscellaneous group, which includes the Imperial Chemical and the Unilever results, though these two reports together reduce—rather than increase—the average percentage increase. Shipping companies alone account for nearly 25 per cent. of the total rise in profits.

Company Notes

British Oxygen Progress.—The report of British Oxygen, embellished with a consolidated profits statement, is distinctly impressive. The profits attributable to the parent company have increased by one-third—from £451,928 to £602,379—and although the grouped earnings statement is presented without a comparison for 1935, it is evident that the consolidated profit of £995,781, before depreciation, represents a striking advance over 1935. As much as £301,409 has been provided by the company and its subsidiaries for depreciation, and special appropriations and other undistributed profits total £94,093, leaving £600,279 available for British Oxygen, whose recent revenue achievement is analysed below:—

	1934	1935	1936
Profit, after depreciation	359,979	451,928	602,379
Fees, taxes and pensions	27,100	9,827	81,427
Preference dividend	32,500	32,500	32,500
Ordinary stock—			
Earned	300,379	409,601	488,452
Paid	248,567	334,185	401,297
Paid (%)	15	15	15
Additional and general reserve	75,000	75,000	75,000
Carried forward	21,983	22,399	34,554
Ordinary capital	1,657,116	1,933,302	2,655,674

The latest earnings, apart from the undistributed amounts retained by subsidiaries, are equivalent to 18.2 per cent. on the ordinary capital after including the 6½ per cent. scrip bonus announced a fortnight ago. Trade at home and abroad continues to expand, and the dynamic technical nature of the company's business has been enhanced by the acquisition of the Quasi-Arc and Ferro-Arc interests, from which no profits have been included in the accounts. These acquisitions and the further extension of plants are responsible for the main balance-sheet changes. The company's position is strong and progressive—qualities for which investors must pay the price, for the ordinary stock stands at 5½ cum bonus, and yields but 3 per cent. It is, in short, likely to make its main appeal to the long-term investor.

Edmundsons Electricity Report.—The profits of this electric supply undertaking—the largest in the country—show an increase which closely corresponds to the raising of the ordinary dividend from 8 to 9 per cent. A substantial proportion of the earnings, however, comes from contracting and other services to subsidiary companies on capital account. The parent company treats these as revenue profit, although canons of accountancy might suggest special treatment. Furthermore, if the Government introduces legislation on the lines recommended by the McGowan Committee, this revenue (obtained, presumably, under non-competitive conditions) is hardly likely to be maintained. The table below shows the effect if revenue from this source is excluded, in a final calculation:—

	Years to March 31st		
	1935	1936	1937
Gross trading profit	143,387	196,693	208,587
Administrative expenses, etc. ...	34,017	32,403	32,086
Net direct profit	109,370	164,290	176,501
Interest and dividend receivable, etc.	502,533	527,778	589,564
Total income	611,903	692,068	766,065
Interest on debentures, etc.	132,839	144,570	202,568
Income tax	20,381	37,245	43,130
Preference dividends	111,760	111,760	111,760
Available for ordinary	346,922	398,493	408,607
Ordinary dividend	299,200	299,200	336,600
Earnings (%)	9.6	11.5	11.6
Rate (%)	8	8	9
Reserve	45,000	50,000	30,000
Written off	...	44,150	41,250
Carried forward	44,577	49,720	50,477
Earnings available for ordinary, excluding net direct profit	237,552	234,203	232,106
Equivalent to	6.3%	6.3%	6.2%

The proportion of subsidiaries' profits distributed in dividends to the parent company cannot easily be ascertained. The consolidated balance sheet shows an increase in depreciation reserves of £380,000, after deducting



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capital expenditure written off in the year. Unless these amounts written off are of the order of £250,000, the year's allocation to depreciation reserves appears rather lean, for fixed assets total over £20 millions. On the other hand, there is an increase in the consolidated surplus of some £415,000. Part of this sum may represent transfers to general reserves by subsidiary companies which make provision for depreciation without specifically allocating it as such. It seems fair to estimate consolidated earnings, after depreciation, but excluding the direct trading profit from capital services to the subsidiaries, as approximately equal to the ordinary dividend. A consolidated profit and loss account would make this matter plainer. The £1 ordinary shares stand at 42s. and yield £4 8s. per cent. Perhaps the appointment of Sir Thomas Royden and Mr F. H. James, of the Imperial Continental Gas Association, which has acquired a substantial holding of the ordinary capital, may be followed by a further clarification of the accounts, which are already more explicit than those of many large electricity undertakings.

* * *

Disappointing "Kruschen" Profits.—The steady fall in Griffiths Hughes Proprietaries £1 shares from 59s. 6d. early last year to the present figure of 37s. 6d. has correctly anticipated the unfavourable dividend and results published this week, on which the shares fell abruptly to 32s. 6d. on Thursday. The operating company's profits have fallen sharply from £456,678 to £234,401, and the holding company's dividend is reduced from 17½ per cent. to 11 per cent. Proprietary medicine finance is full of incalculables. Investors have no knowledge of the value of their chief asset—goodwill—until the results are published. The holding company's capitalisation is based on a purchase of profits rather than fixed assets, and the profits record, in turn, is dependent upon advertising expenditure. The latter item forms the clue both to current profits (being far and away the greatest element of cost) and to their future maintenance. The fall in the Griffiths Hughes profits is so sharp that shareholders deserve the fullest information on this particular aspect of the company's finance since 1930. The company has apparently passed beyond the "aggressive" stage in its market; is it possible that it is now paying the cost in reduced profits?

* * *

"Spinners" and Ocean Coal.—These two concerns, with apparently little more in common than the proverbial chalk and cheese, have published highly interesting reports this week. Coal and cotton, until last year, have both been laggards in recovery. In neither case is full prosperity yet restored (although Ocean Coal profits permit the resumption of dividends) but recovery, even for Fine Cotton Spinners, is at least well on the way. The Association's profits have improved from £233,123 to £304,420, covering the usual depreciation provision (£100,000) and debenture interest (£110,000) with the highest margin since the year to March, 1930. The amount earned for preference dividend is £88,580, compared with £380,568 for 1929-30. At this stage recovery is quite obviously a tender plant, which must first cover the accumulated losses of £346,299 before holders of the 5 per cent. preference stock (in arrears since March, 1931) can look towards a return. The fact that the Association has continued to provide depreciation (though not at the pre-depression rate) will undoubtedly assist it to turn the better trading conditions in the spinning industry to full advantage. The industry now enjoys a price control scheme, and if it can fight rayon at home and disorder in the export markets with success, the Association's prospects over the next year or so should improve considerably. The Ocean Coal figures are complicated by the transfer of £207,175 (net) from the accumulated profits of the subsidiaries, but the dividends received by the parent company in respect of 1936 trading amounted to £178,808 compared with £78,770 for 1935. The 2 per cent. dividend is almost

exactly covered by earnings which, for the first three quarters of 1936, were derived from a lower output than in the preceding year. Some improvement is now reported and the South American business is enjoying increased turnover. Ocean Coal ordinary stock stands at 15s., yielding £2 15s. per cent., and should have fair recovery prospects, provided that peace is preserved in the coal industry and N.D.C. is merciful.

* * *

Rolls Royce Prospects.—Although the rate of advance in profits of Rolls Royce has slackened in recent years, an increase of over £40,000 (11 per cent.) is shown in the latest profits of £393,498. Trading profits, in fact, reached the record figure of £347,784. Yet the market's readiness to exaggerate the prospects of "re-armament companies" is itself responsible for any disappointment with the results. For, as the following table shows, earnings for the share capital are only £20,500 higher, and owing to the bonus issue of January last, the percentage earned is slightly lower.

	1934	1935	1936
Trading profit	262,307	299,602	347,784
Other income	33,209	53,700	45,714
Tax reserve	60,000	70,000	90,000
Pension fund and fees	33,905	33,500	33,261
Ordinary and Workers' Stock—			
Earned	201,611	249,802	270,237
Paid	169,295	191,146	223,296
Earned %	24.9	31.6	27.2
Paid %	20	22½	22½
Dividend equalisation	45,000	50,000	35,000†
Carry forward	73,316	81,972	93,913
Capital	847,138	850,090	1,064,730*

* Includes free 25 per cent. bonus created in 1937. † Includes £30,000 to consolidated reserve funds.

The balance sheet shows and the report explains some changes in the presentation of certain accounts. Out of the special contingencies reserve of £112,350 in the 1935 balance sheet, £100,000 was transferred to the consolidated reserve funds, shown at £730,000 at the end of 1936, but since reduced by £212,266 in respect of the bonus issue. The balance of the special contingencies account was transferred to provision for contingencies which, hitherto included in the single total for creditors, is now disclosed separately at £240,537. The assets side of the balance sheet likewise shows an improvement in an already satisfactory position. Debtors and stock between them amount to £1,035,752, against £758,958, while depreciation in the year took £115,094 against £70,515. The profitability of the company is largely dependent on the R.A.F. expansion programme, which cannot last indefinitely, but provides the company with a secure income while it lasts. Investors may reasonably expect the maintenance of the 22½ per cent. dividend on the increased capital, and there is room for more. But the shares provide limited speculative attraction at 5½, and the yield of £4 per cent. indicates that their solid worth requires its price.

* * *

Yorkshire Amalgamated Collieries.—In the worst year experienced by this colliery holding company in its present form, its income was £14,153. For the past year it was twenty times that amount. The latest income of £282,161 compares with £151,828 for the previous period, though allowance should be made for the sum of £41,877, by which dividends paid by subsidiaries exceeded their profits in the latest financial year. A payment of 5 per cent. tax free on the ordinary shares, against 4 per cent. less tax, understates the earnings position, for some £227,800 is earned for the equity, equivalent to about 10.4 per cent. gross, against 4.9 per cent. The sum of £50,000 inaugurates a general reserve fund, while the carry-forward is now £29,679, against £6,191. During 1936-37 important structural changes were introduced by the group. The colliery assets of the

four subsidiaries were transferred to a new company by an exchange of shares. The consolidated balance sheet, therefore, includes this new undertaking, Amalgamated Denaby Collieries, and also the Donnington Coking Company, whose plant, it is expected, will be finished by the autumn. Additions to property amounted to £90,300 during 1936, while depreciation was £99,309 against £87,384. At present, labour difficulties are threatening the coal industry's further recovery, which was late in starting, but should still have some way to go if peace is preserved. Meanwhile the old problem of royalties is being settled, while output may be assisted by the present suspension of the levies on tonnage in excess of the basic quantities. Yorkshire Amalgamated Collieries is well placed to take advantage of the favourable factors if they are allowed to operate. The ordinary shares stand at 23s., and yield £5 16s. per cent. gross.

* * *

Wiggins Teape Report.—The shares of this company have most of the merits of a first-class industrial investment, and they are justifiably well esteemed by the market. Profits show no spectacular advances, but they now progress regularly. The company follows the commendable practice of issuing quarterly reports, and its full accounts are rightly regarded as a model. The 1936 report is very satisfactory. Group profits have increased by 7 per cent.—a result which is not spectacular, but accords with the company's tradition. The following table shows the division of group profits between subsidiaries' expenses and the parent company:—

	1934	1935	1936
CONSOLIDATED FIGURES	£	£	£
Group profits and sundry income	896,486	1,003,553	1,069,540
Administrative expenses, etc.	441,987	476,098	480,544
Depreciation	78,743	85,400	90,440
Net profits.....	375,756	442,055	498,556
Add surplus on taxation, etc.	Cr. 16,680	Cr. 19,424	Cr. 6,719
Special provisions and profits retained	377	1,853	1,186
Outside interests	34,679	45,924	49,999
BALANCE OF PROFITS AVAILABLE TO WIGGINS TEAPE AND COMPANY (1919)	357,380	413,702	454,090
Tax and other provisions	15,325	55,968	60,499†
Debt interest.....	68,750	68,578	67,881
Preference dividend	96,410	96,410	96,410
Ordinary Shares { Earned ... 176,895 192,746 229,300			
Paid	126,761	142,606	143,695
Earned (%) 12.1 13.1 16.1			
Paid (%) 8 9 9			
Reserve account.....	50,000	50,000	85,000
Carried forward.....	51,674	51,814	52,419

† Includes £5,407 expenses, etc., written off.

The increase in the balance available for the parent company is about £40,300, against a rise of £66,000 in the consolidated profits. Ordinary shareholders of the parent company again receive a 9 per cent. dividend, covered by a further 7 per cent. in earnings, which is put to reserve. The consolidated balance sheet reflects the process of steady expansion shown in the most of whose shares have been acquired during the past year. Plant and machinery, before deducting the depreciation reserves, stand at £2,673,359 against £2,525,406, while stocks are £78,335 higher at £1,259,257. Debtors also show an increase, and a rise of 13 per cent. in cash holdings is satisfactory. The usual quarterly progress report to March 31st is issued with the 1936 report, though its contents have already been announced. Net profits before debenture interest show an increase of 3 per cent., and though a single quarter's results are insufficient for drawing firm con-

clusions, there is no reason to expect a marked change in previous trends. The present price of the ordinary shares is £2, giving £4 10s. on the 9 per cent. dividend.

* * *

Mexican Eagle.—The 1936 report of Mexican Eagle covers a period of disturbed labour conditions (which did not, however, prevent the company from increasing its sales from 26.3 million barrels to 28.5 million barrels), and appears when the outcome of labour negotiations is still uncertain. Discussions with the Mexican Government are also proceeding slowly. The market, which was not enthusiastic about the dividend, finds the report interesting, but devoid of bullish features. The trading profit amounts to £1,026,850, compared with a disclosed figure of £895,891 for 1935, which was struck after providing for the Amatlan settlement, and crediting £300,000 from non-recurring reserves. The past year, moreover, saw increased wage costs and depreciation charges. After providing for Mexican taxation (£254,004 against £207,184), the sum of £792,615 is available for dividends, compared with £705,097. Profits for the past three years are analysed below:—

	1934	1935	1936
Trading profit (after depreciation and reserves).....	781,571	895,891*	1,026,850
Other income	21,707	16,390	19,769
Total income.....	803,278	912,281	1,046,619
Mexican income tax.....	139,625	207,184	254,004
Available for dividends	663,653	705,097	792,615
First preference dividend.....	84,698	83,113	77,787
Participating preference dividend	Nil	35,417†	38,959†
Ordinary dividend	Nil	586,782†	645,460†
Tax payable for previous years	145,240	Nil	Nil
Provision for duties payable on cancellation of 1906 concession.....	422,535	Nil	Nil
Carried forward	11,180	10,965	41,374

* After crediting reserves not required, and providing for disposition of Amatlan lawsuit. † 10d. per share.

The report notes that increased profits are attributable to the sale of some 2,800,000 barrels more than in 1935, for export sale prices were little changed. Recent production figures, coupled with the firm condition of the export oil market, would suggest a renewal of speculative interest in Mexican Eagle, but for the over-riding factor of the difficulties of its domicile. The \$4 shares are now 19s. 9d. (compared with a high level last year of 34s. 4½d.) and yield 4.6 per cent. They seem fated to remain an uncertain market until the Mexican situation is finally settled on satisfactory terms.

* * *

Canadian Eagle.—The Canadian Eagle accounts are rather more impressive. The company's business is almost entirely confined to oil marketing and shipping, and the report points out that profits depend upon the margin between selling and wholesale prices. Total income rose last year by £176,000, and the actual trading results are actually better than this bald figure suggests.



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Sales increased considerably, but prices were little changed. Purchases increased from 20.9 million barrels to 22.2 million barrels. The report is analysed below:—

	1934	1935	1936
	<i>£</i>	<i>£</i>	<i>£</i>
Dividends and interest	652,526*	753,046*	933,126‡
Oil trading	<i>Dr. 71,028†</i>	<i>Dr. 82,194†</i>	<i>Dr. 86,090</i>
Total income	581,498	670,852	847,036
Expenses and charges	42,444	44,972	28,001
Available for dividends	539,054	625,880	819,035
First preference dividend	162,392§	152,541	151,968
Participating pref. dividend...	Nil	40,600	41,403
Do. per share (Can. cts.)...	...	23.88	23.88
Ordinary dividend	Nil	454,810	555,879
Do. per share	...	9d.	11d.
Transfer to reserve	400,000	...	...
Total carried forward	60,348	38,277	108,062

* Includes, in 1934, £222,975 dividends relating to 1933, and in 1935, £68,229 relating to 1933-34. † After credit of £222,884 in 1934 and £10,565 in 1935 from investment reserve no longer required. ‡ Less interest. § Paid and/or accrued; arrears paid to date on May 7, 1936. || General reserve. In 1934 includes £200,000 special exploration reserve.

Canadian Eagle is predominantly an oil shipping concern and freight rates are therefore of prime importance to its earnings position. Since the end of September last year Gulf rates have advanced from 8s. 6d. per ton to 35s. The report points out that the increase in freights affects the company only to the extent to which it is passed on in selling prices. It is generally considered that the increase in freights is fully equivalent to the increase of 1½d. per gallon in British petrol prices. This calculation does not go far to assist the market's anticipation of a further rise in petrol prices. But it suggests that *Canadian Eagle* has somewhat better prospects than Mexican Eagle, from which it purchases its principal supplies. Yet *Canadian Eagle* could not wholly escape the incidence of any labour trouble in Mexico, and the ordinary shares have fallen to 18s. 10½d. They are still solely of interest to the speculator.

Mr Welch on Rubber. — Recently the leaders of the plantation industry have been more preoccupied with the possible ravages of the National Defence Contribution on company profits than with any hypothetical challenge to the supremacy of rubber, such as we examine in a Note on page 466. In his exhaustive address at the annual meeting of the *Rubber Plantations Investment Trust*, Mr H. J. Welch elaborated the objections to the proposed new tax which have by now become familiar, and appealed to the Chancellor to adopt alternative methods of assessing the “standard” rate of profits for rubber and tea companies. Mr Welch regards even 10 per cent. as an onerous basis for any “Increase of Profits Tax” as he termed the new levy, and suggests instead a minimum profit allowance of £7 to £8 per mature acre, or the taxation of profits from an increase in prices above an agreed figure. For tea areas the adoption of a standard is somewhat more difficult, though the solution favoured by Mr Welch is an average of the three best consecutive years between 1925 and 1936. Among the most important recommendations made in the speech is the suggestion that the ban on new planting of rubber should now be rescinded. Mr Welch looks upon the present replanting provisions as quite inadequate. He anticipates a very considerable increase in rubber consumption over the next decade and regards the opening up of new areas as essential if future requirements are to be satisfactorily met. This is a matter which is likely to acquire greater prominence in the near future.

Recent Rubber Reports.—Among recent rubber results the report of the *Malacca Rubber Plantations* is the most important. Output, though substantially lower than in 1935, brought in over £20,000 additional revenue and as estate costs were practically unchanged, distributable profits were almost doubled. The gearing of the ordinary stock is increased by the £115,000 preference capital, so that the dividend is raised from 2½ per

cent. to $7\frac{1}{2}$ per cent. For the current year the company has received a moderate increase in its standard assessment, and its prospects are excellent. Since no profits were earned in the five years prior to 1935, however it will be particularly vulnerable to N.D.C. deductions unless Mr Welch's suggestions are accepted by the Chancellor. *Kirby Rubber Estates* is to this extent fortunate, as its relatively high capitalisation (£78½ per planted acre) precludes any rapid increase in profits. In 1936, however, earnings showed a large improvement on the unfavourable results for 1935, and the dividend (at 5 per cent.) was doubled. The standard assessment this year is unchanged, though a start has been made with some experimental new planting. *Emerald Rubber*, on the other hand, has received an increased assessment of over 10 per cent. on last year's figure, and its supply of young rubber would appear to be extremely good. Profits were more than doubled in 1936 and dividends rose from 5 per cent. to 10 per cent. Here, too, costs were practically unchanged and the bulk of increased receipts were retained as net profits.

Other Company Results.— Company reports continue to appear in large numbers, and our usual analysis of profit and loss accounts on page 486 again includes over 65 other companies. The reports of the *E. D.* and *R. M. Realisation* companies are now available, showing the steady progress of the liquidation of the two groups. The results are discussed on page 487 under the heading “ Shorter Company Comments.”

Company Meetings of the Week.—In this issue the reports of company meetings commence on page 476. The world-wide nature of the company's interests was illustrated by Mr A. E. Pattinson at the *Liverpool and London and Globe Insurance* meeting, when he disclosed that business had been transacted in one hundred different countries and forty-six different currencies. Lord Middleton, addressing the *Yorkshire Insurance Company* meeting, reported that the net new sums assured amounted to £2,779,772 against £2,430,353 for 1935. A substantial increase in premium income and a fall in the sum paid in surrenders was reported by Mr Walter H. Brown at the *London and Manchester Assurance* meeting. Reference was also made to an interesting new departure in appointing agents on a salary instead of commission basis, while there had been a reduction in the expense ratio. At the *Smith's Potato Crisps* meeting, Sir Herbert Morgan remarked that an advance in the price of certain materials had been partly offset by economies in production. Industrial recovery in some of the depressed areas was helping sales, though profits had probably been affected by the bad summer. Addressing *British Match Corporation* members, Mr Clarence E. Bartholomew discussed the position of certain overseas interests: conditions in Brazil were improving, Dominion investments had again proved remunerative and holdings in the Argentine were being increased. An expansion of both lighterage and road transport business was reported by the chairman at the *James W. Cook and Company* meeting. Sir William Burton, at the *London County Freehold and Leasehold Properties* meeting, informed his hearers of the progress made with the modernisation programme. The chairman pointed out to *Mining Trust* proprietors that the increase in the debit balance on income and expenditure account was not due to any new losses, and he reviewed the latest year's working of the various subsidiaries. Mr H. S. Hersov, at the *West Spaarwater* meeting, outlined the progress made in drilling operations. Mr R. Olaf Hambro was able to tell *Hambros Bank* shareholders that certain customers in Italy were again using the bank's services. The chairman, at the *Odhams Press* meeting, said it was proposed to consolidate part of the balance due by *The Daily Herald* into debenture stock. At the *Telephone Manufacturing* meeting, Mr Fred T. Jackson informed his hearers that the company was protected against rising costs in its long-term contracts, by a "costs variation" clause and covered itself on raw materials in other contracts.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: MAY 25

ACCOUNT: MAY 27

THE last week of the Coronation *cum* Whitsun account has provided no new factors of investment importance, unless the better tone in the industrial market towards the end of the week presages more hopeful things for the "Finance Bill Account." It was, at least, remarked that this was the first account for some time which promised to end firmly, and while it would be easy to exaggerate the improvement in buying, there was at least no liquidation of the recent disorderly character.

By contrast, the gilt-edged market has turned downhill, after some weeks of comparative firmness. The woes which fell upon industrials after N.D.C. helped the gilt-edged market; but now the latter appears to be affected by the imminence of new corporation borrowing (on markedly more favourable terms to the borrower than those of six months ago) and by the prevailing discussion of stabilisation which might well involve some qualification to the free monetary management of the past five years.

The decline in the funds was marked by a fall of half a point in Old Consols on Wednesday. On the imminence of corporation borrowing, the market immediately adjusted other corporation issues to the new terms. Some foreign bonds tended to improve. Brazilians, which opened nervously, advanced in mid-week, on all-round support both for the Fundings and for the lower grade groups. Japanese issues opened firm, but German bonds failed to maintain their prices.

The home rail market was convicted of extravagance in its estimate of Coronation and holiday traffics. The actual traffics proved disappointing, compared with the corresponding holiday week of 1936, but the railways' detailed proposals for a 5 per cent. increase in freight and passenger rates stimulated the market on Thursday. Tuesday, scarcely

The tone in the industrial market on Tuesday scarcely suggested that the account would finish somewhat stronger and when improvement did come it was a matter of pence rather than shillings. Iron and steel shares opened dull, but improved on Wednesday, and in many instances again on Thursday. Motor shares improved on the registration figures. There were few features in the electrical equipment group, apart from the sharp fall in Telegraph Condenser on the halving of the dividend. Edmundsons Electricity improved on the report (discussed on page 467). "Cottons" with a good

Distillers were a feature among "wet stocks," with a good rise on Wednesday, but many of the brewery shares were a few pence lower. Tobacco shares responded to a little late investment interest, and the Unilevers also advanced. In the textile market, the new Joshua Hoyle debentures opened at a two-point discount, while Spinners fluctuated considerably on the results. Courtaulds improved by a few pence from mid-week onwards, and moderate interest was shown in shipping shares, P. and O. and Furness Withy both showing improvement.

Few changes of importance occurred in the miscellaneous leaders, although even where shares showed no quotable alteration, the general tendency was appreciably firmer. Issues like Murex, British Oxygen (whose report, analysed on page 467, was well received), Turner and Newall, and Imperial Chemical showed moderate improvements. Engineering and building issues were steady or lower. Griffiths Hughes fell sharply from 37s. 6d. to 32s. 6d. on the reduced profits (see page 468). Preference shares remained small. Some

Business in the plantation shares remained small. Some falls occurred among rubber shares at the opening, although there was no selling pressure, but the absence of any considerable support on the improvement in the commodity merely put the market steadier without inducing a new advance. Tea shares, similarly, were slightly lower at first, but maintained their new levels.

The mining markets opened with a steady tone, but after mid-week they produced distinctly better form than of late. The rise was mainly of a professional character, assisted by the stabilisation discussion and an appeasement of the recent fears for the future of gold. The rise was widespread, finance house issues, established mines and developing mines sharing agreeably in the unwonted sunshine. The better spirit produced a sharp rally among Rhodesian copper issues, and diamond shares were appreciably better, assisted by Sir Ernest Oppenheimer's remarks at the De Beers meeting. Base metal shares improved somewhat, but tin shares were deserted.

"FINANCIAL NEWS" MARKET INDICATORS

	May 13	May 14	May 17	May 18	May 19	May 20
Approximate total of bargains recorded in S.E. List	6,085	7,370		7,590	7,075	7,955
<i>Corres. day 1936.....</i>	<i>9,222</i>	<i>10,039</i>		<i>8,633</i>	<i>8,148</i>	<i>7,822</i>
SECURITY MOVEMENTS			White			
Index of 30 Ordinary Shares			Monday			
(July 1, 1935=100).....	114.3	114.0		113.2	113.7	114.0
Index of 20 Fixed Interest Securities (1928=100)....	130.3	130.3		130.4	130.3	130.0

Highest 1936 : Ordinary Shares 124.9 (Nov. 18) ; Fixed Interest 138.8 (Feb. 10).

Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).

Highest 1937 : Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).

Lowest 1937: Ordinary Shares 110.9 (Apr. 28); Fixed Interest 126.5 (Feb. 28).

ACTUARIES' INVESTMENT INDEX

This share price index of 177 industrial ordinary shares stood on Tuesday last at 85·2, against 85·5 a week ago and 87·0 a month ago. The corresponding percentage yields are : 4·19, 4·17, and 4·08. A selection of the separate indices follows :—

Group (and No. of Securities)	Prices (Dec 31, 1928 = 100)			Yield (%)		
	Month ago (Apr. 20, 1937)	Week ago (May 11, 1937)	This week (May 18, 1937)	Month ago (Apr. 20, 1937)	Week ago (May 11, 1937)	This week (May 18, 1937)
Coal (7)	119.4	114.1	113.0	3.21	3.37	3.40
Iron and steel (12) ..	78.2	74.5	74.0	4.39	4.71	4.75
Motors (5)	53.3	51.4	51.1	4.45	4.77	4.80
Oil (5)	98.6	95.1	96.8	5.03	5.20	5.17
Electric supplies (10) ..	149.5	146.6	146.1	3.93	4.12	4.14
Home rails (4)	76.9	76.3	76.8	2.87	2.87	2.84
Shipping (4)	23.0	27.5	26.9	1.07	1.13	1.16

NEW YORK STOCK EXCHANGE

PRICES as a whole have been a little irregular, without any important changes in trend taking place. On either side of the Whitsun week-end the volume of business was small, such activity as there was being mainly due to professional operations, with interest centred round steel and mining companies, and rails. An upward trend on Monday's opening was reversed during the session, utilities being affected by the proposal to set up a number of power authorities similar to the T.V.A. A favourable influence on Tuesday was the news that the Judiciary Committee of the Senate had decided against the proposal to reform the Supreme Court, though the next day there was some profit-taking. A new aggressive note in the labour position has been struck by the Republic Steel Corporation's announcement that if anything arose to provoke a strike, the works would be shut down until the men could return to work peacefully and without intimidation. Steel consumption continues to be heavy, but a slight easing of the situation is implied by a cut in the price of Pittsburg scrap. Steel mill activity is estimated by *Iron Age* at 92 per cent.—the same as for the previous week.

(Continued on page 474)

**WHITE DRUMMOND
& COMPANY LTD.**

(ESTABLISHED 1900)

CAPITAL ISSUES

9 CLOAK LANE, LONDON, E.C.4

TELEPHONE • CITY 5201

Prices, Year 1937										Prices, Year 1937										Last Two Half-yearly Dividends										Name of Security										Price, May 19, 1937										Price, May 19, 1937										Rise or Fall										Yield May 19, 1937																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
Jan. 1 to May 19, inclusive					Last Two Half-yearly Dividends					Name of Security					Price, May 19, 1937					Price, May 19, 1937					Rise or Fall					Yield May 19, 1937																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
High-est	Low-est	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)	(ab)	(ac)	(ad)	(ae)	(af)	(ag)	(ah)	(ai)	(aj)	(ak)	(al)	(am)	(an)	(ao)	(ap)	(aq)	(ar)	(as)	(at)	(au)	(av)	(aw)	(ax)	(ay)	(az)	(ba)	(bb)	(bc)	(bd)	(be)	(bf)	(bg)	(bh)	(bi)	(bj)	(bk)	(bl)	(bm)	(bn)	(bo)	(bp)	(bq)	(br)	(bs)	(bt)	(bu)	(bv)	(bw)	(bx)	(by)	(bz)	(ca)	(cb)	(cc)	(cd)	(ce)	(cf)	(cg)	(ch)	(ci)	(cj)	(ck)	(cl)	(cm)	(cn)	(co)	(cp)	(cq)	(cr)	(cs)	(ct)	(cu)	(cv)	(cw)	(cx)	(cy)	(cz)	(da)	(db)	(dc)	(dd)	(de)	(df)	(dg)	(dh)	(di)	(dj)	(dk)	(dl)	(dm)	(dn)	(do)	(dp)	(dq)	(dr)	(ds)	(dt)	(du)	(dv)	(dw)	(dx)	(dy)	(dz)	(ea)	(eb)	(ec)	(ed)	(ee)	(ef)	(eg)	(eh)	(ei)	(ej)	(ek)	(el)	(em)	(en)	(eo)	(ep)	(eq)	(er)	(es)	(et)	(eu)	(ev)	(ew)	(ex)	(ey)	(ez)	(fa)	(fb)	(fc)	(fd)	(fe)	(ff)	(fg)	(fh)	(fi)	(fj)	(fk)	(fl)	(fm)	(fn)	(fo)	(fp)	(fq)	(fr)	(fs)	(ft)	(fu)	(fv)	(fw)	(fx)	(fy)	(fz)	(ga)	(gb)	(gc)	(gd)	(ge)	(gf)	(gg)	(gh)	(gi)	(gj)	(gk)	(gl)	(gm)	(gn)	(go)	(gp)	(gq)	(gr)	(gs)	(gt)	(gu)	(gv)	(gw)	(gx)	(gy)	(gz)	(ha)	(hb)	(hc)	(hd)	(he)	(hf)	(hg)	(hh)	(hi)	(hj)	(hk)	(hl)	(hm)	(hn)	(ho)	(hp)	(hq)	(hr)	(hs)	(ht)	(hu)	(hv)	(hw)	(hx)	(hy)	(hz)	(ia)	(ib)	(ic)	(id)	(ie)	(if)	(ig)	(ih)	(ii)	(ij)	(ik)	(il)	(im)	(in)	(io)	(ip)	(iq)	(ir)	(is)	(it)	(iu)	(iv)	(iw)	(ix)	(iy)	(iz)	(ja)	(jb)	(jc)	(jd)	(je)	(jf)	(jg)	(jh)	(ji)	(jj)	(jk)	(jl)	(jm)	(jn)	(jo)	(jp)	(jq)	(jr)	(js)	(jt)	(ju)	(jv)	(jw)	(jx)	(jy)	(jz)	(ka)	(kb)	(kc)	(kd)	(ke)	(kf)	(kg)	(kh)	(ki)	(kj)	(kk)	(kl)	(km)	(kn)	(ko)	(kp)	(kq)	(kr)	(ks)	(kt)	(ku)	(kv)	(kw)	(kx)	(ky)	(kz)	(la)	(lb)	(lc)	(ld)	(le)	(lf)	(lg)	(lh)	(li)	(lj)	(lk)	(ll)	(lm)	(ln)	(lo)	(lp)	(lq)	(lr)	(ls)	(lt)	(lu)	(lv)	(lw)	(lx)	(ly)	(lz)	(ma)	(mb)	(mc)	(md)	(me)	(mf)	(mg)	(mh)	(mi)	(mj)	(mk)	(ml)	(mm)	(mn)	(mo)	(mp)	(mq)	(mr)	(ms)	(mt)	(mu)	(mv)	(mw)	(mx)	(my)	(mz)	(na)	(nb)	(nc)	(nd)	(ne)	(nf)	(ng)	(nh)	(ni)	(nj)	(nk)	(nl)	(nm)	(nn)	(no)	(np)	(nq)	(nr)	(ns)	(nt)	(nu)	(nv)	(nw)	(nx)	(ny)	(nz)	(oa)	(ob)	(oc)	(od)	(oe)	(of)	(og)	(oh)	(oi)	(oj)	(ok)	(ol)	(om)	(on)	(oo)	(op)	(oq)	(or)	(os)	(ot)	(ou)	(ov)	(ow)	(ox)	(oy)	(oz)	(pa)	(pb)	(pc)	(pd)	(pe)	(pf)	(pg)	(ph)	(pi)	(pj)	(pk)	(pl)	(pm)	(pn)	(po)	(pp)	(pq)	(pr)	(ps)	(pt)	(pu)	(pv)	(pw)	(px)	(py)	(pz)	(qa)	(qb)	(qc)	(qd)	(qe)	(qf)	(qg)	(qh)	(qi)	(qj)	(qk)	(ql)	(qm)	(qn)	(qo)	(qp)	(qq)	(qr)	(qs)	(qt)	(qu)	(qv)	(qw)	(qx)	(qy)	(qz)	(ra)	(rb)	(rc)	(rd)	(re)	(rf)	(rg)	(rh)	(ri)	(rj)	(rk)	(rl)	(rm)	(rn)	(ro)	(rp)	(rq)	(rr)	(rs)	(rt)	(ru)	(rv)	(rw)	(rx)	(ry)	(rz)	(sa)	(sb)	(sc)	(sd)	(se)	(sf)	(sg)	(sh)	(si)	(sj)	(sk)	(sl)	(sm)	(sn)	(so)	(sp)	(sq)	(sr)	(ss)	(st)	(su)	(sv)	(sw)	(sx)	(sy)	(sz)	(ta)	(tb)	(tc)	(td)	(te)	(tf)	(tg)	(th)	(ti)	(tj)	(tk)	(tl)	(tm)	(tn)	(to)	(tp)	(tq)	(tr)	(ts)	(tt)	(tu)	(tv)	(tw)	(tx)	(ty)	(tz)	(ua)	(ub)	(uc)	(ud)	(ue)	(uf)	(ug)	(uh)	(ui)	(uj)	(uk)	(ul)	(um)	(un)	(uo)	(up)	(uq)	(ur)	(us)	(ut)	(uu)	(uv)	(uw)	(ux)	(uy)	(uz)	(va)	(vb)	(vc)	(vd)	(ve)	(vf)	(vg)	(vh)	(vi)	(vj)	(vk)	(vl)	(vm)	(vn)	(vo)	(vp)	(vq)	(vr)	(vs)	(vt)	(vu)	(vv)	(vw)	(vx)	(vy)	(vz)	(wa)	(wb)	(wc)	(wd)	(we)	(wf)	(wg)	(wh)	(wi)	(wj)	(wk)	(wl)	(wm)	(wn)	(wo)	(wp)	(wq)	(wr)	(ws)	(wt)	(wu)	(wv)	(ww)	(wx)	(wy)	(wz)	(xa)	(xb)	(xc)	(xd)	(xe)	(xf)	(xg)	(xh)	(xi)	(xj)	(xk)	(xl)	(xm)	(xn)	(xo)	(xp)	(xq)	(xr)	(xs)	(xt)	(xu)	(xv)	(xw)	(xx)	(xy)	(xz)	(ya)	(yb)	(yc)	(yd)	(ye)	(yf)	(yg)	(yh)	(yi)	(yj)	(yk)	(yl)	(ym)	(yn)	(yo)	(yp)	(yq)	(yr)	(ys)	(yt)	(yu)	(yv)	(yw)	(yx)	(yy)	(yz)	(za)	(zb)	(zc)	(zd)	(ze)	(zf)	(zg)	(zh)	(zi)	(zj)	(zk)	(zl)	(zm)	(zn)	(zo)	(zp)	(zq)	(zr)	(zs)	(zt)	(zu)	(zv)	(zw)	(zx)	(zy)	(zz)
42/11	30/-	33/4	10/6	10/6	Hadhills 10/-	33/9	33/6	-3d	4	0	0	64/8	50/8	m29(c)	m29(c)	Boots Pure Drug 5/-	55/-	51/6	-3/6	2	16	0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									

(Continued from page 471)

	May 12, 1937	May 19, 1937	May 20, 1937		May 12, 1937	May 19, 1937	May 20, 1937
	(Close)	(Close)	(Latest)		(Close)	(Close)	(Latest)
1. Rails & Transport				4. Manufacturing			
Atchafalpa	89½	87	88½	Briggs	44½	42	43
Balt. and Ohio	33½	31½	32½	Chrysler	113½	110½	112½
B.M.T.	29½	25½	26½	Electric AutoLite	38½	37½	38½
Can. Pacific	12½	12½	13½	General Motors	57½	55½	56½
Chas. and Ohio	56½	56½	58	Hudson Motor Car	16½	15½	16
Gt. Nthn. Ry. Pl.	53½	55½	56½	Murray Corp.	13½	12½	13
Illinois Central	30½	29½	30½	Nash Kelvinator	19½	18½	19
N.Y. Central	46½	46	46½	Packard Motor Car	9½	9½	9½
Nor. Pac.	34	34½	36½	Bendix Aviation	20½	19½	20½
Pennsylvania R.R.	43½	43½	43½	Boeing Airplane	35	32½	33½
Southern Pac.	57½	55½	56½	Douglas Aircraft	52	50	52
Southern Ry.	37½	36½	38½	United Aircraft	25	24½	25½
Union Pac.	142½	143½	144½	Air Reduction	72½	68½	69½
Greyhound Cp. New ..	13½	13½	13½	Allied Cheml. x.d.	225	224	224
				Col. Carbon	114½	113	114
				Comm. Solvents	15	14½	15½
				Dupont	155½	155	157½
				Union Carbide	96½	93½	100½
2. Utilities and Communications				U.S. Ind. Alcohol	35	34½	34½
Am. Waterworks ...	18½	17	17½	Alisal Chalmers	62	61	63½
Cwealth & S'thern ..	2½	2½	2½	General Electric	52	52½	53½
(Cons. Gas of N.Y.) ..				Westinghouse	135	135½	138½
now Cons. Edison ..	36½	34½	35½	American Can. x.d.	100½	95½	97½
Col. Gas & Electric ..	12½	11½	11½	Addressograph	31½	30	
Elec. Bond & Share ..	16½	15½	16½	Caterpillar	89½	90½	91½
Nat. Pwr. and Lt.	34	32½	33½	Cont. Can. x.d.	56½	54½	56½
North American	23½	23	24½	Ingersoll Rand	122½	122	122½
Pac. Gas & Electric ..	29½	29	29½	Int'l. Harvester	107½	106	106½
Pac. Lighting	44	42½	43½	Johns Manville	129	129	129½
Pub. Service N. J.	41½	38½	39½	Am. Radiator	21½	21½	22
Stan. Gas & Elec.	7½	6½	6½	Corn Products	55½	55½	56½
United Corp.	5	4½	4½	J. I. Case and Co.	164	161	164½
United Gas Imp.	13½	12½	12½	Glidden	44½	44½	45½
Am. Tel. & Tel.	165½	163½	166½	Gen. Am. Transp.	69	67½	67
Int. Tel. and Tel.	10½	10	10½	Allied Mills	23	22	27
Western Union	57½	56½	58½	Celanese America	37½	39½	40
Radio	9	8½	9	Ind. Rayon New	41½	39½	39
Radio B. Pref. New ..	68½	67	67	Colgate Palmolive	21½	21½	21
				Eastman Kodak x.d.	158½	163½	163½
				Gillette x.d.	16	15½	15
				Lambert Co.	20½	19½	
				Loews x.d.	76½	76½	77
				20th Century Fox	36½	36½	36
3. Extractive and Metal Industries				5. Retail Trade and			
Am. Rolling Mills	34	33½	34½	Montgomery Ward	51½	50½	51
Beth. Steel	82½	79½	83½	J. C. Penney Co.	97½	93½	94
Beth. Steel Pref. x.d. ..	117½	116	116½	Sears Roebuck x.d.	95½	84	85½
Republic Steel	35½	33½	35	United Drug	13½	12½	12
U.S. Steel	99½	98½	98½	Walgreen x.d.	29½	26½	27
U.S. Steel Pref.	133½	134	134½	Woolworth	47	45½	46
Alaska Juneau x.d.	12	12½	12½	Borden	25½	24	24½
American Metal	50½	49½	50	Gen. Foods	39½	39½	39
American Smelting	84½	82½	86	Kroger Grocery	22	20	19
Anaconda	50½	49½	50	Nat. Biscuit x.d.	25½	25	25
Bohn Aluminium	42	42	43	Nat. Dairy	22½	22	22
Cerro de Pasco	63½	62½	64	Standard Brands	12½	12½	13
Int. Nickel	59½	59½	61½	Am. Tobacco B.	80	74	76½
Kennecott x.d.	54½	54	56½	Liggett Myers B.	97	94	95½
Patino Mines	16½	16	16½	Lozier	22	22	22
Texas Gulf Sulphur ..	36½	36½	37½	Reynolds Tob. B.	50	49½	50
U.S. Smelt x.d.	84½	81	84	National Distillers	30	30½	31
Vanadium Corp.	29	27½	28½	Schenley Distillers	44	40	42
Atlantic Refining x.d. ..	28	28	29½				
Phillips Petroleum	53½	53½	54½	6. Finance			
Shell Union	28½	28½	28½	Commercial Credit	63½	60½	61½
Shell Union Pref.	104	102½	103½	Atlas Corp.	16½	15½	15
Socoy Vacuum	18½	18½	18½	Com. Invest. Trust	67	64½	66
Stand. Oil Calif.	43½	42	43				
Stand. Oil N.J.	67½	64½	65				
Texas Corp.	60½	58½	59½				

COMPANY MEETINGS

LONDON AND MANCHESTER
ASSURANCE COMPANY, LIMITED

ANOTHER SUCCESSFUL YEAR

STRONG POSITION

The sixty-eighth annual general meeting of the London and Manchester Assurance Company, Limited, was held, on the 19th instant, at the chief offices, Finsbury Square, London, Mr Walter H. Brown (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—Turning to the results for the past financial year, the principal features were: Ordinary branch—The premium income was £1,382,195, and again showed a substantial increase, this being £72,742. Consideration money for annuities was lower, and single premiums a little higher. Death claims were more by about £10,000, and maturities by survivorship were less by about £11,000. On the whole the progress was encouraging. The ratio of expenses to office premiums (adjusting as usual for single premiums) was, roughly, one-half of 1 per cent. less, compared with the year before.

Having regard to the obscurity of the financial outlook, the directors consider it advisable as a precautionary measure that the bonus distribution in this branch be restricted to £2 per cent., although the surplus at £329,521 to be carried forward in the life fund is greater than a year ago and sufficient to provide a further bonus of £2 1s. 4d. per cent.

The net yield on this fund was £4 6s. 5d. per cent.

INDUSTRIAL BRANCH

A substantial increase in premium income of £53,984 is also to be recorded in this branch, bringing up that income for the year to £1,803,530. The sum paid in surrenders was 25 per cent. less than in the previous year. As regards claims, those paid on account of survivorship of the endowment period were less than in the year before, but death claims show an increase of over £30,000, this office having felt the full effect of the influenza epidemic.

During the year a commencement has been made in the direction of appointing agents on a salary instead of a commission basis. This has involved a considerable amount of re-distribution of calls so that a salaried agent has less distance to walk each week, and can collect a larger amount of premiums in a day's work without any greater degree of effort. The process of introducing these new terms and concentrating the areas has of necessity to be somewhat slow, but it is already to be seen from the accounts before you that there is a reduction of about three-quarters of 1 per cent. in the expense ratio when measured against the premium income. We do not, however, assert that such a method of measuring the expense ratio is the one and only correct one, for this must be a matter of opinion and can be misleading in an office like the London and Manchester, where there is no monthly premium transacted in the industrial branch.

The net yield on the industrial life fund was £4 5s. 7d. per cent., which is 1s. 3d. less than in the previous year, but 9d. more than two years ago.

Although none of the policies issued in this branch has any contractual right to participate in any of the profits of the company, we have provided for the repetition of our past performance in allocating the same rates of bonuses. The rates are described in the directors' report.

I may mention that there is now no such thing in this office as forfeiture of benefits paid for. If, owing to unemployment or other cause, an industrial policyholder discontinues payment of premiums after two years he is granted, after an extended period of free and full insurance cover, an automatically created free paid-up policy of a value calculated in accordance with certain rules laid down by Act of Parliament. On March 24th last this company had in force no fewer than 217,294 of these free policies.

It will have been observed that the premium income in the fire and general branch for the year was not far short of £80,000. Greater activity has been displayed in this branch during the past year, and from the steps that have been taken even more promising results should be in evidence in the present year.

ASSETS

As you will have seen from the accounts, the funds on March 24th last reached the impressive total of £17,738,925, having been increased in the course of the year by the very material sum of £1,191,202. As I have mentioned to you before, the security for the assurance funds is a prime consideration, and, as usual, our assets have been cautiously valued. The sum of £27,500 has again been taken from profit and loss balance and

applied to writing down property values. A new fund, called the "Common Contingency Fund," has been set up out of free surplus, the £125,000 appearing under that heading in the balance sheet being made up as to £25,000 from the industrial branch account and £100,000 from the profit and loss account. In the aggregate the balance sheet values of the Stock Exchange securities considerably exceed the middle market prices quoted on March 24, 1937, less accrued interest, though of course the appreciation is not as much as it was a year ago.

Of Stock Exchange securities no less than 80.8 per cent. is invested in the United Kingdom, and a further 14.6 per cent. in the rest of the Empire, thus leaving only 4.6 per cent. in foreign countries. As much as 49 per cent. of the amount of our Stock Exchange securities carry a definite date of redemption. The remaining assets are all in the United Kingdom.

Perhaps a few words upon the part played by the company in that great and important social development—National Health Insurance, which enters so largely into the life of the nation, may not be inappropriate. In the course of the past year, the company, acting in association with the National Amalgamated Approved Society, was responsible through our representatives for the payment to "London and Manchester" members of 279,981 sickness and disablement benefits totalling £139,892, and 9,332 maternity payments amounting to £20,429. And, further, £17,350 approximately was represented by non-cash treatment benefits.

COMPANY'S GROWTH DURING FIFTY YEARS

I may be pardoned for making a personal reference. This is my fiftieth year of service with the company, practically a life-time of endeavour containing many difficulties but an abundance of pleasure in the many and variable duties that have fallen to my lot. The following figures covering that period, and illustrating the growth of the company, may be interesting to you, as, you can realise, they are to me:—

Year ending	Premium Income	Funds
March 24, 1887	£ 56,206	£ 23,464
" 1907	423,542	452,691
" 1927	1,979,515	7,180,926
" 1937	3,267,919	17,738,925

The report and accounts were unanimously adopted.

HAMBROS BANK LIMITED

IMPROVED EUROPEAN CONDITIONS

The twenty-fifth annual meeting of Hambros Bank Limited, was held, on the 20th instant, at 41 Bishopsgate, London.

Mr R. Olaf Hambro (the chairman), said:—In addressing you last year I touched on various points in the situation in Europe and ventured to predict an improvement in the situation generally, both commercially and politically. I think I can say without fear of contradiction that my forecast has been justified. In spite of the revolting spectacle of the Civil War in Spain, conditions in the rest of Europe have improved and are daily improving. I told you last year that our relations with our friends of long standing in Italy had almost ceased to exist. I am glad to be able to say that is not now the case, and various of our customers in that country are again using our services.

One of the most outstanding events of the past year was the very important arrangement made by our country with the United States and France on the question of the stabilisation of the three currencies by Equalisation Fund Control. This is the first step—basis of world currency stabilisation without which foreign trade cannot truly expand.

In my opinion the general improvement in the industrial position of this country is not primarily due to the armament programme, but to a general restoration of confidence, which makes it all the more unfortunate that the Budget Speech should have been interpreted in the way it was.

In order to meet the requirements of our various customers, we have decided to create a Trustee and Executor Company with a capital of £250,000, of which £100,000 will be paid up.

Our liquidity is again in the strong position which it is our custom to maintain, in spite of the fact that this is bound to react in a slightly adverse way on the profit and loss account. Taking the account, however, as a whole, I am sure you will agree with me that it is eminently satisfactory, the slight decrease from last year being unimportant, and over a period of years the profit shows steady expansion.

The report was unanimously adopted.

THE LIVERPOOL AND LONDON AND
GLOBE INSURANCE COMPANY,
LIMITED

101st ANNUAL REPORT

NEW RECORDS IN 1936

The 101st annual general meeting of the Liverpool and London and Globe Insurance Company, Limited, was held, on the 19th instant, in Liverpool.

Mr A. E. Pattinson, the chairman, said that, after provision for taxation, total underwriting profits and investment earnings (including life interest) in 1936, had been greater than in any preceding year in the company's history. Underwriting results—to which every department contributed—were amongst the best it had experienced; total premium income had risen; new life business figures constituted a record; and the total expense ratio had been lowered.

WORLD-WIDE SERVICE

A vision of world-wide service, which the name "The Liverpool and London and Globe" connotes, was given by the chairman when he indicated that the company last year transacted business and settled losses in 100 different countries and in 46 differing currencies.

At the root of disturbed international affairs lay lack of confidence. It was one of the primary functions of an insurance company to provide security, the basis of confidence and the antidote to fear. For this reason insurance companies must be financially strong.

FIRE LOSSES AND MOTOR CLAIMS

The direct fire loss in Britain last year, amounting to nearly £11,000,000, would have paid for the erection of some 27,000 dwellings at £400 each, capable of housing 80,000 to 100,000 persons. The same money could have paid the wages of 70,000 men for a year at £3 a week each.

In the light of never-ending third-party claims, one of the greatest achievements of British underwriters had been to keep motor insurance premium rates in this country on an equitable basis. In the past five years British companies had paid practically

£100,000,000 in motor claims alone, a figure which took no account of the indirect and consequential losses resulting from such accidents.

1936 RESULTS

Net Premiums.—Fire, £3,909,518 (against £3,960,629 for 1935); accident and miscellaneous, £4,627,128 (against £4,293,399); marine, £294,163 (against £290,393).

Profits, exclusive of interest, were: Fire, £410,985; accident, £230,177; marine, £21,017; and life, £26,000. Total interest to profit and loss account was £417,248.

At the new record figure of £3,211,028, net new life sums assured were £750,427 greater than in 1935.

Profit and loss account, after providing for dividend, income tax, etc., showed a balance carried forward of £620,017.

The report and accounts were adopted, and a final dividend of 13s. 6d. per share was declared, making 27s. per share, less tax, for 1936.

YORKSHIRE INSURANCE COMPANY,
LIMITED

RECORD IN NEW LIFE BUSINESS

The annual general meeting of the Yorkshire Insurance Company, Limited, was held, on the 19th instant, at York, the Right Hon. Lord Middleton, M.C. (chairman of the company), presiding.

The Chairman, in the course of his speech, said:—Looking at the year's working, the aggregate results are very similar to those of 1935. The gross and net rates of interest earned on our total funds are £4 11s. 6d. per cent. and £3 15s. 10d. per cent. respectively, as compared with £4 12s. 2d. per cent. and £3 17s. 2d. per cent. last year.

In the life account the volume of new business was a record in the history of the company. The net new sums assured total £2,779,772, as compared with £2,430,353 for 1935.

The home fire income has shown a small increase, but the foreign premiums are, on the other hand, rather lower, in common with the experience of the majority of companies.

In the accident and general account the premiums again show a substantial increase, the 1936 total being £1,335,804, compared with £1,258,718 last year. The increasingly high awards by the Courts in respect of third party personal injury claims and the high cost of claims generally is a matter of moment not only to the companies, but even more perhaps to the insuring public, as these factors directly affect the premiums which have to be charged.

Marine account premiums are slightly less at £338,975. £27,500 has been transferred to profit and loss, the same as last year, and the fund at the end of the year, viz. £597,782, represents 176 per cent. of the premium income, as against 172 per cent. last year.

The total transfers to profit and loss account, including the allocation from profit on reversions and the contribution from life account, amount to £245,622, being higher than the previous year's transfers by over £5,500. This, I think you will agree, is not unsatisfactory. We are able to carry forward a balance of £150,681—a figure which differs only slightly from that carried forward last year. The transfer of £30,000 increases the general reserve to £1,164,553.

The report and accounts were unanimously adopted.

LONDON COUNTY FREEHOLD AND
LEASEHOLD PROPERTIES,
LIMITED

INCREASED EARNINGS

The annual ordinary general meeting of the London County Freehold and Leasehold Properties, Limited, was held, on the 19th instant, at 114-116 Park Street, London, W.

Sir William J. M. Burton (the chairman) presided and moved the adoption of the directors' report, which stated that the year's results were in accordance with their estimates and fulfilled their anticipations. The prospectus dated June, 1935, on the occasion of the last issue of shares, showed estimated profits of £391,829 for the year now closed, and the net revenue was actually £392,470. The directors recommended payment of a final dividend of 4 per cent. and a bonus of 1 per cent., which would make a total ordinary dividend and bonus of 11 per cent. for the year.

EXCELLENT CONDITION OF COMPANY'S PROPERTIES

The year's work had been satisfactory in every way and showed continued and steady progress. It was very gratifying to be able to record those improved results. Their properties were in excellent and attractive condition; the work of internal modernisation was being carried out according to programme and the balance of repairs and maintenance reserve (£100,000) should be sufficient to complete that type of work throughout the whole of their properties in due course.

At the moment the Chancellor of the Exchequer's intentions regarding the much-debated National Defence Contribution had not been clarified. It would seem, however, that his primary intention was to obtain an additional tax from those industries benefiting directly or indirectly from the huge expansion of armament expenditure and not unduly to tax a company of their nature.

The Chairman announced that Mr Thos. J. Callen (managing director), had been appointed vice-chairman of the company.

The report was unanimously adopted.

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BRITISH MATCH CORPORATION, LIMITED

ASSETS IN EXCESS OF £7,800,000

CONDITIONS IN BRAZIL AND AT HOME

The tenth ordinary general meeting of this Company was held, on the 18th instant, in London, Mr Clarence E. Bartholomew, O.B.E. (chairman and managing director), presiding.

The Chairman, in the course of his speech, said:—In the accounts for 1928 the total value of all our assets appeared as £6,238,136. In the following year the Brazilian business was added with an addition of just over £700,000 to our capital, and the assets came to £7,955,443. To-day they are £7,800,000, although we have written off £360,000 from the goodwill item. It is our intention to write off that item altogether by allocations from profits each year.

Thanks mainly to special bonus dividends from Bryant and May, Limited—our principal operating company—we have amassed a reserve account of £700,000. This is all invested in fixed-dated British Government securities, whose cost is just below their redemption price. We have, nevertheless, thought it prudent to recommend a reserve of £15,000 to cover any loss which we might have to make in the event of realising some of these securities for the purpose of acquiring further trade investments when opportunities arise. The holdings in subsidiary and associated companies have yielded a very satisfactory return.

As you will remember, the Brazilian investment has been a cause of some anxiety to your directors, but there has been a substantial improvement in the conditions of that country, and, if these improved conditions continue, that anxiety will be removed.

We have been glad to increase our interests in the Argentine, where exchange conditions have improved, for we have confidence not only in that wonderful country but also in the management of our associates there.

In the home trade we have held our own, in spite of a continuance of the abnormal competition from Soviet Russia to which I referred last year. This has been carried on with no regard to profit, but the business has not grown in volume, owing to competition from other imported matches. Our Dominion investments have all been remunerative once more.

The revenue account shows the second highest net revenue which we have yet achieved, and there is an increase in all the items on the right side of that account, except in transfer and registration fees. This figure shows that the shares are well held, for we have passed only just under 2,000 transfers in the year, although there are more than 10,000 shareholders. This stable shareholding seems to us to justify our policy of endeavouring to fortify reserves and to eliminate unsubstantial assets from our balance sheet, with a view to a gradual increase in the real value of your investment, regardless of market fluctuations.

NATIONAL DEFENCE CONTRIBUTION

Chairmen of industrial concerns are expected just now to offer their views on the quaintly named National Defence Contribution. My considered opinion must be reserved until we can see the details of this new and milder form of the crude excess profits duty, which did so much mischief in its hasty wartime guise.

If it is to apply to all industry, the new tax discriminates between investors of different classes, and adds an additional burden to those concerns which, when their profits increase, will, in any case, pay increased income tax. That is no light matter with income tax at 5s. in the pound. Additional profits are not all derived from re-armament nor from trade recovery, and I may fitly quote our Brazilian subsidiary as an instance of this. Its profits are derived solely from manufacture and sale within a foreign country, and cannot be affected for good or ill by the state of trade in the United Kingdom. There are many more important investments of similar nature—for example, foreign railways. Surely all these should be exempt from such a tax.

I doubt whether any tax on the lines indicated by the Chancellor of the Exchequer can be so devised as to prevent hardship and inequality, and without causing very heavy expense to the Treasury and the taxpayers. It is, in my view, most unfortunate that such a disturbing factor should have been introduced at all, when the relatively small amount required could have been collected at no expense, and much more equitably, by a temporary "contribution"—to use Mr Chamberlain's quaint word again—of a small percentage on the amount of everybody's income as assessed for income tax. I believe 3 per cent. all round would be ample.

The report and accounts were unanimously adopted.

MINING TRUST, LIMITED

VALUE OF ASSETS INCREASED

PROMISE OF NEW INTERESTS

The eighth ordinary annual general meeting of the Mining Trust, Limited, was held, on the 18th instant, in London.

Earl Castle Stewart, M.C. (chairman), who presided, in the course of his speech said:—Whilst the debit balance in the income and expenditure account has been increased, it must be realised that this is not due to any new losses arising during the last year. What is involved is simply the writing off of a portion of the losses which have been known to shareholders to exist for some years. Actually, during the year the financial position of the company has considerably improved. Last year the market value of the quoted securities was £1,603,910, and this year their value is £2,625,992. Last year the value of the unquoted securities and advances was placed at £510,502; this year, even after writing off £217,709 loss upon the Villemagne property, the figure is £431,062. Cash and debtors last year amounted to £256,156, and this year £214,661, making a total valuation of the assets last year of £2,670,688, and this year £3,271,115. The improvement in the value of the assets then during the past year amounts to £600,427.

OPERATIONS OF THE SUBSIDIARIES

Mount Isa Mines, Limited, have made a small loss for the year under review, but is now earning a profit which will go in due course to meet the redemption of the 4½ per cent. debentures which were guaranteed by the Queensland Government.

In regard to New Guinea Goldfields, although this company made a profit for the year, your directors feel that the board acted very wisely in not distributing a dividend, since it is quite evident that considerable uncertainty still exists as to the probable life of the ore bodies which are now being worked. Moreover, until the report upon the Wau Alluvials has been received, it will not be known whether it would be profitable to treat those alluvials, and if so how much capital expenditure would be required.

The Britannia Lead Company has operated successfully throughout the year. The total amount of Mount Isa bullion charged was 34,738 tons, from which 34,355 tons of refined lead was produced. Production of silver for the year was 3,065,980 oz. As by-products there were sold 494 tons of zinc chloride and 1,064 tons of antimonial lead. The silver content of the bullion charged from Mount Isa was 81.3 ozs. silver per ton as compared with 63.8 ozs. for the previous year. This company paid to the Mining Trust £15,733 in fees and commissions and now carries forward a total profit since operations commenced of £33,069.

You were told at the meeting last year that we had acquired an interest in the Big Bell Mine in Western Australia. This mine is situated 20 miles from Cue. The proved ore occurs as a lens 900 ft. long, varying in width from 120 ft. at the centre to 70 ft. at the ends, which has been proved to a depth of 700 ft. by diamond drilling and by systematic driving and cross-cutting on the 120 ft. and 250 ft. levels. The tonnage has been estimated at 2,932,000 tons assaying 3.7 dwts. A cyanide plant to treat 1,000 tons of ore per day is in course of construction, and it is hoped that milling will commence some time in July of this year.

SAUDI ARABIAN MINING SYNDICATE

We have also purchased some additional shares in the Saudi Arabian Mining Syndicate, which has been examining a property at Mahad Dahab, some 200 miles from the coast of Jeddah. At this property 14 diamond drill holes have been drilled, and with two exceptions have cut ore of satisfactory width and values at vertical depths varying from 200 ft. to 600 ft. A further nine holes have been drilled through the pillars between the ancient stopes at no great depth from the surface, and have disclosed considerable quantities of ore which could be cheaply worked by open cast quarries. In addition to the ore disclosed by drilling there is, lying upon the surface close to the mine, a dump of tailings estimated at about 400,000 tons of an average value of 8 dwts.

The Anglo-Queensland Mining Proprietary, Limited, in which the Mining Trust has a 25 per cent. participation, is engaged in the examination of a promising goldmining area at Howley in the northern territory about 100 miles from the Port of Darwin. Preliminary sampling by trenches has already been conducted upon the surface, and the results have been such as to warrant a further and much more detailed examination.

In conclusion, during the past year there has been a very considerable increase in the value of our assets, and we have been able to take up participations in new properties which give every promise of developing well.

The report and accounts were unanimously adopted.

JAMES W. COOK AND COMPANY, LIMITED

REVIVAL IN FREIGHTS

The fortieth annual general meeting of James W. Cook and Company, Limited, was held, on the 14th instant, in London.

Mr W. J. Clarke (chairman and managing director), in the course of his speech, said he was glad to be able to report that the profit this year was not less than last year and they had maintained their trading satisfactorily.

Their lighterage business had been on an expanding scale, and in respect of tonnage they had carried a bigger quantity of goods in 1936 than for many years past.

The welcome revival in freights was certainly apparent this year in the greatly increased cargoes arriving in London, and prospects on the river on the whole were satisfactory.

Regarding the activities of the subsidiary companies, he said the goal in front of the board was, and had been, to establish those ventures so that in due course profits would be secured from businesses not materially affected by the conditions of the old original branches. It had been a happy coincidence that in the year under review the subsidiaries had made such profit, and it was possible for them to contribute to the general welfare out of the year's trading.

In the case of the Bulk Oil Steamship Company, Limited, the ships had been kept very well employed. He was glad to report that prospects were good.

With regard to the company's road transport interests, the same tale of success was to be told. All through the year they had enjoyed consistent increase in trade. That was the result of excellent service which their scheme of haulage had given to clients, and at the end of the year they were more established in favour than at the beginning.

Shareholders should all be thankful that the year's accounts were presented with the item of "goodwill" entirely eliminated, and a review of the accounts should give them a measure of satisfaction at the results of the trading for 1936.

The report and accounts were unanimously adopted and a final dividend on the ordinary shares of 7½ per cent. per annum, making 10 per cent. for the year, was declared.

WEST SPAARWATER, LIMITED

PROGRESS OF OPERATIONS

The second ordinary general meeting of West Spaarwater, Limited, was held in Johannesburg, on Tuesday, May 18th.

Mr A. S. Hersov presided in the absence of the chairman of the company, Mr H. G. Latilla.

The Chairman, in the course of his speech, intimated that the expenditure during the year on shaft sinking, equipment for shaft and drilling amounted to £64,000, and that liquid resources at the date of the balance sheet were £622,000.

The drilling programme in connection with the first vertical shaft had been completed and the company was also contributing to the cost of deepening the existing borehole on Eendracht No. 267.

At the end of April, 1937, No. 1 shaft had been sunk to a depth of 555 ft. It was not anticipated that the shaft would intersect the Nigel reef at a shallower depth than 4,700 ft.

The erection of machinery and plant, as well as buildings, had proceeded satisfactorily. Permanent 115-ft. steel headgear had been completed. Present hoisting equipment would serve the shaft for initial 1,500 ft. of sinking, but erection of permanent Ward Leonard hoist was proceeding.

The directors' report and accounts were adopted unanimously. The retiring directors and auditors were re-elected.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,

THE ECONOMIST,

8 Bowerie Street,

Fleet Street,

London, E.C.4.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended May 15, 1937, amounted to £7,863,000, against ordinary expenditure of £9,950,000. After allowing for a decrease in Exchequer Balances of £410,962, the operations for the week, as shown below, increased the gross National Debt by £1,906,000, to approximately £7,934 millions.†

(000's omitted)

2½ % National Defence Bonds ...	+ 19,970	Public Department Advances ...	— 8,450
National Savings Certificates ...	+ 100	Treasury Bills ...	— 9,114
		P.O. & Teleg. (Money) Act ...	— 600
	+ 20,070		— 18,164

† Including £375 millions on Account of Exchange Equalisation Fund.

An analysis of the approximate position of the National Debt, as at March 31, 1937, appeared on page 47 of *The Economist* of April 3, 1937.

Revenue	Total Receipts into the Exchequer			
	April 1, 1936, to May 16, 1936	April 1, 1937, to May 15, 1937	Week ended May 16, 1936	Week ended May 15, 1937
ORDINARY REVENUE				
Inland Revenue—				
Income Tax	9,739,000	11,569,000	8,000	4,000
Sur-tax	3,140,000	3,330,000	310,000	190,000
Estate, etc., Duties	10,380,000	11,770,000	2,040,000	1,390,000
Stamps	1,470,000	1,660,000	240,000	...
Other Inland Revenue Duties	60,000	70,000	10,000	...
Total Inland Revenue	24,789,000	28,399,000	2,606,000	1,584,000
Customs and Excise—				
Customs	25,508,000	27,643,000	4,185,000	3,452,000
Excise	10,700,000	11,400,000	1,100,000	1,000,000
Total Customs and Excise	36,208,000	39,043,000	5,295,000	4,452,000
Motor Vehicle Duties	14,004,000	4,151,000	1322,000	323,000
Post Office (Net Receipts)	6,200,000	6,430,000	1,250,000	1,350,000
Crown Lands	160,000	260,000	...	...
Receipts from Sundry Loans	277,607	270,855	...	...
Miscellaneous Receipts	1,403,927	741,084	2,720	153,933
Total Ordinary Revenue	73,042,534	79,195,039	9,475,720	7,862,933
SELF-BALANCING REVENUE				
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	5,100,000	5,420,000	700,000	900,000
Total	78,142,534	84,615,039	10,175,720	8,762,933

Expenditure	Total Issues out of the Exchequer to meet Payments			
	April 1, 1936, to May 16, 1936	April 1, 1937, to May 15, 1937	Week ended May 16, 1936	Week ended May 15, 1937
ORDINARY EXPENDITURE				
Interest and Management of National Debt	37,619,379	38,406,994	468,091	397,200
Payments to Northern Ireland Exchequer	460,786	496,829	...	...
Other Consolidated Fund Services	275,211	334,285	5,004	52,695
Post Office Fund	...	...	...	...
Total	38,355,376	39,238,208	471,095	449,895
Total Supply Services (excluding Post Office and Broadcasting)	165,524,000	63,675,850	19,290,000	9,500,000
Total Ordinary Expenditure	103,879,376	102,914,058	9,761,095	9,949,895
SELF-BALANCING EXPENDITURE				
Post Office Vote and Vote for Broadcasting	5,100,000	5,420,000	700,000	900,000
Total	108,979,376	108,334,058	10,461,095	10,849,895

† Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate revenue from April 1, 1937, to May 15, 1937, is shown below:—

(000's omitted).	
Revenue	76,195
Decrease in balances	234
Gross borrowing	24,229
Less—	
New Sinking Fund*	755
Old S. Fund, 1907-08	9
Net borrowing	23,468
	102,914

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1937 by borrowing.

POSITION OF THE FLOATING DEBT

	May 16, '36	Mar. 31, '37	May 15, '37	May 15, '37
Ways and Means Advances Outstanding: £	£	£	£	£
Advances by Bank of England	25,760,000	23,535,000	27,705,000	— 8,450,000
Advances by Public Departments	780,405,000	674,595,000	674,460,000*	— 9,115,000
Treasury Bills outstanding				
Total Floating Debt	786,165,000	698,130,000	702,165,000	— 17,865,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £35,000,000 Treasury Bills were opened on May 14, 1937. The amount applied for was £72,425,000. Tenders were accepted for Treasury bills at three months dated Tuesday to Friday, at £99 17s. 5d. about 54 per cent. and above in full; Saturday at £99 17s. 6d. and above in full. The average rate per cent was 10s. 2-24d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1-84
July 5, 1935	40,000,000	60,805,000	40,000,000	0 12 4-32
January 8, 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1-27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 8-83
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10-84
May 7, 1937	35,000,000	92,960,000	35,000,000	0 10 0-19
May 14, 1937	35,000,000	72,425,000	35,000,000	0 10 2-24

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended April 17, 1937	645,598	£484,198
Week ended April 24, 1937	642,510	£481,882
February, 1936, to April 24, 1937	1,291,911,150	£1,015,371,200

At the end of February, 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,398,986.

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,

MAY 19, 1937

ISSUE DEPARTMENT

Notes Issued	Government Debt	Other Government Securities	Other Securities	Silver Coin	Amount of Fiduciary Issue	Gold Coin and Bullion
In Circulation	481,432,794	183,606,809	5,967,273	10,818	200,000,000	821,261,368
In Banking Department	39,828,572					
						521,261,368

BANKING DEPARTMENT

Proprietors' Capital	Government Securities	Other Securities	Public Deposits	Advances	Other Deposits	Bankers' Deposits	Other Accounts
14,553,000	103,272,534		19,193,680	£6,571,049			£97,430,988
Rest	3,221,387						£37,579,872
							135,010,860
							171,978,927

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

Both Departments	Amount, May 19, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	481,432,794	+ 1,523,436	+ 58,302,698
Public deposits	19,193,680	- 13,326,183	- 1,894,034
Bankers' deposits	97,430,988	+ 9,766,798	+ 17,949,486
Other deposits	37,579,872	+ 394,992	+ 815,572
Total outside liabilities	635,637,334	- 1,640,957	+ 74,683,722
Capital and rest	17,774,387	+ 21,470	+ 19,700
Government debt and securities	297,894,443	- 5,801,564	- 52,106,574
Other securities	6,571,049	+ 677,848	- 571,782
Other securities in issue department	26,786,773	+ 677,739	+ 12,239,289
Gold and bullion (bank's reserve)	322,148,638	+ 2,622,887	+ 115,960,165
Reserve of notes and coin in banking department	40,715,844	+ 1,099,451	- 2,342,554
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	26-4%	+ 1-2%	- 4-8%
(b) Gold stocks to deposits and notes ("reserve ratio")	50-7%	+ 0-6%	+ 13-9%

(000's omitted)

Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	Gold in or out of Bank	Bank Rate
1937							
Apr. 28	515,662	468,816	26,161	87,566	99,578	Nil	2
May 5	515,662	475,159	16,881	87,175	37,681	Nil	2
May 12	515,662	479,909	32,520	87,064	37,185	5,000	2
May 19	521,341	481,433	19,194	87,431	37,580	2,600	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"
	£	£	£	%	£	£	£	%
1937								
Apr. 28	196,968	3,021	314,670	50 1/2	97,730	5,468	21,968	45,854
May 5	195,129	4,860	314,611	50 1/2	103,095	5,441	20,962	39,452
" 12	195,158	4,834	319,526	50 1/2	108,338	5,893	21,275	39,616
" 19	194,622	5,867	322,149	50 1/2	103,273	6,571	21,420	40,718

BANKERS' CLEARING RETURNS
LONDON
(000's omitted)

	Town	Metropolitan	Country	Total
1937				
January 1 to May 5	13,465,028	774,595	1,388,122	15,577,745
Five days ended May 12	600,365	36,447	66,090	702,902
Five days ended May 19	611,632	35,723	65,668	713,023
Total to date, 1937	14,677,025	846,765	1,469,880	16,993,670
Total to date, 1936	12,472,993	768,800	1,321,409	14,563,202
Increase or decrease in 1937	+ 2,204,032	+ 79,965	+ 148,471	+ 2,432,468
	+ 17-7%	+ 10-4%	+ 11-2%	+ 16-7%
Total for year 1936	35,036,356	2,039,620	3,537,598	40,613,574
Total for year 1935	32,448,575	1,887,112	3,229,054	37,554,741
Increase or decrease in 1936	+ 2,587,781	+ 152,508	+ 308,544	+ 3,048,833
	+ 8-0%	+ 8-1%	+ 9-6%	+ 8-2%

(000's omitted)

No. of working days:	Week ended May 15		Month of April		Aggregate Totals January 1 to May 15	
	1936	1937	1936	1937	1936	1937
BIRMINGHAM	2,497	2,199	9,558	10,383	+ 8-6	51,408
BRADFORD	683	885	4,445	4,924	+ 10-7	20,158
BRISTOL	1,297	1,016	4,896	6,121	+ 22-7	25,310
DUBLIN	6,391	6,728				115,795
HULL	828	879	3,467	3,978	+ 14-7	18,254
LEEDS	883	896	3,647	4,349	+ 19-2	18,899
LEICESTER	742	746	2,969	3,297	+ 11-0	14,792
LIVERPOOL	5,076	6,150	24,142	32,476	+ 34-5	119,914
MANCHESTER	10,041	10,324	40,792	49,358	+ 20-9	200,936
NEWCASTLE	1,253	1,457	5,157	6,246	+ 21-1	25,428
NOTTINGHAM	478	529	1,971	2,216	+ 12-4	10,326
SHEFFIELD	790	792	3,902	4,849	+ 24-2	19,656
	30,959	32,651	105,036	128,197	+ 22-0	638,672

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Spain appeared in *The Economist* for August 15. Argentina, Egypt, Roumania, in May 1. Bulgaria, Denmark, International Settlements, Federal Reserve Reporting Members, in May 8. Java, Lithuania, Norway, Sweden, Finland, Canada, Austria, Czechoslovakia, Poland, Portugal, in May 15.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted)	May 20, 1936	Apr. 29, 1937	May 6, 1937	May 13, 1937	May 20, 1937
U.S.F.R. Banks					
Resources					
Gold Certificates on hand and due from the Treasury	7,759,340	8,843,400	8,842,900	8,839,410	8,838,910
Total reserves	8,088,200	9,142,180	9,132,480	9,130,400	9,128,650
Total cash reserves	316,330	286,140	279,500	286,280	289,150
Total bills discounted	4,750	11,000	16,830	15,280	15,280
Bills bought in open market	4,540	3,740	4,580	4,580	4,580
Total bills on hand	9,290	14,740	20,570	20,190	20,190
Industrial advances	30,490	23,180	22,860	22,780	22,520
Total U.S. Govt. securities	2,430,250	2,626,240	2,569,720	2,568,280	2,568,370
Total bills and securities	2,470,210	2,644,160	2,592,280	2,590,540	2,589,540
Total resources	11,241,640	12,445,140	12,431,240	12,488,930	12,523,820
LIABILITIES					
Federal Reserve notes in actual circulation	3,760,730	4,176,900	4,207,720	4,183,870	4,184,420
Aggregate of excess member bank reserves over requirements	2,860,000	1,640,000	890,000	940,000	910,000
Deposits—Member bank—reserve account	5,694,010	6,933,820	6,882,360	6,942,730	6,918,230
Government deposits	513,100	94,750	97,260	106,180	116,780
Total deposits	6,207,110	7,028,570	7,285,240	7,285,450	7,285,050
Capital paid in and surplus	802,760	805,530	805,540	805,540	805,540
Total liabilities	11,241,640	12,445,140	12,431,240	12,488,930	12,523,820
Ratio of total reserves to deposit and F.R. note liabilities combined	78-4%	79-7%	79-6%	79-6%	79-7%
U.S.F.R. BANKS AND TREASURY COMBINED					
Resources					
Monetary Gold Stock	10,375,000	11,782,000	11,838,000	11,882,000	11,907,000
Treasury and National Bank Currency	2,493,000	2,541,000	2,547,000	2,545,000	2,547,000
LIABILITIES					
Money in Circulation	5,696,000	6,381,000	6,426,000	6,405,000	6,399,000
Treasury Cash and Deposits with Federal Reserve Banks	3,138,000	3,051,000	3,110,000	3,162,000	3,196,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)	May 20, 1936	Apr. 29, 1937	May 6, 1937	May 13, 1937	May 20, 1937
Total gold reserves	8,225,770	8,469,940	8,385,500	8,392,880	8,392,880
Total bills discounted	2,960	4,470	7,350	8,230	7,250
Bills bought in open market	1,680	1,730	2,520	2,520	2,010
Total U.S. Govt. securities	729,880	725,030	725,030	725,030	725,030
Total bills and securities	741,520	727,320	740,060	741,750	740,210
Deposits—Member bank—reserve account	2,668,760	3,051,480	2,941,430	2,986,060	3,000,910
Ratio of total res. to dep. and Federal Res. note liabilities combined	82-8%	84-2%	85-9%	85-9%	84-1%

AUSTRALIAN COMMONWEALTH BANK

ASSETS	May 18, 1936	Apr. 19, 1937	Apr. 26, 1937	May 3, 1937	May 10, 1937	May 17, 1937
Gold and English sterling	16,003	16,011	16,011	16,011	16,011	16,011
Other coin, bullion and cash	6,354	5,436	5,071	4,988	4,988	4,987
Money at short call—London	20,943	28,632	28,632	28,602	29,514	33,184
Short-term loans	3,383	6,445	6,146	5,994	2,391	4,992
Securities	74,999	76,810	76,810	76,810	76,810	76,810
Discounts and advances	7,882	9,076	9,181	9,229	9,362	9,328
LIABILITIES						
Notes issued	47,044	47,038	47,038	47,038	47,038	47,038
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	66,084	80,478	79,940	79,546	76,725	83,126

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

ASSETS	May 11, 1936	Apr. 19, 1937	Apr. 26, 1937	May 3, 1937	May 10, 1937	May 17, 1937
Gold	2,801	2,801	2,801	2,801	2,801	2,801
Sterling exchange	23,915	19,622	20,309	20,137	20,632	20,632
Advances to State	1,816	2,906	2,906	2,906	2,906	2,906
Investments						
Bank notes	10,134	13,016	12,956	12,920	12,863	12,863
LIABILITIES						
Notes in circulation	8,914	7,388	7,709	6,971	6,852	6,852
Deposits: Government	8,291	10,567	10,691	10,770	10,958	10,958
Other						
Ratio of reserves to sight liabilities	97-7%	72-4%	73-7%	75-4%	76-4%	76-4%

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

ASSETS	May 15, 1936	Apr. 16, 1937	Apr. 23, 1937	May 7, 1937	May 14, 1937
Gold coin and bullion	22,928	26,528	26,316	26,316	25,776
Bills discounted: Foreign	9,786	5,525	5,220	4,765	4,610
Investments	1,737	1,730	1,730	1,730	1,729
Other assets	12,403	13,564	13,289	13,949	13,411
LIABILITIES					
Notes in circulation	13,395	14,741	14,586	16,646	16,019
Deposits: Government	3,355	4,682	4,871	3,493	2,512
Bankers	23,377	21,400	19,851	18,927	19,550
Ratio of cash reserves to liabilities to public	52-0%	59-5%	59-8%	60-1%	59-9%

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

ASSETS	May 15, 1936	Apr. 30, 1937	May 7, 1937	May 14, 1937
Gold coin and bullion	44,42,17	44,41,56	44,51,58	44,51,56
Rupee coin	59,01,21	55,78,30	57,97,12	54,64,99
Balances abroad	15,56,94	27,26,84	26,68,59	26,70,21
Sterling securities*	68,31,71	80,30,70	80,30,70	80,30,70</

BANK OF JAPAN.—In yen (000's omitted)

	Apr. 18, 1936	Mar. 27, 1937	Apr. 3, 1937	Apr. 10, 1937	Apr. 17, 1937
Assets					
Gold coin and bullion	514,562	540,284	540,284	540,478	541,948
Other coin and bullion	44,933	39,030	38,950	40,063	41,430
Discounts	600,733	571,773	576,738	542,105	529,080
Advances	166,047	235,397	235,227	238,896	238,553
Advances on foreign bills	160,703	61,097	80,751	32,913	32,013
Government bonds	511,741	629,381	708,785	685,274	653,362
LIABILITIES					
Notes	1,245,650	1,463,507	1,500,282	1,402,019	1,373,610
Government deposits	536,352	400,007	463,865	463,439	451,201
Other deposits	56,539	83,191	62,919	62,987	61,873

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	May 18, 1937	May 14, 1937	May 15, 1937	May 17, 1937	May 18, 1937	May 19, 1937	May 20, 1937
Bank rate (changed from 2½% June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount—							
60 days' bankers' drafts	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
4 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
6 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount Treasury Bills—							
2 months'	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months'	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Loans—Day-to-day	1-1	1-1	1-1	1-1	1-1	1-1	1-1
Short	1-1	1-1	1-1	1-1	1-1	1-1	1-1
Deposit allowances: Bank	1-1	1-1	1-1	1-1	1-1	1-1	1-1
Discount houses at call	1-1	1-1	1-1	1-1	1-1	1-1	1-1
At notice	1-1	1-1	1-1	1-1	1-1	1-1	1-1

Comparison with previous weeks

		Bank Bills			Trade Bills		
Short Loans		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1937	%	%	%	%	%	%	%
Apr. 22	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 29	1-1	1-1	1-1	1-1	2-2	2-2	2-3
May 6	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 13	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 20	1-1	1-1	1-1	1-1	2-2	2-2	2-3

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Per £	May 14, 1937	May 15, 1937	May 17, 1937	May 18, 1937	May 19, 1937	May 20, 1937
New York, \$.	4.86	4.93-4.94	4.93-4.94	4.94-4.94	4.94-4.94	4.94-4.94	4.94-4.94
Montreal, \$.	4.86	4.93-4.94	4.93-4.94	4.94-4.94	4.94-4.94	4.94-4.94	4.94-4.94
Paris, Fr.	124.21	110-111	110-111	110-111	110-111	110-111	110-111
Brussels, Bel.	35.00(a)	29-29.34	29-31.34	29-32.35	29-32.35	29-32.35	29-32.35
Milan, L.	92.48	93-94	93-94	93-94	93-94	93-94	93-94
Zurich, Fr.	25.22	21-57-61	21-59-61	21-60-65	21-62-66	21-61-64	21-61-64
Athens, Dr.	375	540-555	540-555	540-555	540-555	540-555	540-555
Hong Kong, M.	193-23	225-226	225-226	225-226	225-226	225-226	225-226
Madrid, Ptas.	25-224	75-100(1)	75-100(1)	75-100(1)	75-100(1)	75-100(1)	75-100(1)
Lisbon, Esc.	110	110-110	110-110	110-110	110-110	110-110	110-110
Amst'dm, Fl.	12-107	8-98-1	8-99-9-00	8-98-1	8-98-1	8-98-1	8-98-1
Berlin, Mk.	20-43	12-31-33	12-30-33	12-29-32	12-28-31	12-28-31	12-28-31
Vienna, Sch.	(c)	49-54	49-54	49-54	49-54	49-54	49-54
Bu'pest, Pen.	27-82	24-25	24-25	24-25	24-25	24-25	24-25
Prague, Kc.	164	141-142	141-142	141-142	141-142	141-142	141-142
Danzig, Gul.	25-06	25-26	25-26	25-26	25-26	25-26	25-26
Warsaw, Zl.	43-38	24-25	24-25	24-25	24-25	24-25	24-25
Riga, Lat.	25-224	24-25	24-25	24-25	24-25	24-25	24-25
Bucharest, Lei	813-8	665-680	665-680	665-680	665-680	665-680	665-680
Const'ple, Pst	110	616*	616*	616*	616*	616*	616*
Belgrade, Din.	278-32	210-220	210-220	210-220	210-220	210-220	210-220
Kovno, Lit.	48-66	28-29	28-29	28-29	28-29	28-29	28-29
Sofia, Lev.	673-66	39-40	39-40	39-40	39-40	39-40	39-40
Tallin, E. Kr.	18-159	17-18	17-18	17-18	17-18	17-18	17-18
Oso, Kr.	18-159	18-85-95	18-85-95	18-85-95	18-85-95	18-85-95	18-85-95
St'bolm, Kr.	18-159	18-35-45	18-35-45	18-35-45	18-35-45	18-35-45	18-35-45
Cop'h'gen, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'dria, Pst.	97	7-8	7-8	7-8	7-8	7-8	7-8
Br. India Rup.	18d.	18-18	18-18	18-18	18-18	18-18	18-18
Hong Kong, \$.	14-15	14-15	14-15	14-15	14-15	14-15	14-15
Kobe, Yen	24.58d.	13-14	13-14	13-14	13-14	13-14	13-14
Shanghai, \$.	28d.	28-28	28-28	28-28	28-28	28-28	28-28
Singapore, \$.	12.11	8-94-99	8-94-99	8-94-99	8-94-99	8-94-99	8-94-99
Batavia, F.	15.89d.	3-4	3-4	3-4	3-4	3-4	3-4
Rio, Mil.	11-45	16-25-30g	16-25-30g	16-25-30g	16-25-30g	16-25-30g	16-25-30g
B. Aires, \$.	40	128e(l)	128e(l)	128e(l)	128e(l)	128e(l)	128e(l)
Valparaiso, \$.	40	128e(l)	128e(l)	128e(l)	128e(l)	128e(l)	128e(l)
M'video, \$.	51d.	26-27	26-27	26-27	26-27	26-27	26-27
Lima, Sol.	17-38	18-19	18-19	18-19	18-19	18-19	18-19
Mexico, Pes.	9-7	17-18	17-18	17-18	17-18	17-18	17-18
Manila, Pes.	24.66d.	24-24	24-24	24-24	24-24	24-24	24-24
Moscow, Rbls.	25-25	25-25	25-25	25-25	25-25	25-25	25-25
B'ngkok, Bahr.	21.82d.	22-22	22-22	22-22	22-22	22-22	22-22

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days)
 * Sellers. † Pence per unit of local currency. ‡ Par 8-23½ since dollar devaluation on February 1, 1934. § Par 197-10½ since koruna devaluation on February 17, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4½d. sellers. (f) Official rate is 1½d. sellers.
 (g) Average remittance rate for importers. Rate for payments to the Bank of England:—(i) For account Controller of Anglo-Italian debts; (j) under Anglo-Spanish Agreement; (k) under Anglo-Turkish Agreement. (l) Nominal.
 (m) Approximate. Dealings in Roubles at 4½ French francs to 1 Rouble.

II.—Forward Rates (Closing quotations)

London on	May 14, 1937	May 15, 1937	May 17, 1937	May 18, 1937	May 19, 1937	May 20, 1937
New York, cent.	1 Month (p) 1½-1½	2 " (p) 1½-1½	3 " (p) 1½-1½	4 " (p) 1½-1½	5 " (p) 1½-1½	6 " (p) 1½-1½
Paris, frs.	1 Month (d) 1½-1½	2 " (d) 1½-1½	3 " (d) 1½-1½	4 " (d) 1½-1½	5 " (d) 1½-1½	6 " (d) 1½-1½
Amsterdam, cent.	1 Month (p) 1½-1½	2 " (p) 1½-1½	3 " (p) 1½-1½	4 " (p) 1½-1½	5 " (p) 1½-1½	6 " (p) 1½-1½
Brussels, cent.	1 Month (p) 1½-1½	2 " (p) 1½-1½	3 " (p) 1½-1½	4 " (p) 1½-1½	5 " (p) 1½-1½	6 " (p) 1½-1½
Geneva, cent.	1 Month (p) 1½-1½	2 " (p) 1½-1½	3 " (p) 1½-1½	4 " (p) 1½-1½	5 " (p) 1½-1½	6 " (p) 1½-1½

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

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

NEW YORK MONEY AND EXCHANGE RATES

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

	May 20, 1937	Apr. 21, 1937	May 5, 1937	May 12, 1937	May 19, 1937
Call money	1½	1½	1½	1½	1½
Time money (90 days' mixed coll.)	1½	1½	1½	1½	1½
Bank acceptances	1½	1½	1½	1½	1½
Members—eligible, 90 days	1½	1½	1½	1½	1½
Non-mem.—eligible, 90 days	1½	1½	1½	1½	1½
Commercial accept., 90 days	1½	1½	1½	1½	1½

Rates of Exchange, New York on—

	Par Level	May 20, 1937	May 5, 1937	May 12, 1937	May 19, 1937
London—					
60 days	Old par 4.8666	4.9587	4.9287	4.9356	4.9356
Cable	New par 4.8666	4.931	4.9437	4.9437	4.9437
Cheques	8-2397	4.931	4.9437	4.9437	4.9437
Paris	Cents for 1 franc	23-54	18-815	18-815	18-815
Brussels	Cents for 1 franc	32-67	32-34	22-88	18-815
Italy	Cents for 1 lira	8-91	7-85	5-28	22-855
Vienna	Cents for 1 mark	40-33	40-26	40-215	40-185
Madrid	Cts for Austrn. shlg.	23-82	18-77	18-75	18-75
Amsterdam	Cents for 1 guilder	32-67	31-645	31-645	31-645
Copenhagen	Cents for 1 kroner	45-37	22-195	22-045	22-07
Oslo	Cents for 1 drachma	1-29	0-934	0-904	0-904
Montreal	Cents for Can. \$1	169-31	99-1	100-1	100-1
Yokohama	Cents for 1 yen	84-40	29-125	28-78	28-82
Shanghai	Cents for 1 dollar	29-95	30-00	29-93	29-92
Calcutta	Cents for 1 rupee	61-80	37-55	37-30	37-34
Buenos Aires	Cents for 1 milreis	33-13	30-62	30-66	30-67
Rio de Janeiro	Cents for 1 milreis	11-96	8-37	8-32	8-33

THE BANK OF LONDON AND SOUTH AMERICA LTD. has received telegraphic advice from Valencia that the gold surcharge for the payment of Spanish customs duties has been fixed for the period May 11th to 20th at 141-23 per cent. The previous rate was fixed as from May 1st at 141-60 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

The following rates apply to the centres shown below. Rates for other centres were given in the issue of May 1st.

Bolivia.*	Commercial Banks' "free" selling rate was 120 bolivianos per £ on April 23rd.
Colombia.*	Sight selling rate on New York was 175-80 pesos per 100 United States dollars on May 7th. This rate applies to holders of permits buying in the "open" market.
Nicaragua.*	Sight selling rate on New York was fixed at 2 cordobas per United States dollar on March 19th.
Salvador.	Sight selling rate on New York was 2-51 colones per United States dollar on May 8th.
Venezuela.	Sight selling rate on New York was reduced to 3-19 bolivares per United States dollar on April 27th.

* Exchange controls are operative in these countries. Overseas bank rates and exchange rates for South Africa and Australasia appeared in the issue of May 1st.

BURMAH OIL COMPANY, LTD.—Profit for 1936 £2,955,448 compared with a profit of £2,276,913 for 1935. Ordinary final dividend 17½ per cent. also a cash bonus of 5 per cent., making a total dividend of 22½ per cent. for the year. This compares with 20 per cent. for 1935 and 15 per cent. for 1934. To general reserve £500,000 against £200,000. Carry forward increased from £634,994 to £847,155.

J. AND P. COATS.—Net profits for year of £1,794,744, against £2,006,340. Interim dividend of 6d., less tax, for quarter ended March 31st.

SCOPHONY, LTD.—Progress report shows the first commercial order station.

BANISTER, WALTON AND COMPANY, LTD.—Net profits of £50,045 after all charges, including depreciation, income tax, and directors' amount available was £59,928. Ordinary dividend 22½ per cent. for year. To reserve, £25,000; carry forward, £17,959.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended May 20, 1937, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD (Into and from United Kingdom)

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British S. Africa ...	1,528,994	...	British India ...	3,709	£1,500
Tanganyika ...	8,968	...	Straits Settlements ...	7,050	£4,600
Kenya ...	7,920	...	Finland ...	23,176	...
British India ...	198,347	...	Germany ...	71,200	...
Australia ...	441,328	...	France ...	...	£1,700
British Guiana ...	11,221	...	Switzerland ...	2,350	£9,309
Netherlands ...	95,103	22,594	U.S.A. ...	2,671,057	£1,815
Belgium ...	20,348	99	Other countries ...	113	...
Switzerland ...	21,388	775			...
Spain ...	...	14,866			...
Other countries ...	4,189	1,091			...
Totals ...	2,340,806	715	Totals ...	2,804,140	£47,800
		59,150			31,019

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British S. Africa ...	5,489	...	Aden and Depend- ences ...	...	7,500
Australia ...	3,427	...	Straits Settlements ...	109,508	...
Canada ...	22,974	...	British India ...	3,355	...
Germany ...	18,811	...	Norway ...	1,060	...
Netherlands ...	34,607	26	France ...	3,530	

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Dividend Interest	Amount Available for Distribution	Appropriation				Balance Forward	Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.		Net Profit	Dividend
					Prefe.	Ordinary	Rate				
					Amount	Amount	Rate				
Canals and Docks											
Grand Junction Company ..	Mar. 31	13,575	42,714	56,289	5,622	29,799	4	6,500	14,368	39,894	4
Electric Lighting, etc.											
Edmundsons Electricity ..	Mar. 31	49,720	540,710	590,430	111,760	336,600	9	91,593	50,477	515,331	8
Madras Electric Supply	Dec. 31	35,772	135,598	171,370	24,849	47,856	8†	60,000	38,665	131,619	8†
Gas											
Montevideo Gas, etc.	Dec. 31	79,417	36,501	115,918	...	30,375	4‡	21,114	64,429	34,375	3‡
Iron, Coal and Steel											
Harland and Wolff	Dec. 31	117,874	86,007	203,881	...	...	...	...	203,881	57,820	Nil
Ocean Coal and Wilsons ..	Dec. 31	5,627	385,983(b)	391,610	79,885	100,000	2	...	211,725	67,915	Nil
Park Gate Iron and Steel....	Mar. 31	28,196	108,108	136,304	...	52,500	3‡	55,000	28,804	112,312	3
Yorks. Amalgam. Collieries	Mar. 31	6,191	239,487	245,678	8,163	145,760	5†	62,076	29,679	108,508	4
Motor, Cycle and Aviation											
Rolls-Royce	Dec. 31	81,972	390,237	472,209	...	223,296	22‡	155,000	93,913	349,802	22‡
Rubber											
Batang	Dec. 31	9,879	11,877	21,756	...	9,221	5	2,826	9,709	2,889	2‡
Bradwall (F.M.S.)	Dec. 31	4,325	6,525	10,850	...	4,050	6	4,000	2,800	1,917	2‡
East Java	Dec. 31	1,229	9,364	10,593	...	6,000	6	3,000	1,593	626	Nil
Emerald	Jan. 31	12,699	20,351	33,050	...	18,813	10	2,184	12,053	11,028	5
Hongkong (Selangor).....	Dec. 31	5,203	25,735	30,938	...	20,250	45	2,000	8,688	11,861	25
Lok Kawi	Dec. 31	187	7,117	7,304	...	5,046	7‡	...	2,258	120	Nil
Malacca	Dec. 31	31,922	71,050	102,972	8,625	61,245	7‡	...	33,102	38,640	2‡
Marawan (Java)	Dec. 31	2,076	7,047	9,123	...	3,282	6	1,862	3,979	606	2
Matale Ceylon.....	Dec. 31	Dr. 2,637	889	Dr. 1,748	...	...	...	...	Dr. 1,748	Dr. 655	Nil
Pelmadulla	Dec. 31	7,464	18,924	26,388	5,503	11,650	10	...	9,235	17,645	9
Rembau Jelai	Dec. 31	20,287	31,851	52,138	...	32,247	7‡	...	19,891	21,713	5
Simo	Dec. 31	933	12,910	13,843	...	7,875	7‡	3,400	2,568	7,933	5
Sungei Batu (Malaya)	Dec. 31	11,104	8,542	19,646	...	8,250	10	1,000	10,396	4,077	5
Sungei Matang	Dec. 31	1,908	3,815	5,723	...	3,000	5	1,500	1,223	108	2‡
Tangga Batu	Dec. 31	916	929	1,845	...	356	2‡	...	1,489	699	Nil
Windsor (F.M.S.)	Dec. 31	5,298	1,997	7,295	...	1,856	7‡	1,208	4,231	230	Nil
Shipping											
E. D. Realisation	Dec. 31	...	5,548	5,548	...	...	...	...	5,548	(a)	(a)
Nitrate Producers' Steamship	Apr. 30	15,739	64,304	80,043	...	11,723	7‡	43,000	25,320	53,536	6‡
R. M. Realisation	Dec. 31	10	Dr. 2	8	...	...	...	...	8	10	Nil
Shops and Stores											
Marks and Spencer	Mar. 31	87,684	1,433,251	1,520,935	105,000	633,884	40	699,467	82,584	1,264,406	40
Tea											
Adams Peak	Dec. 31	1,648	2,510	4,158	...	3,600	4	...	558	3,769	4
Amalgamated	Nov. 30	39,087	85,393	124,480	21,000	38,268	4	25,721	39,491	81,347	4
Anglo-American Direct.....	Nov. 30	56,214	91,306	147,520	30,000	39,742	6	20,812	57,596	75,050	6
Boroi	Dec. 31	2,304	2,830	5,134	...	2,400	10	...	2,734	3,885	10
Chubwa	Nov. 30	19,423	20,540	39,963	3,710	15,900	15	...	20,353	18,932	12‡
Consolidated Tea and Lands	Nov. 30	64,743	266,283	331,026	78,000	120,000	10	63,595	69,431	237,457	10
Glentafte	Dec. 31	1,248	301	1,549	...	...	...	...	1,549	1,348	Nil
Kanan Devan Hills	Nov. 30	65,915	168,178	234,093	33,000	93,750	12‡	41,922	65,421	127,034	12‡
Lindoola	Dec. 31	895	1,434	2,329	664	822	7‡	...	843	2,575	12‡
Rajmai	Dec. 31	7,469	10,115	17,584	1,960	8,400	15	...	7,224	15,097	20
Rupajuli	Dec. 31	634	3,150	3,784	...	913	5	2,000	871	3,792	Nil
Vellikellie	Dec. 31	774	3,365	4,139	244	2,985	10	...	910	3,219	10
Telegraphs, etc.											
Great Northern Telegraph	Dec. 31	484,990	397,303	882,293	...	400,000	20	...	482,293	399,987	20
Textiles											
Fine Cotton Spinners	Mar. 31	Dr. 434,880	187,581	Dr. 246,299	...	...	...	100,000	Dr. 346,299	117,204	Nil
Hart and Levy	Dec. 31	...	20,421	20,421	10,800	...	...	6,517	3,104	9,891	Nil
Porritts and Spencer	Mar. 31	20,213	113,671	133,884	16,942	54,214	10	37,653	25,075	116,415	13‡
Salts (Saltaire)	Mar. 31	53,637	229,527	283,164	117,000	30,000	50	81,000	55,164	241,777	50
Woodrow (John) and Son...	Mar. 31	6,089	15,668	21,757	4,956	4,650	8	4,351	7,800	16,437	8
Trusts											
General Scottish	Mar. 31	5,782	29,019	34,801	13,963	9,199	5	6,000	5,909	4,011	2
St. Andrew Trust.....	Apr. 15	23,943	28,777	47,820	17,203	3,412	1‡	...	27,205	19,721	Nil
Sphere Investment	Mar. 31	13,429	58,974	72,403	24,257	22,500	5	8,193	17,453	46,841	4
Winterbottom Trust.....	Mar. 31	14,528	31,930	46,458	23,109	...	...	10,000	13,349	23,921	Nil
Waterworks											
Rickmansworth, etc., Water	Mar. 31	26,705	63,755	90,460	2,410	32,220	11‡	15,000	40,830	52,407	11‡
Other Companies											
Aero. & Gen. Instruments...	Mar. 31	...	8,878	8,878	...	5,400	6	2,818	660	(a)	(a)
British Oxygen Company	Dec. 31	22,399	600,279	622,678	32,500	401,297	15	154,327	34,554	449,828	15
Compton (J.), Sons & Webb	Dec. 31	10,604	67,726	78,330	14,000	45,360	13‡	13,898	5,072	63,632	12‡
Craig and Rose	Mar. 31	8,114	11,388	19,502	5,000	5,000	5†	800	8,702	10,476	5†
Crosse and Blackwell.....	Dec. 31	...	117,235	117,235	...	24,890	2‡	...	67,144	162,173	Nil
Deritend Stamping	Feb. 28	1,071	23,314	24,385	...	16,421	12‡	...	7,964	(a)	(a)
Finlay (James) and Co.....	Dec. 31	266,780	181,004	447,784	30,000	150,000	10	...	267,784	186,233	10
Fisher and Ludlow	Mar. 31	46,816	126,900	173,716	7,000	72,000	20	19,000	75,716	114,383	17‡
Howard and Bullough	Mar. 31	155	18,264	18,419	11,438	16,312	1‡	Dr. 9,500	169	29,774	3‡
Laporte (B.)	Mar. 31	24,583	91,211	115,795	14,044	39,375	22‡	39,000	23,376	93,246	22‡
Leeds Piston Ring	Mar. 31*	...	4,538	4,538	...	2,700	4‡	...	1,838	(a)	(a)
Lethenty	Dec. 31	Dr. 114	779	665	...	...	...	...	665	Dr. 733	Nil
Liverpool Storage	Mar. 31	8,946	2,142	11,088	...	2,530	7‡	...	8,558	2,225	7‡
Metropolitan Housing	Mar. 31	12,307	94,361	106,668	23,352	49,055	8	...	10,707	95,190	8
Morton (C. & E.)	Dec. 31	Dr. 53,887	6,433	Dr. 47,454	...	...	...	24,191	10,070	271	Nil
Pye Radio	Mar. 31	67,249	107,600	174,849	12,750	31,687	125	...	130,412	90,548	125
Thomas and Evans	Feb. 27	20,345	50,772	71,117	19,250	30,000	10	1,000	20,867	68,641	10
Tweedales and Smalley ..	Apr. 30	50,508	52,494	103,002	...	45,000	10	15,000	43,002	78,918	12
Veritys, Ltd.	Dec. 31	...	13,463	13,463	...	...	...	3,000	10,463	(a)	(a)
Whiteaway Laidlaw & Co.	Feb. 28	3,167	Dr. 3,596	Dr. 429	...	...	...	Dr. 2,000	1,571	Dr. 27,960	Nil
Wiggins, Teape and Co. ...	Dec. 31	51,814	254,970	306,784	48,205	96,160	9	110,000	52,419	218,416	9
Wyman and Sons	Jan. 2	739	28,387	29,126	...	...	...	...	...	...	...

* For half year. † Free of Income Tax. (a) No comparable figure. (b) Includes special credit of £207,175 from past profits of subsidiaries.
(c) Absorbed £55,793.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

IN view of the Coronation and Whitsun holidays, business has been on a small scale, though quotations for the most part have moved slightly upwards for the first time in some weeks.

Base metals without exception have risen, in no case very much, with the final liquidation of the worst speculative positions. But rubber and most of the vegetable oils, particularly coconut, have declined, again not very much. In the coal and iron and steel industries nothing of any importance has occurred. Prices remain very firm, and, though output has expanded, the pressure on supplies remains equally strong.

Quotations for wheat and grain have again moved upwards, as the seriousness of the German and Italian positions are becoming better realised. There has also been a general increase in beef, coffee and fruit prices, but sugar prices were slightly marked down, following the rise last week. So also were the prices of American and Egyptian cotton.

The same general trend is visible in the United States, where Moody's daily index of staple commodity prices (December 31, 1931 = 100) was 211.1 on May 19th, against 204.5 the week before, 215.5 a month ago, and 163.7 on the same date last year.

COAL

SHEFFIELD.—The possibility of a coal strike is bringing pressure for supplies for stocking purposes, but the holidays at the pits have restricted output this week. Inland demand for industrial fuel is strong and prices are very firm. Consumption of best locomotive hards is increasing, while manufacturing fuel is in heavy request. Household fuels are holding up well for the time of year. Furnace and foundry coke, as well as large patent oven and graded coke, are in short supply, with a heavy demand. Furnace coke is quoted at 35s. to 36s. and gas coke 37s. to 38s. per ton. For shipment, furnace coke is quoted at 37s. 6d. per ton, to 38s. per ton. Export inquiry is expanding. Some qualities are a little more plentiful, but orders for hards, singles and smalls are not

easily placed. A few inquiries for forward delivery are about, but at the existing high prices business is limited.

NEWCASTLE-ON-TYNE.—Very little coal is available from the North-East coalfields for some time ahead. Northumberland steam collieries are heavily booked for all grades and odd contractors have odd parcels of free coal. Best Blyth for export is 23s. 6d. per ton, with doubles and trebles 23s. per ton, singles 22s. 6d. per ton and smalls 17s. 6d. per ton f.o.b. Durham manufacturing coal is in keen demand, prime brands of coking being 24s. per ton whereas prime bunkers are 22s. per ton f.o.b. Patent oven coke is a steady market at 40s. to 45s. per ton f.o.b. according to quality.

GLASGOW.—The main features of the market are unchanged. In general, outputs are fully booked for some time ahead, and in the export branch, especially, collieries are not seeking new business. Coastwise and industrial takings remain brisk, with prices firm. The house coal section is the only one in which there is any disposition to eases. Demand is showing a seasonal contraction, but this movement is offset, to some extent, by precautionary buying as a result of the labour position, and also by the fact that Irish buying has not yet fallen off to the usual extent.

CARDIFF.—Business has been restricted this week by the three days' holidays at the collieries and the closing of the Exchange on Monday and Tuesday. Market conditions showed little change. Exports were exceptionally heavy towards the end of the past week, when shipments in the coasting and foreign trades totalled 392,400 tons, compared with 354,419 tons in the corresponding week last year. Prices are firm but unaltered. A local firm has tendered the lowest British tender for the supply of 275,000 tons to the Egyptian State Railways, but at 24s. 6d. per ton, f.o.b., it represents an increase of 6s. 3d. per ton over a contract for 233,000 tons in June, 1936. Lower offers have been received from Poland and Germany, but this is usual in the case of these contracts. The allocation of the order is expected in the course of the next few weeks.

IRON AND STEEL

SHEFFIELD.—Holiday influences have dominated the iron and steel market this week, and the volume of business has been small. So far as pig-iron is concerned, makers are virtually off the market, having little or nothing to offer beyond a few occasional parcels. Some contract renewals have been arranged, with deliveries on a rationed basis. There is no foundry iron available at present, and forge iron is not easily to be had. One or two reconditioned furnaces will come into operation shortly, and although the output from these will be welcome it will go only a short way to relieve the prevailing scarcity. The pending revision of forge and

(Continued on page 488)

SHORTER COMPANY COMMENTS

OTHER COMPANY RESULTS.—Rising costs combined with the reconstruction are responsible for the small decline in PARK GATE IRON AND STEEL profits, since the increase in selling prices produced no effect till the latter part of the year. The larger rubber company results, including such concerns as MALACCA, REMBAU JELEI and HONG KONG (SELANGOR) show satisfactory improvements, reaching up to 125 per cent. in some cases. Tea company results are mixed, and increases in profits are not

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended April 30		Four Months ended April 30	
	1936	1937	1936	1937
I.—Food, Drink and Tobacco—				
A. Grain and Flour	4,847,917	6,620,091	19,719,795	28,661,415
B. Feeding-stuffs for Animals	603,591	1,028,599	2,716,857	3,863,795
C. Animals, Living, for Food	586,346	671,844	2,055,730	2,202,577
D. Meat	6,481,068	7,504,411	25,919,391	27,244,975
E. Dairy Produce	4,893,032	5,166,490	20,439,511	20,536,950
F. Fresh Fruit and Vegetables	3,309,707	3,211,343	12,059,263	11,986,102
G. Beverages and Cocoa Preparations	3,377,554	3,340,452	15,196,731	15,598,963
H. Other Food	3,361,557	4,398,801	14,625,222	16,008,997
I. Tobacco	891,644	496,358	5,266,999	3,626,576
Total, Class I	28,352,416	32,738,389	116,729,809	129,790,350
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,145	2,552	16,272	8,334
B. Other Non-Metalliferous Mining and Quarry Products and the like	408,326	435,544	1,309,672	1,455,093
C. Iron Ore and Scrap	886,845	814,334	3,059,963	2,647,111
D. Non-Ferrous Metalliferous Ores and Scrap	1,027,625	1,452,992	4,138,707	4,742,044
E. Wood and Timber	1,843,315	2,094,939	7,642,037	10,273,502
F. Raw Cotton and Cotton Waste	3,390,581	4,112,846	14,077,276	18,522,121
G. Wool, Raw and Waste, and Woolen Rags	5,133,933	6,081,905	19,579,890	22,113,145
H. Silk, Raw, Knobs and Noils	166,815	170,678	784,847	670,979
I. Other Textile Materials	786,547	1,019,297	4,388,048	5,725,247
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,643,333	4,144,227	10,195,304	13,471,510
K. Hides and Skins, Undressed	1,736,631	2,149,774	8,889,437	9,771,781
L. Paper-making Materials	971,574	1,014,059	3,597,524	3,917,720
M. Rubber	369,745	1,064,764	1,997,996	2,784,202
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	681,490	826,186	3,164,510	3,556,719
Total, Class II	20,047,905	25,984,097	80,799,827	98,777,164
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	6,841	10,005	37,674	69,013
B. Pottery, Glass, Abrasives, etc.	558,788	758,702	2,209,990	2,527,254
C. Iron and Steel and Manufactures thereof	1,005,458	947,517	3,914,727	3,484,403
D. Non-Ferrous Metals and Manufactures thereof	3,130,583	4,844,842	10,330,366	15,866,399
E. Cutlery, Hardware, Implements and Instruments	523,762	651,379	2,054,881	2,363,618
F. Electrical Goods and Apparatus	278,188	341,449	1,059,178	1,275,642
G. Machinery	1,527,527	2,235,590	5,538,443	7,664,117
H. Manufactures of Wood and Timber	600,152	673,239	2,855,859	2,374,274
I. Cotton Yarns and Manufactures	216,575	308,877	876,589	1,068,920
J. Woollen and Worsted Yarns and Manufactures	216,520	395,940	1,542,711	1,542,711
K. Silk Yarns and Manufactures	185,919	229,474	929,499	912,233
L. Manufactures of other Textile Materials	549,646	706,067	2,392,712	2,761,976
M. Apparel	856,531	1,135,571	3,380,207	3,922,748
N. Chemicals, Drugs, Dyes and Colours	1,082,937	1,189,050	4,140,317	4,381,084
O. Oils, Fats and Resins, Manufactured	3,235,920	4,313,719	11,911,991	13,767,850
P. Leather and Manufactures thereof	759,991	869,163	2,887,470	3,289,425
Q. Paper, Cardboard, etc.	1,083,615	1,352,997	4,658,879	4,806,302
R. Vehicles (including Locomotives, Ships and Aircraft)	514,716	557,061	1,983,730	2,313,527
S. Rubber Manufactures	46,966	65,138	206,051	258,731
T. Miscellaneous Articles wholly or mainly Manufactured	1,508,838	2,047,931	5,606,956	7,078,914
Total, Class III	17,889,473	23,633,711	67,397,921	81,739,141
IV.—Animals, not for Food	181,127	272,053	553,172	746,318
V.—Parcel Post	192,706	242,648	1,036,500	948,914
Total	66,663,627	82,870,898	266,517,229	312,001,887

EXPORTS OF PRODUCE and MANUFACTURES of the UNITED

KINGDOM (Value F.O.B.)

	Month ended April 30		Four Months ended April 30	
	1936	1937	1936	1937
I.—Food, Drink and Tobacco—				
A. Grain and Flour	161,825	159,908	628,696	605,801
B. Feeding-stuffs for Animals	59,188	84,841	239,988	283,395
C. Animals, Living, for Food	358	268	1,478	1,588
D. Meat	71,905	95,736	338,816	357,320
E. Dairy Produce	92,219	80,033	343,742	323,952
F. Fresh Fruit and Vegetables	9,322	55,961	46,325	240,442
G. Beverages and Cocoa Preparations	838,884	1,228,421	3,700,207	4,938,205
H. Other Food	855,640	947,022	3,859,737	3,747,139
I. Tobacco	326,186	439,389	1,454,905	1,607,876
Total, Class I	2,415,527	3,091,579	10,613,894	12,105,718
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,150,261	2,914,696	8,782,651	10,376,986
B. Other Non-Metalliferous Mining and Quarry Products and the like	84,799	143,259	334,682	441,346
C. Iron Ore and Scrap	24,183	118,009	123,658	416,398
D. Non-Ferrous Metalliferous Ores and Scrap	165,302	311,114	663,210	1,065,940
E. Wood and Timber	5,892	10,435	25,570	33,011
F. Raw Cotton and Cotton Waste	62,324	114,192	313,631	383,722
G. Wool, Raw and Waste, and Woolen Rags	581,225	893,352	2,397,634	3,942,417
H. Silk, Raw, Knobs and Noils	1,230	1,092	5,052	2,484
I. Other Textile Materials	43,513	54,605	183,393	196,170
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	264,785	323,374	1,054,784	1,314,178
K. Hides and Skins, Undressed	158,353	205,172	734,367	801,104
L. Paper-making Materials	98,934	174,033	383,410	596,201
M. Rubber	13,660	36,035	60,173	119,023
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	293,921	336,734	1,167,593	1,197,922
Total, Class II	3,948,382	5,636,102	16,229,788	20,886,902
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	183,340	318,895	919,293	1,236,757
B. Pottery, Glass, Abrasives, etc.	653,073	841,157	2,613,364	3,047,466
C. Iron and Steel and Manufactures thereof	2,927,685	4,129,173	11,088,835	14,712,816
D. Non-Ferrous Metals and Manufactures thereof	818,785	1,366,991	4,087,965	5,113,252
E. Cutlery, Hardware, Implements and Instruments	617,747	801,110	2,526,126	2,891,822
F. Electrical Goods and Apparatus	783,162	1,090,108	3,106,641	3,722,873
G. Machinery	3,308,667	4,111,082	13,412,628	14,973,882
H. Manufactures of Wood and Timber	98,201	118,023	896,133	421,958
I. Cotton Yarns and Manufactures	4,602,973	5,855,168	20,295,749	22,555,763
J. Woollen and Worsted Yarns and Manufactures	2,226,594	2,685,740	10,841,916	12,041,522
K. Silk Yarns and Manufactures	100,072	122,937	414,703	455,570
L. Manufactures of other Textile Materials	1,260,398	1,659,803	5,518,870	6,530,093
M. Apparel	881,158	957,143	3,967,922	4,194,373
N. Chemicals, Drugs, Dyes and Colours	1,639,143	2,174,805	6,816,186	8,146,124
O. Oils, Fats and Resins, Manufactured	366,550	495,571	1,585,343	1,964,536
P. Leather and Manufactures thereof	332,825	524,332	1,343,579	1,783,814
Q. Paper, Cardboard, etc.	511,058	651,703	2,079,770	2,362,043
R. Vehicles (including Locomotives, Ships and Aircraft)	2,677,348	2,968,508	9,722,915	11,845,892
S. Rubber Manufactures	125,647	153,439	530,728	564,110
T. Miscellaneous Articles wholly or mainly Manufactured	1,938,442	2,325,854	7,560,701	8,760,934
Total, Class III	26,012,868	33,361,542	108,829,363	127,125,200
IV.—Animals, not for Food	41,005	79,922	212,663	248,563
V.—Parcel Post	1,009,362	857,886	3,597,456	3,779,751
Total	33,427,144	43,027,031	139,483,164	164,146,134

OTHER FOODS

BACON.—Despite a rather slow demand, prices remained unaltered. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 90s. to 96s.; Canadian, 87s.; Danish, 95s.; against 90s. to 96s., 87s. and 95s. last week. Arrivals in London last week included: Danish, 14,062 bales; Canadian, 7,660; Dutch, 2,490; Lithuanian, 1,510; and Polish, in the previous week.

BUTTER.—The market in Colonial sorts firmed up on shorter supplies. Quotations (per cwt.) on the London Provision Exchange on Monday were: New Zealand, finest salted, 108s. 6d. to 109s.; Australian, choicest salted, 108s.; Danish, 108s. to 109s.; compared with 103s., 102s. to 103s., respectively, a week ago.

CHEESE.—Stocks of English Cheddar cheese are now almost cleared and no quotations are available. The market in other sorts was about steady. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: Canadian, finest coloured, 76s. to 78s.; and New Zealand, finest coloured, 72s. 6d.; against 76s. to 78s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 7½ cents per lb., as against 8 cents per lb. last week. In London, on Wednesday at 36s.-36s. 6d. per 50 kilos., c.i.f. Continent, against 36s. 3d. a week ago. Last week's movements of cocoa in London were as follows: Landed,

9,083 bags; delivered, for home consumption, 5,041 bags; exported, nil; stocks, 304,167 bags, against 158,663 bags a year ago.

COFFEE.—On Wednesday, Rio No. 7 (cash) was quoted at 9½ cents per lb. in New York, as compared with 9½ cents per lb. last week and 9 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 196 cwt.; delivered, for home consumption, 7 cwt.; exports, nil; stocks, 2,161 cwt., against 11,267 a year ago. Central and other South American: Landed, 950 cwt.; delivered, for home consumption, 1,303 cwt.; exported, 168 cwt.; stocks, 116,101 cwt., against 126,536 last year. Other kinds: Landed, 1,007 cwt.; delivered, for home consumption, 2,932 cwt.; exported, 188 cwt.; stocks, 121,048 cwt., against 181,299 last year.

EGGS.—The market was firm for English and Irish, with other descriptions steady. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 9s. 9d. to 10s. per 120, against 9s. 3d. to 9s. 9d. last week; while Danish (15½ lb.) made 8s. 6d. to 8s. 9d., as against 8s. 6d. to 8s. 9d. last week.

FRUIT.—Trade at Covent Garden was active all last week, says *The Fruitgrower*, and although quieter conditions have ruled since the holiday, the fall in business has been less than usual. Despite heavier arrivals, apples sold well and were only a shade cheaper. Pears remained a steady selling line while hothouse grapes, restricted to Belgian, cleared well at steady prices. Guernsey green figs, now on the market, made from 6s. to 18s. per dozen, English peaches made up to 36s. per dozen for finest samples, while forced strawberries cleared well at from 4s. to 10s. per lb. Spanish apricots were a point easier on larger supplies, while French cherries were also lower. Reliable parcels of oranges were dearer, grapefruit sold rather better and lemons remained short and dear.

MILK.—Information relative to the operation of the Milk Marketing Scheme during April as issued by the Milk Marketing Board is given in the following table, together with comparable statistics for earlier months:—

	April, 1936	Jan., 1937	Feb., 1937	March, 1937	April, 1937
Regional pool prices* (per gallon):					
Northern	11½	14	14	13½	12½
North-Western	11½	14	14	13½	12½
Eastern	11½	14	14	14	12½
East Midland	11½	14½	14½	14	12½
West Midland	11½	13½	13½	13½	12½
North Wales	11½	13½	13½	13½	12½
South Wales	11½	14	14	13½	12½
Southern	11½	14½	14½	14½	12½
Mid-Western	11½	14	13½	13½	12
Far Western	11½	13½	13½	13½	12
South-Eastern	11½	14½	14½	14½	12
Liquid milk price (per gallon, all regions)	16	17	17	17	16
Manufacturing price (per gallon, average)	4.885	6.249	6.26	5.824	5.293
Total sales under contract	77.03	64.15	60.00	69.45	72.81
For liquid consumption	45.44	48.14	45.02	49.17	47.77
For manufacturing	31.59	16.01	14.98	20.28	25.04

* On account to the nearest farthing.

Accredited producers receive 1d. per gallon in addition to the above prices. Premiums for level deliveries and for Grade "A" or special services are paid to the producers concerned in addition to the pool price. Transport charges are payable by individual producers and are deducted from accounts.

MEAT.—At Smithfield market on Wednesday last, Argentine chilled hindquarters were quoted at 4s. 6d. to 4s. 10d. per 8 lbs., as compared with 3s. 10d. to 4s. 3d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,206 tons, a decrease of 8,208 tons on the corresponding week last year. Beef and mutton accounted for 4,602 tons, mutton and lamb 2,520, and pork and bacon 700, as compared with 4,852, 2,957 and 806 tons, respectively, in the same week of 1936.

PEPPER.—On Tuesday, Singapore white Muntok, spot, was quoted at 6d. per lb. in bond, against 6d. per lb. a week earlier. Black Lampung, spot, in bond, was quoted at 3d. per lb. sellers, compared with 3d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, nil; delivered, 1 ton; stocks, 1,867, against 1,729 last year. White, landed, 59 tons; delivered, 26 tons; stocks, 11,969, compared with 12,301 a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 10s. per cwt. ex warehouse, on Wednesday, as compared with 10s. per cwt. a week ago. "May-June," in singles to Continent and U.K., was quoted at 9s. per cwt., against 9s. last week. Movements in London last week were as follows: Landed, 41 tons; delivered, 70 tons; stocks, 1,041 tons, against 1,230 a year ago.

SUGAR.—Prices have relapsed this week. The New York spot quotation was 3-35 cents on Wednesday, as compared with 3-45 cents per lb. last week and 3-50 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August" delivery at 6s. 2½d. to 6s. 3½d., against 6s. 5½d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 13,309 tons, against 28,393 in the previous week and 12,012 in the same week of 1936; deliveries, 13,090 tons, against 30,039 and 17,686 tons, respectively; stocks, 181,843 tons, against 181,624 and 187,741 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
May 14, 1936	d.	d.	d.	d.	d.	d.	d.
Apr. 15, 1937	12.59	13.66	15.08	10.89	10.36	11.86	13.19
Apr. 15, 1937	14.82	15.83	17.66	14.15	12.94	13.83	15.47
Apr. 22, "	14.79	16.38	17.36	14.81	13.08	13.98	15.68
Apr. 29, "	15.04	16.37	17.35	13.68	12.73	14.18	15.68
May 6, "	15.26	16.15	17.28	14.52	13.23	14.31	15.80
May 11, "	15.58	16.58	17.15	Nil	Nil	14.83	16.23

The London market was closed this week.

VEGETABLES.—Supplies of tomatoes are increasing daily and prices at Covent Garden have consequently been declining, says *The Fruitgrower*. Cucumbers rose in price this week on shorter supplies and good quality asparagus has been a prominent item. Salads of all kinds sold well, house-grown

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, May 19th.

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, Etc.—				English King Edward				English Southdown, greasy, per lb.			
Wheat—				per cwt.				" Lincoln hog, washed			
No. 2, N. Man. 498 lb.				SPICES—				Queensland, scd. super canb.			
Bag. Gaz. av., per cwt.				Pepper, per lb.—				N.S.W. greasy, super canb.			
Barley, Eng. Gaz. av. ...				Black Lampong				N.Z., grey, half-bred 50-56			
Oats, ...				White Muntok				" Crossbred 40-44			
Maize, La Plata, landed				Cinnamon—1st sort, per lb.				Tops—			
480 lb. ...				Cloves—Zanzibar, per lb.				Merinos 70's average.....			
Flour, Lon. stan. ex mill,				Ginger—per cwt.—				64's			
280 lb. ...				Mace				Crossbred 48's			
Rice, No. 2 Burma, per cwt.				Nutmegs, 65's				" 48's			
MEAT—				SUGAR—				MINERALS			
Beef, per 8 lbs.—				(Duty, 11/8 per cwt.)				COAL—			
English long sides				Centrifugal 96", ppt.				Welsh, best Ad'ty...ton			
Argentine chilled hinds				shipm., c.i.f. U.K./Cont.				Durham, best gas, f.o.b.			
Mutton, per 8 lbs.—				B.W.L., crystallised ..				Tyne			
English wethers				Java, white, c. & f. India				Sheffield, best house, at			
N.Z. frozen				Oct.-Dec.				pits			
Lamb, per 8 lbs.—				Refined—London—				IRON AND STEEL—			
N.Z. frozen				Yellow Crystals				Fig, Cleveland No. 3, d/d			
Pork, English, per 8 lbs.				Cubes				Bars, M'brough			
OTHER FOODS				Crushed				Steel rails, heavy			
BACON—				Granulated				Tin plates			
English				Home Grown				METALS—			
Irish				TEA—				Copper, Electrolytic, ton			
Danish				Indian—per lb.—				Sheets (strong)			
Dut. h				Broken Pekoe				Standard			
HAMS—				Orange Pekoe				Lead, Eng. pig... per ton			
Canadian				Broken Orange Pekoe				Soft foreign			
United States				Ceylon—per lb.—				Spelter G.O.B.			
BUTTER—				Pekoe				Tin—English ingots			
Australian				Broken Pekoe				Standard cash			
New Zealand				Orange Pekoe				MISCELLANEOUS			
Danish				Broken Orange				CHEMICALS—			
CHEESE—				TOBACCO—				Acid, citric, per lb., less 5%			
Canadian				(Duty, 9/6-10/6 per lb.)				Nitric			
New Zealand				Empire growth, 7/5-8/4				Oxalic, net			
English Cheddars				Virginia leaf—				Tartaric, English, less 5%			
Dutch				Common to fine				Alcohol, Plain Ethyl			
COCOA—				Rhodesian leaf				Alum, lump			
(Duty, British grown,				Nyasaland leaf				Ammonia, carb.			
11/8) foreign, 14/- cwt.)				" strips				Arsenic, lump			
Accra, f.f.				East Indian leaf				Bleaching powder, per ton			
Trinidad				" strips				BORAX, gran. ... per cwt.			
Grenada				COTTON—				Do., powder			
COFFEE—				Mid-American				Nitrate of soda			
(Duty, British grown,				Sakellaris, f.g.f.				Potash—Chlorate, net			
4/8) foreign, 14/- cwt.)				Yarns, 32's twist				Sulphate			
Santos sup. c. & f. cwt.				80's twist				Soda Bicarb. ... per cwt.			
Colombian, good				FLAX—				Crystals			
Costa Rica, med. to good				Livonian ZK				Sulphate of Copper, per ton			
East Indian " " " "				Pernau HD				CEMENT, best Eng. Portland, d/d site,			
Kenya, medium				Slanets Medium 1st sort				London area, jute sacks, 11 to ton			
EGGS—				HEMP—				(charged and credited at 1/6d. each) or			
English				Italian P.C.				paper bags 20 to ton (free, non-return-			
Danish				Manilla, May-July "J2"				able)			
FRUIT—Oranges—				Sisal, African				4-ton loads and upwards 39/- per ton			
Valencia				JUTE—				1 and up to 4-ton loads 41/- per ton			
Brazilian				Native 1st mks. ... per ton				COPRA—			
Lemons, Malaga				c.i.f. H.A.R.B.				S.D. Straits c.i.f., per ton			
Sicilian				May-June				DRUGS—			
Apples: Amer. (var.) brls.				Daisee 2/3 c.i.f. Dundee				Camphor—			
(var.) boxes				May-June				Japan, refined ... per lb.			
" Australian				SILK—				Ipecacuanha			
Onions—				Canton				HIDES—			
Valencia, case				Tussah				Wet salted—Australian			
Egyptian, bags				Japan				per lb.			
Grapes, Almeria, barrels				Italian—raw, fr. Milan				West Indian			
Grapefruit, Jaffa				LARD—				Sole Bends 8/14 lb.—			
U.S.				Irish finest bladders				per lb.			
U.S.				U.S.				Bark Tanned Sole			

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

UNITED STATES

New York quotations unless otherwise stated

	May 20, 1936	Apr. 21, 1937	May 12, 1937	May 19, 1937		May 20, 1936	Apr. 21, 1937	May 12, 1937	May 19, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	95½	134½	122½	133½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	11-72	14-06	13-31	13-27
Maize, nearest future, Chicago, per bushel	63½	128½	125½	133½	Cotton, middling, spot, per lb.	15½	23½	21½	21
Oats, nearest future, Chicago, per bushel	24½	49½	45½	52½	Rubber, smoked sheet, spot, per lb.	104	116	116	116
Rye, nearest future, Chicago, per bushel	54½	111½	109½	118½	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	8-87½	14-02½	13-97½	14-57½
Barley, nearest future, Chicago, per bushel	37	77½	76½	73½	Copper, "Electrolytic," Domestic, spot, per lb.	9-10	14-25	14-20	14-57½
Coffee, Rio No. 7, cash, per lb.	6½	9	9½	9½	Copper "Electrolytic," Export prompt, per lb.	4-80	6-75	6-75	6-75
" Santos No. 4, cash, per lb.	8½	11	11½	11½	Spelter, East St. Louis, spot, per lb.	4-80	6-00	6-00	6-00
Cocoa, Accra, nearest future, per lb.	5-20	9-47	7-62	7-37	Lead, spot, per lb.	4-80	6-00	6-00	6-00
					Tin, "Straits," spot, per lb.	45-87½	58-00	54-75	58-35

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MR BALDWIN is primarily responsible for all this. But taking these fourteen years as a whole, he is the Prime Minister of the period of post-war recovery.

His personal contribution to this end has been his part in sweetening the relations between Capital and Labour—particularly after the General Strike. Industrial peace is a matter in which psychology is of great importance; and MR BALDWIN's liberalism, which enabled MR CHURCHILL to add to our pre-war social reforms, which held in check the Diehard tendencies of the Conservative Party, which made it easy for him to collaborate with representatives of Labour, and finally to fuse with the leaders of the National Labour group, undoubtedly contributed to create the right kind of atmosphere. It has been pointed out that England is almost the only country in the world that is not hopelessly split by a conflict between the "haves" and the "have nots" or between Fascism and Communism. This, again, is not MR BALDWIN's doing for—in so far as political action has brought it about—it is the result of the social legislation of the period 1906 to 1914, of the taxation of inheritance which dates back to the HARCOURT Budget of 1894 and of the forging of our system of progressive taxation by MR LLOYD GEORGE. The growth of the British middle class and the increase in the number of small capitalists have provided a fusing material which has prevented national disintegration. MR BALDWIN has sought to use these opportunities to the best advantage, and under him England has remained essentially a Liberal country.

Abroad, unhappily, the picture is very different. In 1923 Germany was a democracy. There was good reason to hope that if France's post-war nervousness could be calmed, the world would be able to realise the dream of 1919 and enjoy the benefit of a steadily strengthening international civilisation. But with all his qualities, MR BALDWIN has never known how to grapple

with the international situation or to seize its opportunities. His decade and a half ends with the League of Nations discredited, with the arms race in full flight and the economic future of this country saddled with the colossal burden of a £1,500 millions armament programme. During that period, when so many great opportunities have presented themselves, our foreign policy has suffered from a lack of definition, from failure to seize the leadership which the world was anxious to thrust upon Great Britain, from an absence of understanding of foreign psychology and an inability to convert high ideals into realities.

MR BALDWIN has been a Prime Minister in full sympathy with the post-war evolution of British democracy. Personally free from any leaning towards any kind of personal dictatorship, he has completed the edifice of universal adult suffrage in this country. He has taken the responsibility for creating a new constitution of the Empire in the Statute of Westminster, and by overcoming opposition in his own party he has enabled the new Constitution of India to reach the statute book. If example alone could suffice to lead other nations along the path of sanity, MR BALDWIN's England would have created a new and peaceful world.

But amid warring ideals and conflicting interests, where quick action, constant watchfulness and imagination are needed, MR BALDWIN's Governments have shown all the weaknesses of democracy. During a period when international policy has been the determining factor in the economic and political progress of the world, he needs more than fair-weather qualities who "rides in the whirlwind and directs the storm." If history records that MR BALDWIN was a typical Premier of a twentieth-century democracy it will not fail to note also the stupendous task which he hands over to his successor.

America Looks to England

COMMENT has frequently been made in these columns on the gathering insistence of the demand in all democratic States—save, apparently, Great Britain—for a decisive initiative to free international trade from some of its fetters. Both the demand for freer trade and the difficulties which stand in the way are finding their crucial expression in the proposal for a bilateral Trade Agreement between the United Kingdom and the United States. By tacit consent it is being made a test case.

From the narrowly commercial aspect, an agreement would be far from negligible, for each of the two countries is among the other's very best customers. Even if, as is likely, an Anglo-American Trade Agreement covered only a small fraction of Anglo-American trade, the demonstration that barriers could be reduced by mutual consent between the world's two greatest trading nations could not fail to have a profound effect upon the whole movement for relaxing restrictions.

The commercial argument, however, is neither the last nor the most weighty that can be urged in favour of an Anglo-American Agreement. The more apparent it has become that the political road to international appeasement has reached, at least for the time being, a dead end, the more hopes have been attached to the possibility of progress by means of "economic disarmament." It is not far from the grim truth to say that this is the only hope of immediate improvement. An agreement between the United Kingdom and the United States is as clearly and as unquestionably an essential preliminary for disarmament in the economic sphere as it is in the naval.

For these reasons, even if both countries were seeking

to evade their responsibilities, the necessity of an agreement would have to be urged upon them. But the fact which converts a necessity into a golden opportunity is that the American Government is not merely willing, but anxious, to conclude such an agreement. MR CORDELL HULL, Secretary of State in PRESIDENT ROOSEVELT's Administration, has made the conclusion of such agreements the fulcrum of his whole policy. Limited by the doctrine of isolationism, MR ROOSEVELT sees in economic disarmament the most powerful contribution that he can make towards the pacification of the world. And the PRESIDENT and the SECRETARY OF STATE have proved their sincerity by the conclusion of no less than sixteen agreements, each one of which has involved reductions in the American tariff (a fact which MR RUNCIMAN forgets when he too claims to have concluded a large number of pacts). Ever since the War British opinion has urged the United States to play its appointed rôle in world affairs. For an even longer period Americans have been invited from this side of the Atlantic to benefit the world—and, incidentally, themselves—by reducing their excessive tariffs. Now, when an opportunity occurs to secure not only a reduction in American duties but an approach towards political co-operation of the only kind which it is open to an American President to propose—and to secure these not as a grudging favour but as the result of an American proposal, assiduously pressed—it is hard to believe one's eyes when one sees the British Government hesitating.

Hopes have been raised in the last week or two by two events. The first was the speech made by the British Ambassador to Washington reported in *The Economist*

last week. SIR RONALD LINDSAY was reported as saying that Great Britain offered American agriculture "favourable treatment" in return for counter-concessions. True, the phrase could be variously interpreted. Or, again, SIR RONALD might have exceeded his instructions. But nevertheless, there was a sudden burst of hope. It was encouraged by the discovery that the British Dominions, far from obstructing an Anglo-American Agreement by standing on the strict letter of their Ottawa advantages, were actually urging such an agreement on the Government of the United Kingdom.

In this atmosphere of suddenly renewed hope, the subject was debated by the House of Commons on Tuesday. The debate was given its tone by a most impressively expert and moderate speech by SIR ARTHUR SALTER. Among a number of practical and specific suggestions, SIR ARTHUR proposed that, without abandoning the principle of Imperial Preference, its form should be changed. The major obstacle to the granting of a concession to, say, American wheat is that Canada is guaranteed a minimum preference equal to the whole of the present British duty on foreign wheat. With the evident goodwill of the Dominions it should be easily possible to evolve some more flexible method which would safeguard the preferences of the Dominions while leaving a margin for concessions to other countries.

To this and other suggestions, however, MR RUNCIMAN returned a most discouraging reply. One by one they were discarded, ignored or rejected. As was once said of another Cabinet Minister, he seemed to appear in the rôle of an inverted Micawber, waiting for things to turn down. He praised the principle of an Anglo-American Trade Agreement, but the emphasis was all on the difficulties of detail.

Americans are becoming impatient and annoyed—as well they may when a virtual gift horse is examined so minutely in the mouth. MR RUNCIMAN admits that the question is being examined in a context of minutiae—"a most laborious business." But the precise details of the duties to be affected by the Agreement are almost the least important element in the situation. What is of vastly greater moment is that we are on the threshold of administering a snub to MR CORDELL

HULL similar to that which SIR JOHN SIMON gave MR STIMSON when the United States wanted to co-operate in settling the Manchurian affair in 1932.

If we rebuff American goodwill once again, we shall deserve all we get. It is true that the British tariff is not high and that our imports have been maintained in volume through the depression years. But SIR ARTHUR SALTER may be quoted on the first point: "I believe it is true that, if we take into account the place which Great Britain occupies in the trade of the world, the size and importance of the British market, and the novelty of the new commercial policies that have been introduced, and then consider the cumulative effects of Imperial preference with the Dominions, the new protective system here, the abandonment of the open door, and the establishment of agricultural quotas, it is literally and absolutely true to say that in the last five or six years, since the depression, the commercial policy of no single country in the world has had so great an effect as has that of our country in restricting and deflecting the trade of the world." The same indictment can be found, in terms of studious moderation, in a valuable Report just issued by the organisation known as P.E.P.*

True or false, however, justification of the past is irrelevant. Our commercial policy may have been perfect or it may have been misconceived. Neither fact is material. When a house is on fire it is not enough for one of the occupants to prove that he is innocent of arson. The only urgent question is what help will now be forthcoming. What assistance is Great Britain prepared to give at this juncture, when the need is greater and the opportunity more pressing than ever before? With our larger stake in trade, our larger interest in peace and our larger gain from Anglo-American co-operation, we are offering less than MR ROOSEVELT. By putting a very little into the common pool, we could draw out almost infinitely much. Perhaps it is not too much to hope that even at the eleventh hour the Government may decide to risk a small investment of faith in the certainty of ample reward.

* "International Trade." Published by P.E.P., 16, Queen Anne's Gate, S.W.1. 8s. 6d. net.

N.D.C.: Revised Version

MR CHAMBERLAIN has stuck to his guns and belied the prophets who forecast the transformation of his graduated National Defence Contribution into a straightforward Corporation Profits Tax. For a month since Budget week he has kept open house at the Treasury and has listened to influential spokesmen for nearly every important trade and industry. Now it is his turn to speak again; and it is clear from this week's published text of the Finance Bill that he has been willing to make important concessions of detail, at the cost of an appreciable reduction in probable yield. But the tax, which his successor at the Exchequer will pilot through the House of Commons, will, after all, remain a steeply-graded impost on the growth of British profits.

Compared with the outline sketched in the House and the Budget White Paper a month ago (summarised on page 202 of *The Economist* of April 24th), the revised draft of N.D.C. embodies three major and a large number of minor changes.

First, companies on the profits standard, which were originally to have been assessed on earnings in excess of the average for the three accounting years 1933 to 1935, may now eliminate a bad year and/or may bring an additional good year into computation by choosing the three best calendar years of the four between 1933 and 1936, or the two best of the three between 1933 and 1935. This is the most important concession and it will reduce the

assessable profits for practically all concerns liable to the duty which adopt this standard.

Secondly, in the case of companies which adopt the alternative of a capital standard, the exemption limit of 6 per cent. on capital, which applies to all companies who are assessed on this standard, may be raised for particular industries, on application by persons "substantially representing any class of trade or business" to the Commissioners of Inland Revenue (with appeal to a special Board of Referees) to a figure which will take due account of exceptional risk, wastage or deferment of yield. Similar application may be made for upward adjustment of the total capital figure, on which the percentage is based, where the original total appears small in comparison with the stake involved. Meanwhile, the percentages allowed to different trades under the Excess Profits Duty may be applied, with any modifications which seem desirable.

Thirdly, the rate of contribution is revised so that company profits under 12 per cent. (instead of 10 per cent.) pay at the minimum rate of one-fifth on their growth, and the maximum of one-third is levied only on profits exceeding 16 per cent. (in place of 15 per cent.)—with an extra 2 per cent., as before, for individuals' profits at each stage.

For the rest, "capital" is to be computed on the basis of the actual cost of assets, less a deduction for wear and tear, even though it may subsequently have been heavily written down. Capital introduced since the standard period will be allowed a maximum of 6 per cent. Investments are to be excluded from capital, and income thereon from profits; borrowed money is to be deducted from assets and interest from earnings; but borrowed money may be set off against trade investments. New companies will be

allowed an increase of 2 per cent. for three years in their statutory percentage, and small businesses may claim either an abatement of one-fifth of the difference between their profits and £12,000, or elect to pay on the profits standard on the assumption that their capital is £25,000. Whenever current profits fall below the standard, the deficiency may be set off against past or future taxable earnings, at the highest rate actually paid or payable. A net loss in the standard period may be deducted from profits subsequently chargeable, but no relief is obtainable for any deficiency between zero and the 6 per cent. minimum standard. Liability will begin, in all cases, from January 1, 1937, and profits will be taken as accruing evenly throughout any accounting period. Holding companies will be deemed to be the owners of all subsidiary companies of which they hold not less than nine-tenths of the ordinary share capital.

Such, in brief, are the N.D.C. provisions of the Finance Bill. To what extent have they removed the anomalies inherent in its first draft and how far will the Exchequer's concessions reduce the burden—and the yield—of the new tax?

1. We may obtain a rough idea of the effect of the change in the standard period by taking the figures of approximately 600 industrial companies whose reports have been analysed in *The Economist* during the first quarter of each of the last seven years. Our sample has varied somewhat from year to year, but a chain index based on the figure 100 for profits, after deducting debenture interest earned in 1929 (and recorded in 1930), gives the following results (cf. *The Economist*, April 17, 1937, page 139):—

INDEX OF PROFITS			
Profits earned in—		Profits earned in—	
1929	100.0	1933	73.4
1930	89.3	1934	84.1
1931	76.5	1935	95.3
1932	69.7	1936	106.7

The mean figure for the three years 1933 to 1935 is 84.3; for the three best of 1933 to 1936, 95.4; for the two best of 1933 to 1935, 89.7. The most favourable of the new averages is still $4\frac{1}{2}$ per cent. below that of 1929, when no abnormal armament profits were being made; and it is $11\frac{1}{2}$ per cent. below the index for 1936, when such profits were still relatively small. It is, however, 11 points higher than the basis laid down in the Budget speech. What this means can be illustrated by assuming that the profits index for 1937 will be, say, 110. Under the Budget scheme duty would be paid on the difference between 84.3 and 110, i.e. on 25.7. Under the new scheme it will be paid on the difference between 95.4 and 110, i.e. on 14.6. On this assumption the change would reduce the amount of the tax by nearly one-half. If profits were to rise to 120 the loss of revenue would be about one-third. In either case, of course, the actual loss would be more than this owing to other concessions.

2. To measure even the approximate effect of the granting of special exemption percentages to individual industries is obviously impracticable at the moment; but it is relevant to recall that the Board of Referees, set up under E.P.D. in 1915, awarded an average percentage slightly below 10 on sixty-six applications from home companies and 11.3 on 110 applications from companies operating abroad—compared with an original statutory rate, as at present, of 6 per cent. in both categories. The annexed figures for a number of separate trades are particularly interesting under current conditions:—

E.P.D. PERCENTAGES			
	%		%
Asbestos (Rhodesia)	16	Daily newspapers	8
Copper mining (Rhodesia)	15	Explosives	8
Aircraft manufacture	15	Omni-buses	8
Oil (Trinidad)	14	Steel	8
Tin (Malaya)	13	Salt	8
Metal ores (Burma)	12	Tramways	7
High speed metals, etc.	12	Electric supply (Provinces) ..	7
Cinematograph	11	Electric supply (London)	7
Oil (Persia)	11	Electric cables	7
Rubber growing	11	Electrical machinery	7
Aero engines	10	Motor manufacture	7
Oil (Burma)	8	Pig iron	7
Coke manufacture	8	Cement	6

If these figures are representative of the concessions that will in fact be given, it is fairly clear that the possibility of obtaining special percentages will be of smaller practical importance for many industries than the choice of the datum period for profits. Taking the three best years between 1933 and 1936, our analysis of "first quarter" company earnings, referred to in the preceding section, shows a profits average of 22.9 per cent. for representative concerns in the composite motor, cycle and aviation group, or 15.5 per cent. for shops and stores, 12.7 per cent. for electric power concerns, and 11.3 per cent. for breweries. All of these are well above the exemptions conceded under E.P.D. Among typical recovery industries, on the other hand, the averages are lower. For example, the profits of shipping companies were only 8.1 per cent., for iron, coal and steel 7.6 per cent. and for textiles 6.0 per cent. These percentages are based on preference and ordinary share capital, and not on capital under the Finance Bill. But, broadly, the figures suggest that, in the case of the recovery trades, the E.P.D. exemptions are about equal to the average standard earnings, and that companies below the average will benefit under E.P.D. percentages.

3. Finally, an approximate idea both of the effect of the new basis of graduation (6 per cent., 12 per cent. and 16 per cent., instead of 6 per cent., 10 per cent. and 15 per cent.), and the extent to which the tax continues to hit growing concerns as compared with companies that have been prosperous throughout may be seen from the table below. This shows the percentage of profits that will be paid as N.D.C. by companies which are earning the same rate of profit to-day but earned differing rates in their standard periods:—

Companies Earning (%)	Whose Standard Profits are (%)	Will pay following N.D.C. Percentages		Corresponding Percentages under Original Budget Proposals	
		Of Total Capital	Of Total Current Profit	Of Total Capital	Of Total Current Profit
6 or under	6 or under	Nil	Nil	Nil	Nil
12	6 or under	1.2	10.0	1.3	10.8
	12	Nil	Nil	Nil	Nil
16	6 or under	2.2	13.7	2.4	14.9
	12	1.0	6.2	1.1	6.8
	16	Nil	Nil	Nil	Nil
20	6 or under	3.5	17.6	3.7	18.6
	12	2.3	11.7	2.4	12.1
	16	1.3	6.7	1.3	6.7
	20	Nil	Nil	Nil	Nil
30	6 or under	6.2	20.7	7.2	23.5
	12	5.7	18.9	5.75	19.2
	16	4.7	15.6	4.7	15.6
	20	3.3	11.0	3.3	11.0
	30	Nil	Nil	Nil	Nil
40	6 or under	9.5	23.8	10.4	25.9
	12	9.0	22.5	9.1	22.7
	16	8.0	20.0	8.0	20.0
	20	6.7	16.7	6.7	16.7
	30	3.3	8.3	3.3	8.3
	40	Nil	Nil	Nil	Nil

Note.—These figures refer to companies, and exclude reliefs to small businesses. For individuals, 2 per cent. should be added to all figures in the first two columns.

Companies which have recovered after depression, and consequently have low standard profits, come off slightly—but only slightly—better under the new arrangements than under the old, while the stable but prosperous companies, with high standard profits, continue to be mulcted more lightly than their fellows, or not at all. The net contribution made by the new grading to the reduction of anomalies is, in fact, inconsiderable.

In general, it may be said that the concessions embodied in this week's Finance Bill will tend to increase the number of individuals and companies who secure complete exemption, while leaving the remainder still subject to a burden which, though modified, will fall heavily on those which have been most enterprising and progressive. Which companies and industries will fall wholly or mainly into the one group and which into the other, we discuss at greater length in a Stock Exchange article on page 518. When the proposals were first presented, we suggested that Mr

CHAMBERLAIN should remedy the most serious defects of his scheme (a) by amending the basic period so as to make the tax more a burden on prosperity and less on normal recovery; (b) by reducing the exemption limit in cases where the return to capital was already high in the standard period, so that the scheme would acquire some of the characteristics of a graduated corporation tax instead of being a tax mainly on growth; and (c) by grading the burden more smoothly.

The change in the standard date has gone some considerable way to meet the first point; but the CHANCELLOR has done nothing to meet the second and little to meet the third. Indeed, the increase in the exemptions may even make the burden seem more inequitable on growing concerns which still bear it.

MR CHAMBERLAIN started from the entirely laudable principle that exceptional prosperity should be privileged to make an exceptional contribution to the Exchequer in a time of national emergency. We must credit him, moreover, with a sincere desire to meet his

critics by removing, wherever possible, the injustices and anomalies inherent in his original proposals. But at a time like the present, when increasing profits may be the resultant of many factors—including the trade cycle, severe early depression or late recovery, exceptional risk, youth, initiative and enterprise, as well as the adventitious consequences of national re-armament—a tax on mere growth involves the insuperable difficulty that to eliminate all its inevitable anomalies may be to reduce its yield practically to zero. But the objection against a special tax on the most enterprising units in British industry is fundamental. We believe that the Government would be well advised in the interests of industry to make a more fundamental change—even at this hour—and to redraft its scheme in the form of a simpler graduated tax on corporation profits as a whole. It would certainly be of far greater benefit to the Exchequer than a tax the yield of which, in the process of removing individual inequities and anomalies, will tend more and more to disappear.

Scotland's Industrial Expansion

SCOTLAND provides an interesting study in industrial development. More than 50 per cent. of her population are dependent, directly or indirectly, on the so-called "heavy" industries, which have scarcely had time to emerge from the severest trade depression in living memory before being called upon to cope with the largest volume of work assigned to them in a period of peace. In the industrial belt of Scotland trade recovery is now definitely established, and the Government's re-armament programme assures the continuity of employment for at least four years ahead to iron and steel, shipbuilding, engineering and their allied industries.

In mid-summer, 1932, over 68 per cent. of the Scottish shipbuilding industry's personnel was unemployed. For engineering in its various branches—marine, general mechanical, structural, electrical, etc.—the unemployed percentage was about 40. Shipyards, steelworks and engineering shops were being closed down, not merely for lack of orders, but because facilities for production appeared far in excess of any predictable demand. The shipbuilding industry of the Clyde, for example, had an annual productive capacity of over 1,000,000 gross tons of shipping, but during the winter of 1932 the tonnage actually under construction was barely 50,000. Shipbuilders were compelled to begin an active policy of rationalisation, designed to eliminate uneconomic competition within the industry. Similar efforts were made by the iron and steel trades. Recovery rapidly followed, and full-time working conditions were restored in the steel trade long before any material improvement developed in shipbuilding. Activity in building and the motor industry gave a further stimulus to the steel trades.

Revival in the shipyards was slower, but the outlook changed materially in the spring of 1934, when work was resumed on the 80,000-ton liner "Queen Mary," which had been lying unfinished on the stocks at Clydebank for 2½ years. About 4,000 men were re-employed between the resumption and the launching, and subsequently some 7,000 workers were engaged in fitting out and supplying equipment for the liner.

This development coincided with the placing of a series of other orders for mercantile tonnage—particularly oil tankers, small cargo vessels and coasters—and the Admiralty slightly advanced their building programmes. Admiralty orders, indeed, did much to keep

a nucleus of men in employment in 1933 and the early part of 1934, when mercantile orders were lacking. Since the ships of the 1931 programme were ordered, late in 1932, contracts have been given out in steady succession, and in the past year they have been rapidly accelerated. To-day Scottish shipyards have some fifty ships, with a total cost of £35 millions, on order for the Admiralty. Normally increased warship construction leads to larger orders for mercantile tonnage from owners anxious to avoid being embarrassed by the resulting rise in prices. During the last few months this tendency has been accentuated by the fact that many owners had completely suspended the rebuilding of their fleets during the depression, and replacements have become urgently necessary. Thus, a sudden acceleration of Government requirements has been almost contemporaneous with revived demand for commercial tonnage, mainly cargo-carrying ships and oil tankers. At present Scottish shipbuilders have on order some 140 merchant ships, costing about £21 millions, as well as fifty warships, costing (as already mentioned) about £35 millions. The bulk of the work—equivalent to about 700,000 gross tons of shipping—is still in a preliminary stage of construction. In the shipyards, the engineering and the iron and steel industries, the unemployed total has been reduced almost to the "unemployable" level. In coal mining, however, though activity has increased, mechanisation has effected substantial economy in the labour force. The number of colliery workers employed to-day is about 89,000, against about 85,000 in 1932. In the steel industry, however, the present figure of about 11,500 compares with 7,400, and in shipbuilding and repairing a total of 40,000 contrasts with a mere 12,000 in 1932. In engineering, the number employed is approximately 90,000 men—an increase of about 50 per cent. compared with the figures for 1932.

Changes in methods of production and improved shipbuilding and engineering technique make it difficult to estimate accurately the number of persons likely to be employed when work on present contracts reaches a more advanced stage. At least, there will be few unemployed craftsmen for the next four or five years. The present scarcity of trained men, however, is gradually being overcome, with the increasing recruitment of young people to industry.

A few details of the larger orders now in hand may be of interest. The construction of the "Queen Mary's"

sister ship, No. 552, will provide three years' work for 5,000 persons in the Clydebank establishment of John Brown and Company; and almost every industrial town in the United Kingdom will make some contribution to this ship. The Admiralty work includes two 35,000-ton battleships, each costing about £7,500,000. These will be built, respectively, by John Brown and Company, of Clydebank, and the Fairfield Shipbuilding and Engineering Company, of Govan. Each will entail at least as much employment as the construction of the 80,000-ton liner No. 552. For the steel works, however, battleship orders provide less demand than is popularly supposed. Each ship will require approximately 13,000 tons of steel for its hull, whereas about 40,000 tons of steelwork will be required for No. 552.

The machinery for the warships, on the other hand, is a particularly large item; and it is mainly for this reason that a single 10,000-ton cruiser has been estimated to provide more employment to the shipbuilding industry than a dozen high-class cargo boats.

At least 60 per cent. of the cost of a modern ship, whether naval or mercantile, is spent in wages. About two-thirds of the cost of a ship is outside the control of the builders, being represented in sub-contracts to suppliers of materials and equipment. These contracts, however, are largely given, in Scotland, to local firms. One Glasgow firm, for example, supplies all the high-

grade bolts and nuts used in British warships, no matter where they are built.

Although a shortage of materials is increasing the costs of ship construction, none of the more important contracts has so far been seriously delayed. Economies made possible by the recent technical advances are proving helpful. Electric welding, for example, permits a marked saving in materials as compared with riveting.

To meet the present emergency conditions many works in Scotland are being extended and new factories are being opened up. In many cases these developments are designed to have a permanent rather than a temporary effect—a case in point being the £2,500,000 scheme undertaken by Colvilles, Ltd. (which was discussed in a leading article in the Stock Exchange section of *The Economist* last week). If these extensions are to find profitable employment when the more abnormal features in the present position have been eliminated, an expansion of international trade will be indispensable. Scotland is no stranger to the unhappy consequences of alternate over-expansion and under-employment of her highly specialised resources of men and machinery. If history is not to repeat itself, the world must be allowed to recover its sanity and, having satisfied its taste for swords, to remember that a good ploughshare is cheaper than a bad one.

What is a Trading Estate?

THE disorganisation of modern society is nowhere so clearly shown as in the obstinately persisting unemployment which disfigures contemporary prosperity. The Depressed Areas mark our failure to make the best of the world we live in. Many panaceas have been launched on the sea of general criticism and official caution. In the columns of the Press, in parliamentary debates, in expert reports, in the lucubrations of eminent economists and politicians, and in a million conversations, the ways to end unemployment and to revive the Depressed Areas have been variously canvassed.

Not least important among the contributions to this troubled symposium has been the experience of the Trading Estates at Treforest and in the Team Valley. Indeed, the limelight shed on trading estates as part of the solution of the problem of unemployment has given them a central place in discussions about industrial development.

The modern conception of a trading estate follows the lines of thought of the best of our economists and planners. Its purpose, whether it is situated within or outside the Special Areas, is to enable industry to produce with the highest degree of efficiency. The broad needs of production are factory buildings, low rents and rates, power, the handling of goods, and operating capital; markets and transport communications; and the availability of suitable labour, with amenities whereby that labour may give of its best.

A clear idea of the aims of the trading estate may be obtained if we analyse how it sets out to conform with each of these requirements. The factories are built to give the smoothest flow of production possible; they are well ventilated and lighted, and in outward appearance a pride to the owner. The tenants are fortunately placed because a Government trading estate does not operate for profit; and the rents are therefore based on contractors' cost of construction plus the interest on the developed cost of the land covered by each factory and a small annual charge for ground rent and administrative services. Owing to the magnitude of the contracts, building costs are naturally lower than would be the case with a single factory. Low rating assessments are granted because the Estate Company does much of the work, such as road construction and maintenance, which normally would be carried out by the local authority. Similarly, because the trading estate bears the cost of the

installation and equipment of mains and plant, the Estate Company can buy electricity, gas and water on terms enabling it to make concessions to the tenants. The ability of the Estate Company to negotiate with the railway for adequate sidings and single-handling loading, combined with its own network of roads and light railways, ensures the cheap and convenient handling of goods at the factory door and railhead.

Moreover, the economies which are possible on capital outlay set free money for operational development. Apart from his plant, the occupant of a trading estate site need bear no constructional costs whatever, for his fully equipped factory is built for him from foundation stone to interior decoration. Even architectural advice is free. Canteens, garages, refuse destructors, yards, and wash places, are all provided on a communal system; and the tenant is thereby saved a great deal in outlay and maintenance charges.

The second element of successful production is location. No trading estate in the world can guarantee markets. It can only assure that it is so placed that markets are within easy reach. Most industries in the early stages of development prefer to have a "bread-and-butter" market at their door by which to live before they step up to the stage of national distribution. The vicinity of a large urban population is therefore a necessity. Adequate road and rail communications are important equally for local or national distribution.

That suitable labour should be available is clearly necessary. A trading estate company, with power to induce the transport companies to provide cheap fares, can increase the supply of workers by facilitating their mobility. Modern labour rightly demands that its welfare shall receive attention. By the provision of canteens serving hot meals, of open spaces adjacent to the factory for the dinner hour in summer months, and of communal playing fields, and even, if necessary, of planned housing, the trading estate confers a benefit on employee and employer alike.

A practical example of these principles in operation can be found on the western outskirts of Gateshead. The Team Valley trading estate covers 700 acres easily accessible to the main railway from King's Cross to London, the Great North Road and the River Tyne. It was begun last October, and is now taking shape in the hands of over 1,000 excavators, roadmakers and

builders. Three large factories and nine smaller ones in pleasing brick are almost completed to occupy 1,200 workers. Contracts to the value of £366,500 are under way; and altogether sites have been taken for thirty-one factories to employ over 3,000 people. By the end of 1937 the number planned may be eighty, with work for 8,000 men and women. A twenty-year plan envisages 400 factories on 400 acres, employing about 40,000 workers, with 300 acres of open spaces, approaches, offices, canteens and clubs.

The object of the estate is to rebalance the top-heavy industrial life of Tyneside by planting a variety of light industries. There is an adjacent and newly prosperous market of over 2½ million people in the North-East. But the goods of the sausage, glass, furniture, clothing and confectionery enterprises in the Team Valley will ultimately be distributed over the national market.

The demand of these industries for unskilled labour, largely female and juvenile, does not compete with the revived needs of the export and armament trades. There is an untapped pool of female labour on Tyneside where only 13.8 per cent. of the insured workers are women against a national average of 27.8 per cent.; and many males have unhappily been unable to acquire skill during the depression years. Thus the inducements offered to light industries in Gateshead are considerable and typical of the trading estate method. Communal light and power, planned transport, handsome and effective designing of factories and approaches, and the commercially strategic site promise economies of technique, organisation and distribution. The factories will mainly belong to the estate, and rents to cover land, structure, access and service will work out (at present

costing) at 8d. per square foot; although small factories of 1,500 feet will be let at £1 a week. The only danger is that rising construction costs (covered so far by forward contracts) or dearer money may enhance rents.

The project is ambitious and admirably executed. It would be easy, however, to magnify its quantitative importance. Even 8,000 employees (largely women) would compare but slightly with 1½ million insured workers and 148,741 unemployed (over 90 per cent. men) in the N.E. area. The 40,000 workers of the ultimate plan may compare little better with the unemployed of the next recession.

The specific problem of special unemployment which still underlies armament's feverish activity will hardly be touched; South-West Durham, for instance, will still stand stark and alone. Moreover, the estate may be in some instances competitive with existing industries without its amenities. The authorities can discourage, but cannot forbid, the growth of sheltered and subsidised competition.

There are labour problems to be carefully handled, the cost of transport for low-paid female and juvenile labour; the difficulty of planning now for a possible housing policy in the future; and the hours and wages of women and young persons.

When all is said, however, this very young venture has made striking progress. Alone, it will not solve the industrial problems of the North-East or the recurrent unemployment of Tyneside. But it is soundly conceived, and will make a definite contribution to the mitigation of these difficulties. In conjunction with an effective national policy of freer trade, this and similar schemes may ultimately acquire great importance.

Notes of the Week

The Week in Parliament.—Mr Baldwin presided over his last Cabinet on Wednesday, and two events have appropriately marked his departure from the House of Commons. The Cabinet has espoused a cause which he recently made peculiarly his own by approving the increase of members' salaries from £400 to £600 per annum. And due tributes have been paid by his colleagues to Mr Ramsay MacDonald, who will remain in the heat of representative politics, but has finally laid down the burden of office. Mr Runciman spoke his last ministerial words in the Commons on Tuesday; Sir John Simon is going to the Treasury, and Sir Samuel Hoare to the Home Office; and other Cabinet changes may have been announced by the time this issue of *The Economist* is in the hands of its readers. Apart from Tuesday's debate (which we discuss elsewhere), only the complications of N.D.C. stirred the placidly valedictory atmosphere of Parliament this week. On Monday, Mr Attlee's appeal for greater simplicity in the monarchy fell on stony ground. On Wednesday Sir Thomas Inskip showed no great facility in answering Mr Noel Baker's indictment of the Government's failure to carry out long ago the proposals of the Royal Commission on the Private Manufacture of Arms. He was supported by Mr Duff Cooper, who argued, in belligerently desperate fashion, that this was a wicked world, and we must accept it as such. Mr W. S. Morrison, however, announced on Thursday the Government's decision not to put British agriculture on a war footing in peace-time. Instead, the limit of anticipated supplies under the Wheat Act, 1932, would be raised from six million to eight million quarters; and special schemes would be introduced for oats and barley.

Imperial Conference at Work.—The Imperial Conference, after a fortnight of spasmodic meetings punctuated by public and semi-public functions, is finishing the expository part of its work. No news of its progress has been allowed to reach the public save brief official communiqués which reveal that both the Dominions and the United Kingdom have explained at some length to each other their respective

policies, especially in matters of defence. In this field the most important decision so far has been the setting up of a committee to study industrial and economic co-ordination from the defence point of view. This is a subject of immense scope, involving important questions of commercial as well as military policy. The haphazard development of strategically "key" industries in the Dominions has been the cause of anxiety among many of their own citizens as well as in Whitehall, a striking example being the Government-aided establishment of an aircraft factory in Australia to manufacture American types of aeroplanes. The question of accumulating reserves of food or raw materials is obviously part of the same general theme. Nothing further has emerged with regard to Mr Lyons' proposal for a Pacific pact, nor have other major issues of foreign policy yet passed beyond the preliminary stages of discussion. The coming week should see more positive progress, especially in the field of economic policy, where the determination of two at least of the Dominions to force the British Government's hand over the question of an Anglo-American trade treaty remains the outstanding feature of the whole Conference.

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Buses in London Again.—A notable week of labour settlements has ended with the welcome reappearance of London's buses. The determination of Mr Bevin and the Executive Council of the Transport and General Workers' Union to bring about a resumption of work pending further negotiations with the London Transport Board has been in evidence since the Court of Inquiry issued their report on May 6th. The attempt to bring out the tram and trolley-bus men in sympathy was firmly resisted despite considerable pressure from a certain section of the busmen. On Tuesday Mr Bevin and his colleagues decided to take the matter into their own hands, and to conduct negotiations over the head of the Central Bus Committee. The publication of the final report of the Court of Inquiry, which actually added nothing to the interim report of three weeks ago, provided, with the Board's offer of May 8th, a basis of

discussion. On Wednesday, after a joint conference between representatives of the Board and the Union executive, the 25,000 busmen were officially called upon to resume work. Both parties agreed to accept the Court's findings; to negotiate and settle a new agreement accordingly; and to set up joint machinery to examine schedules and conditions of employment. It is agreed, on the result of these steps, to take action—which may even involve the reduction of hours—to remedy agreed grievances. The Union executive has taken an unusual course—to say the least—in settling an official strike over the head of the busmen's Committee on which it had conferred responsibility and with which it found itself, lately, completely at variance. In the last resort, however, union machinery exists to prevent rather than to provoke strikes, and the real question at stake is the busmen's health, not their militant prestige. If their conditions of work are now to be improved, Mr Bevin's bold stroke will be justified by the event.

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Coal Settlement.—After the sudden turn of events last week when the Secretary for Mines brought together representatives of the Mineworkers' Federation, the Nottinghamshire coalowners, and the Industrial Union, the outlook for peace in the coalfields sensibly improved. At a joint conference of the three parties the principle of amalgamation between the Nottinghamshire Miners' Association, affiliated to the Federation, and the Industrial Union was mutually accepted. Further meetings reached agreement about details regarding the amalgamation and re-employment at Harworth Colliery, and it then remained to submit the agreed terms for ratification to delegate conferences of the Federation and the Industrial Union. The national delegate conference of the Federation had recently vetoed an amalgamation agreement on similar lines, but it seems likely that the threat of a national coal strike on May 29th has been quite averted. Common sense has achieved a result which might well have been secured weeks ago. The energy and tact of Captain Crookshank, at the Ministry of Mines, have contributed materially to this welcome end.

* * *

America's Newest Deal.—The Supreme Court has set the seal upon its new-found mood of liberalism by declaring the Social Security Act to be legal. The direct importance of this decision is very great, for the Act is the first attempt, however imperfect in technique, to construct a system of social services for the working population of the United States. Its indirect importance is perhaps even greater, since the method adopted for unemployment insurance was that of imposing a tax on all industry, and then remitting nine-tenths of it in States which established satisfactory unemployment insurance systems. If this use of the Federal taxing power to coerce the States into doing something outside the powers of the Federal Government itself is legal, it opens up a vast field for further legislation. The immediate effect of this surprising decision, as of the preceding liberal decisions, has been to weaken the support for the President's Court reform proposals. But it is a legitimate retort from the President's side that the judgment, like so many other crucial decisions, was taken by a majority of five to four, and that it is an impossible position for the powers of the Federal Government to be at the mercy of one man's opinion.

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Whether by a reform of the Court or by voluntary "liberalisation" on the part of the existing Court, however, it is now obvious that the limitations on the New Deal are not to be so tightly drawn as appeared likely after the decisions which invalidated the N.R.A. and the A.A.A. In anticipation of this change, the President is already moving towards a restoration of both these Acts in slightly modified form. The new agricultural plan calls for the most direct compulsion upon farmers to limit their production whenever restrictions of

supply is considered advisable. Grants are to be paid to them, but not in the form of bribes for not raising unwanted crops (which the Court declared to be unconstitutional), but as rewards for growing "conservation" crops. With all the change of details, however, the main purpose of these various agricultural schemes remains, namely, an artificial adjustment of supply to demand. The new N.R.A., on the other hand, reproduces only a portion of the old, for all the former provisions for the cartelisation of industry, the fixation of minimum prices, etc., have been dropped, and only the labour provisions remain. A Labour Standards Board is to be set up, charged with the duty of specifying minimum rates of wages and maximum hours of work for each industry. The original intention was to specify universal rates of 40 cents an hour and 40 hours a week, but the actual proposal leaves room for greater elasticity. Child labour (i.e. under the age of 16) is to be entirely abolished. These prohibitions are to be implemented by forbidding the movement in inter-State trade of goods made in defiance of them, so that the scope of the new legislation may, in practice, be limited to manufacturing industry and transport. But the proposal is nevertheless a bold attempt to advance further in the direction of guaranteeing to the "underprivileged" at least a certain minimum standard of living. It also serves the clearest notice on all that the New Deal is not over. Indeed, the Newest Deal is only just beginning.

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New Hopes for Spain.—This week the tale of Spanish events and discussions over Spain has been extremely full. The campaigning for Bilbao is still going on, and General Franco has treated the city to a "surrender or no quarter" ultimatum of the same kind as those frequently addressed to Madrid. It may be equally effective. Meanwhile the German bombers and their German pilots are still devastating the villages round Bilbao as well as parts of the city itself; and on Wednesday they went to the extreme of shooting down a French air-liner with passengers aboard. The pilot, though severely wounded, contrived to land his (British) machine, but could not lower his retractable undercarriage. Happily, none was killed; but we imagine that stiff compensation will be demanded; or else air-liners bound for Bilbao, as cargo ships, will in future have to be convoyed by fighting craft. Then General Franco's German air force may receive unpleasant shocks. It is clear that General Franco's aim in his campaign of terrorism from air and sea is to prevent foreign shipping or aircraft from taking anyone or anything to Bilbao. The British Government were forced—more by a combination of "Potato Jones" and Company with public opinion than by any convictions of their own—to call General Franco's naval bluff; and the French may soon call his aerial bluff. At Madrid, nothing of note has occurred; but on the Toledo and Guadalajara fronts, perhaps owing to the inroads on his forces there which General Franco has had to make in order to stiffen the attack on Bilbao, the Government forces have advanced again. The new Spanish Government seems to be settling down to work with great vigour; and there have been protestations of solidarity and loyalty from all the elements, Catalan and other, on the Government side.

* * *

Meanwhile, the moves towards a truce in the conflict, which we noted last week, have this week gathered considerable momentum. The Technical Advisory Subcommittee appointed by the London Non-intervention Committee to draft a plan for the withdrawal of all foreign "volunteers" from Spain, handed their report to the parent Committee on Wednesday, and it has gone to the twenty-seven Governments represented. It now applies, as a result of insistence from certain Governments (notably the German and Italian) to all foreign participants, directly or indirectly, in the conflict. So wide a definition makes it more difficult of application than one covering only actual foreign fighting men. More interesting is the news that the twenty-seven Governments

are being asked to state, with their views on the plan, if they will give force to its proposals. The discussions over the feasibility of a truce—which, in any case, will be necessary to evacuate the foreign "volunteers"—are not in sight of the goal, since the Italian and Russian Governments have not yet replied to the initiative taken last week by the British Government. Both the plans for withdrawal of volunteers and for a truce will have finally to be agreed by both sides in Spain; so optimism would be out of place. The parent Committee is also putting the finishing touches to its appeal to both sides to stop all bombing from the air and to humanise the conflict. In this context, the Basque Government have postponed, probably *sine die*, the execution of three of the captured German pilots duly tried and sentenced to death, and General Franco has released his foreign prisoners of war. Perhaps the most important and most influential event of the week has been the landing of 4,000 Basque children from Bilbao at Southampton, and their distribution to the institutions of all kinds and creeds which are to care for them here. Those, including the Home Secretary, who welcomed them on their arrival in camp were deeply moved by the sight of so many children, from families sympathising with both sides in Spain, in whose features and gestures the signs of suffering were writ large. This humanitarian action, at any rate, is one over which those British people who have made it possible by their generosity need have no misgivings.

* * *

The Paris Exhibition.—With the burning of the Crystal Palace, in which the first great international exhibition was housed in Hyde Park in 1851, fresh in our memory, the Paris International Exhibition was opened by President Lebrun on Monday. Paris quickly followed London in staging a great exhibition eighty years ago; and the present exhibition there—a vast public works achievement—bids fair to surpass any exhibition held since the last war, including that at Wembley in 1925. The Paris exhibition around the site of the old Trocadero, in the shadow of the Eiffel Tower, is certainly the most ambitious in architecture, amenities, and impressiveness; but it is not yet complete. Its construction has been dogged by persistent labour troubles; and the task of preparing an area along both banks of the Seine from the Place de la Concorde to the Trocadero and over the Champ de Mars almost to the Chamber of Deputies has been *kolossal* enough to impress even the accomplished Nazi stage-managers of massed impressiveness. Forty-two of the world's nations are represented among the 280 pavilions and palaces; and it is reported that among the most impressive exhibits are those by Germany and Soviet Russia. Is it too much to hope that the aim of the "onlie begetter" of the Great Exhibition of 1851 and of all such exhibitions—Albert of Saxe-Coburg, Prince Consort of Queen Victoria—may be

realised at Paris in 1937? He believed that in an age of technical and productive achievements, men of all nations, by being convoked to perceive their interests in the arts of peace, might be led to forsake war. The Great Exhibition and its successor at Paris helped Cobden to conclude the commercial treaty with France which laid the basis for freer international trade. In our age of even more miraculous achievements, the Paris Exhibition may serve to remind men of many nations that peace and freer trade are now, more than ever, the linked essentials of our civilisation.

* * *

The League Council.—The proceedings of the Council at Geneva, which opened this week, have been important without being exciting. The most important events were the intimation from the Emperor of Ethiopia that he could see no useful purpose in his being represented at the forthcoming Assembly, and the ceremonious admission of a fully-sovereign Egypt to membership of the League on Wednesday. The recent success at the Montreux Conference over the Capitulations, and the speech of Nahas Pasha at Geneva on Wednesday, testify to the greatness of the rôle which Egypt will in future be called upon to play in the Near and Middle East. As a full, loyal, and enthusiastic League Member, beside this country, with which she has just concluded a statesmanlike treaty of alliance, Egypt is capable of playing a decisive rôle, both at Geneva and farther to the East. The status of the delegation representing the Emperor of Ethiopia is not yet definitely settled, for his absence at the next Assembly does not technically invalidate his rights to be represented in future; nor, indeed, can the League decently and legally deprive him of rights which even the victorious aggressor on his territory cannot legally arrogate to himself. But the Emperor's decision this week probably indicates that he himself does not intend to pursue ineffective demands for justice in a forum patently impotent to satisfy them. Happily for the League, his decision this week absolves the Credentials Committee from examining and pronouncing upon his credentials; and though the Polish representative on the Council tried to secure an official record to the effect that the Council regarded the question as "settled," the Mexican delegate promptly vetoed, in his country's name, any action which might deprive the Emperor of his rights, and Ethiopia of League representation. The question of the autonomy of the Sanjak of Alexandretta under the now independent Syrian Republic will soon be resolved by the presentation to the Council of a report by the rapporteur of the special Committee, Herr Sandler, under the good offices of the French, Turkish and British Foreign Ministers. Over Spain, the Council is drawing up a resolution for a truce, and the Spanish Govern-

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ment's representative, despite General Franco's provocative challenge to his credentials, has presented a White Book which contains full evidence of intervention against the Spanish Government on a large scale by the Italian Government and Army.

Another Setback for Fascism.—"The Fascist tide is still on the ebb; and it may so continue as long as democracies, too, can produce real leaders." With those words we ended our comment on M. van Zeeland's crushing defeat of M. Degrelle, the Belgian Rexist leader, at the Brussels bye-election on April 11th last. Now this week M. van Zeeland's opposite number in the Netherlands, Dr Colijn, has utterly routed the Dutch Fascist Party, and added over 40 per cent. more votes to his own Anti-revolutionary Party, in a general election which was even more excitedly contested than the last, in 1933. Indeed, the Dutch Fascists have lost 40 per cent. of their former voters, and will have only four instead of their expected eight seats. Thus, as in Belgium and in Czechoslovakia, the other two democracies where Nazi-inspired Fascist Parties have been recently losing ground, the people of the Netherlands have turned from Right-wing extremism at the same time as from that of the Left-wing variety. In Holland, this week's results would have been unthinkable a year ago, when the long pressure of Dr Colijn's deflationary programme had ground out a large measure of discontent. But, though late, devaluation came at last; and, as has frequently been pointed out in these columns during the last nine months, the combination of rising world prices with the general re-alignment of currencies through the devaluations last September has steadily worked against Fascism and the Fascist States. After the latest Belgian and Netherlands victories of democracy, it behoves the two remaining Great democratic Powers in Europe, France and Britain, to do all in their joint power to strengthen and extend this patent revival of democracy. The best way they can do that is to join wholeheartedly in the drive for freeing trade. The U.S.A., France, Belgium, Holland, Switzerland, Czechoslovakia, and the Scandinavian and Baltic countries are all prepared to do their utmost to achieve this aim. What are the the new British Government prepared to do?

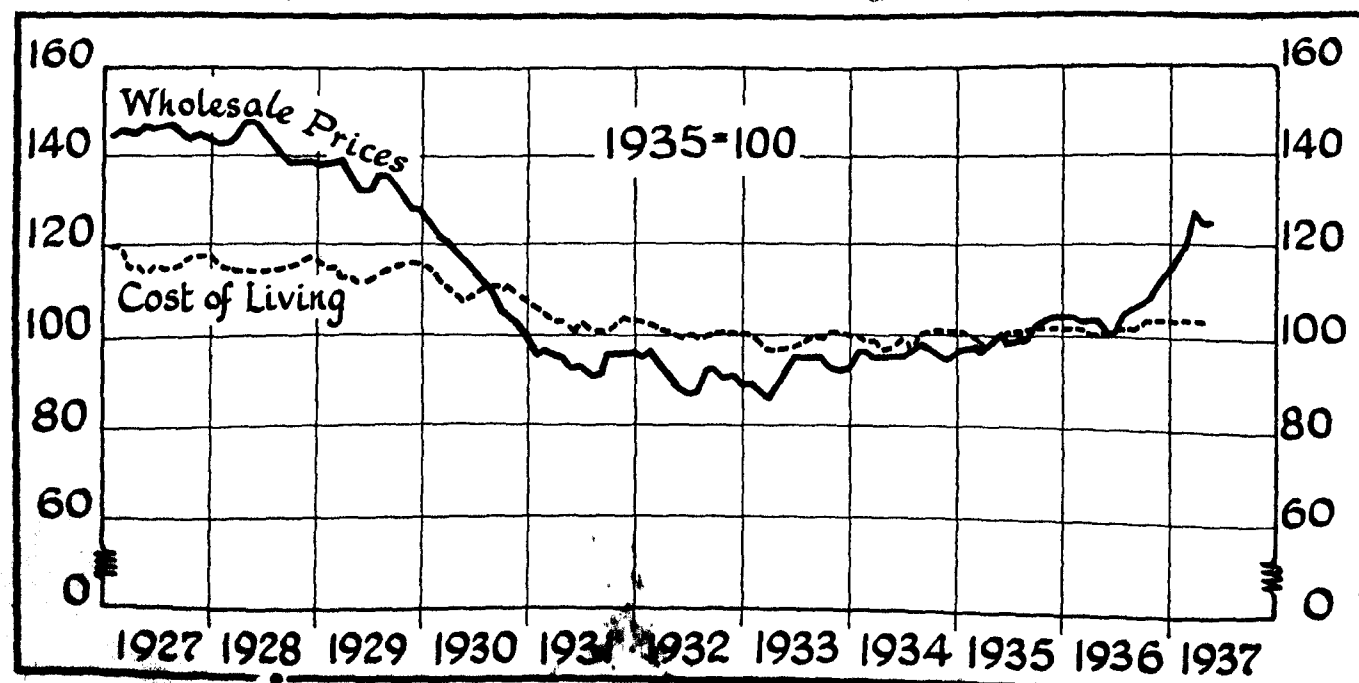
Lord Plymouth flies to the Baltic.—The flying visit Lord Plymouth is paying to Helsingfors, Tallinn, Riga and Kaunas is a most welcome, if somewhat belated, gesture of courtesy and recognition on the part of this country to four very friendly—indeed, very important—young States. It is the first time since their inception

that an official representative of the British Government has visited the three Baltic republics, though Finland had the opportunity of welcoming the head of the Department of Overseas Trade during the memorable "British Week" in Helsingfors in September, 1933. Not only do trade relations between England and both the Scandinavian and Baltic States date back to the very beginning of our history; not only is the whole of that region one of the best markets in the world for Britain, and an essential source of supply; but from the political and cultural standpoints they are closer to us than almost any other nation. The prosperity achieved by Finland—the only country in the world now paying its war debt—deserves study; and the commercial expansion and political consolidation of the three Baltic republics is also remarkable. It curiously contradicts the gloomy prognostications that, without the vast Russian hinterland, these countries would be unable to survive. To-day their trade with Russia is negligible, while England is their commercial—and in many ways their political—metropolis. That position affords this country unique chances, and obvious responsibilities. These States have no political claims on us. There are no special issues for Lord Plymouth to settle. But it is only natural that, cabined as they are between Russia and Germany, they should feel a certain apprehension about two formidable neighbours—whether these happen to be allies as they were before 1933, or enemies as they appear to be now. They wish to live on terms of friendship and peace with both Russia and Germany. Neutrality is with them an article of faith. Lord Plymouth ought to convince them that England appreciates their position, and sees in them not only her very old commercial friends but also collaborators in the cause of peace.

The Trend of Prices.—The implications of the sharp rise in wholesale commodity prices since the middle of last year have been widely discussed of late. In particular anxiety has been expressed over its probable repercussions on the cost of living. The relationship between changes in wholesale prices and the cost of living is illustrated by the diagram below, based on *The Economist* index of wholesale prices of primary products and partly-finished goods and the Ministry of Labour's index of the cost of living. While the official cost of living index suffers from many imperfections, the diagram clearly shows the comparative stability of the prices of consumption goods, including rent. While the two indices show the same general trend, the amplitude of the variations of *The Economist* index during the past ten years has been more than double that of

WHOLESALE PRICES AND THE COST OF LIVING

(Sources: Wholesale Prices, *The Economist*; Cost of Living, Ministry of Labour)



the official cost of living index. Incidentally, the diagram shows that both wholesale prices and the cost of living continued, on the whole, to fall for eighteen months after the suspension of the gold standard in September, 1931. Between the spring of 1933 and the middle of 1936 both wholesale and retail prices rose fairly gently, but since then wholesale prices have increased more rapidly as world recovery has gained momentum. So far the advance in wholesale prices has not been proportionately reflected in the official cost of living index, but the latter may move rapidly in future if wholesale prices continue to increase.

Airways to the Empire.—On Tuesday night the White Paper (Cmd. 5414) was issued giving the chief provisions in the agreement, to be concluded later, between Imperial Airways, the Postmaster-General, and the Secretary of State for Air, for improved passenger services and carriage of all Empire first-class mail by Imperial Airways along the Empire routes. Such mail for Empire and certain foreign countries on the routes will be taken at 1½d. per ½ oz. for letters and 1d. for postcards. The Egypt-South Africa service is to begin shortly; that to India, Burma and Malaya at the end of this year; and the extension to Australia early in 1938. The agreement is to run for fifteen years from next January 1st; and in each of the first three years Imperial Airways are to receive £750,000 subsidy; in each of the next three, £675,000; in each of the next three, £600,000; in each of the next three £525,000, and in each of the last three £450,000—though it is stated that these total subsidies of £9,000,000 are all "subject to adjustment," presumably both upwards and downwards. The various participating countries will, however, together pay not less than £185,000 in each of the fifteen years, "normally" to the United Kingdom Government, as appropriations-in-aid of Air Votes. During the fifteen years Imperial Airways will also receive a sum of £900,000 per annum as payment for carriage of mails alone from the United Kingdom and other Governments, to be made by the Postmaster-General from the Post Office Vote; of which sum £315,000 per annum is expected to come from Governments other than our own. Qantas Airways and other such services on the Empire routes are associated, and will sometimes receive portions of subsidy and payment direct. At the outset, Sydney will be ten days from London, Capetown and Singapore six to seven days, and Karachi or Kisumu three to four days; but when the organisation and equipment for night flying are perfected, these times are to be reduced to seven days, one hundred hours, and sixty hours respectively. By the agreement, nine services a week are to and from Egypt, five to and from India, three to and from East Africa and the Straits Settlements, and two a week to and from Australia and South Africa. On these heads of the future agreement, our Empire air-mail services will be the cheapest, most frequent, and most extensive in the world. Imperial Airways seem to have done remarkably well for themselves in the agreement; but air-mail is one of those rare developments for which subsidies can be justified by the service which can only thus be provided.

Scrap and Build.—Part II of the British Shipping (Assistance) Act of 1935 empowered the Board of Trade, on the advice of the Ships Replacement Committee and with the consent of the Treasury, to make advances at a rate not exceeding 3 per cent. per annum to assist the building and modernisation of vessels for the carriage of commercial cargoes. It was laid down that scrapping must go hand-in-hand with building and renovation to obviate redundant tonnage; that two tons of shipping must be scrapped for every ton built with assistance, and one ton for every ton modernised. On the expiry of this section of the 1935 Act, on February 25th, the Ships Replacement Committee has recorded the working of the scheme; and their report* describes the inevitable

* "Report of the Ships Replacement Committee." His Majesty's Stationery Office. 2d.

fate of depression devices in a period of advancing activity. The technical and financial standards laid upon applicants by the Committee showed a keen desire to advance the interests of British shipping by bringing the tramp fleet into line with the most modern criteria of efficiency. Of the fifty ships built or sanctioned under the scheme, some 55 per cent. of the tonnage was steam and 45 per cent. diesel. Good crew accommodation was insisted upon. And of seventy-four applications for the building of ninety-five ships at an estimated loan cost of £6,228,353, thirty-seven were granted and the total approved advances amounted to £3,548,124 7s. 9d. Counter-scrapping involved the approved demolition of ninety-seven vessels of 386,625 tons gross, consisting of forty-nine British and forty-eight foreign vessels. Of the foreign vessels, amounting to 148,158 tons gross, as many as fifteen with a gross tonnage of 55,156 were Greek. No figures are given of the ages of the condemned ships. At the outset of the scheme freights were still low and tonnage redundant. But even from the beginning improvement rapidly set in; and, indeed, the scarcity of scrap tonnage was a growing difficulty throughout. By 1936 much of the scrap bought for demolition in the open market was already out of commission, and its selection was contrary to the intention of the Act, which had not, however, envisaged a shortage of suitable competitive ships. The recovery of freights in the autumn of 1936 rendered the scrap position impossible and the Act largely unworkable. The only possible conclusion from this report is that the Act was introduced too late. The scheme would have been much more useful had it been introduced a year or two earlier. It is true that a step towards the modernisation of the mercantile marine has been taken; and that a fillip was given to shipbuilding. But such a scheme belongs properly to the trough of depression, not belatedly to the rising curve of prosperity.

German Trade in South-East Europe.—During 1936, Germany's foreign trade with the Central and South-East European countries again increased. Compared with 1935 and 1932 Germany's share of trade with the countries below developed as follows:—

IN PER CENT. OF THE VALUE OF EACH COUNTRY'S FOREIGN TRADE

Country	1932		1935		1936	
	Imports from Germany	Exports to Germany	Imports from Germany	Exports to Germany	Imports from Germany	Exports to Germany
Austria	20.0	16.5	16.7	16.0	16.8	16.1
Czechoslovakia	26.3	16.2	17.3	14.9	17.5	14.4
Hungary	22.5	15.1	22.6	23.8	25.3	23.0
Roumania	24.5	12.4	24.4	16.8	39.0	20.7
Yugoslavia	17.9	11.3	16.2	18.7	26.7	23.7
Greece	9.7	15.1	18.7	29.0	22.3	35.1
Bulgaria	25.9	26.0	53.6	48.0	61.0	47.7

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The figures show that trade relations between Germany, Austria, Czechoslovakia and, to a certain extent, Hungary remained virtually at the same level. This was partly the result of the competitive power of Austria and Czechoslovakia, and partly due to the working of the Rome Protocols. This has favoured non-German countries. Roumania, Yugoslavia, Bulgaria and Greece together accounted mainly for the total increase. Countries without exchange restrictions and complicated barter methods have slowly gained lost ground. For example, Great Britain's share of the foreign trade of some of these countries developed as follows:—

	1935		1936	
	Imports from Great Britain	Exports to Great Britain	Imports from Great Britain	Exports to Great Britain
Roumania	9.6	8.8	6.9	12.5
Bulgaria	4.6	4.3	4.6	11.6
Yugoslavia	10.1	5.3	8.5	9.9

Great Britain's share in their imports was still declining, but that in their exports increased remarkably. Italy's share in their trade, owing to sanctions, declined enormously.

Germany's possibilities in penetrating South-Eastern Europe seem to decline during trade recovery. The following table makes it appear doubtful if Germany will be able to keep pace with other countries.

Country	Imports: 1929 = 100			Exports: 1929 = 100		
	1932	1935	1936	1932	1935	1936
Germany.....	34.8	31.0	31.4	42.6	31.4	35.4
Austria.....	42.5	36.6	37.9	35.7	40.5	43.1
Czechoslovakia.....	37.1	33.8	39.8	35.9	39.0	39.6
Hungary.....	32.1	36.8	39.8	33.0	43.4	48.6
Roumania.....	40.4	36.4	38.8	58.0	58.1	68.2
Yugoslavia.....	37.7	48.7	53.8	38.6	50.8	55.2
Bulgaria.....	41.9	36.3	38.4	53.0	51.2	61.0

Under Dr Schacht's New Plan policy, all these countries are still compelled to buy heavily from Germany. Germany will now have to increase her exports to countries other than those in Central and South-East Europe in order to be able to buy more from that region than she sells there. These difficulties partly explain why Dr Schacht has been trying to come to an understanding with the larger world-trading countries in matters of foreign trade.

Sugar Agreement Details.—The full text of the agreement concluded at the London conference at the beginning of this month is now available. It does nothing to increase the distinctly restrained satisfaction with which its outlines were greeted. The contracting governments agree, roughly speaking, not to increase their already grossly excessive measures of protection during the five years, from September next, for which the agreement is to run. Great Britain, however, reserves the right to increase domestic production and imports from the Empire in proportion to any increase in consumption. This appears to be the only contribution the conference had to make to the reconstruction of the industry. The remainder of the agreement provides for the detailed apportionment of export quotas to the free market and for the setting up of the International Sugar Council.

The basic export quotas are allocated as follows:—

Country	Quota (Metric tons)	Country	Quota (Metric tons)
Netherlands (including overseas)	1,050,000	Germany	120,000
Cuba	910,000	Poland	120,000
Dominican Republic	400,000	Brazil	60,000
Peru	330,000	Smaller producers (Belgium, Haiti, Hungary and Portugal) in all	122,500
Czechoslovakia	250,000		
U.S.S.R.	230,000	Total	3,022,500

* Czechoslovakia is to receive also additional quotas of 90,000 in 1937-8, 60,000 in 1938-9, and 25,000 in 1939-40.

In addition, a reserve of 47,500 tons is held at the disposal jointly of France and Yugoslavia. These basic quotas may be increased or decreased proportionately when demand warrants the change, and various maximum stocks expressed as percentages of the quotas are allotted to each country. The whole scheme is to be administered by the Council, and by its executive committee, which is to be composed of three representatives each of importing, cane sugar producing and beet sugar producing countries. The prohibition of imports from a country infringing the agreement is not to be considered contrary to any most-favoured-nation rights that the offender may enjoy. The elaborate constitution of which this is a brief summary may possibly work efficiently, but it seems unlikely that it will bring with it any relief to the consumer. Nor will exporters secure any advantage, except, perhaps, a slightly higher price, that they would not have obtained in the ordinary course of trade.

Industrial News.—The news that the impending national coal strike has been averted has been greeted with heartfelt relief by industrialists who are now again able to plan ahead. The meagre revisions of N.D.C., however, set out in the Finance Bill, have disappointed industry, especially as the precise liability of individual concerns is still uncertain. Nevertheless the majority of the latest reports from industrial centres on pages 549-552, point to increasing activity, especially in the coal and metal trades. The decline in the demand for house coal has been offset by a further expansion of industrial requirements, and supplementary increases in output allocations have been demanded and conceded for the current quarter. The demand for iron and steel remains as strong as ever and producers, though gradually extending their capacity, are still unable to meet all requirements, a situation which has its counterparts in other countries. A feature is the marked expansion of international trade in iron and steel specialities between industrialised countries. New business in cotton and wool textiles has not yet recovered to pre-holiday dimensions. Demand for rayon, on the other hand, remains exceptionally good. Apart from certain consumption goods trades, there are as yet no indications of the seasonal lull in industrial activity which usually sets in at this time of the year. The outlook for industry and trade is discussed at length in the *Monthly Trade Supplement* published with this issue of *The Economist*.

Electricity Reorganisation.—The Government's dratt plans for the reorganisation of the electric supply industry have been in the hands of those concerned for some weeks, and their broad outlines have been described, unofficially, in the Press. The 600-odd existing undertakings have been divided into 76 groups, which are, for the most part, of homogeneous character and consist wholly of either company-owned undertakings or municipally-owned undertakings. The undertakings in each group are to be combined into one unit, preferably through the acquisition by one member of all the others; failing that, by the establishment of a Distribution Authority as a body corporate appointed by the Minister of Transport; or, as a last resort, by the formation of Joint Boards where the undertakings to be merged are at present owned by local authorities. Schemes for this purpose are to be prepared by the Electricity Commissioners and to have effect compulsorily on confirmation by the Minister. Meanwhile, every encouragement is given to the preparation of schemes to the same end on a voluntary basis, and it is understood that a considerable response has already been secured. Compensation for the dispossessed owners of undertakings is apparently to be on the basis of depreciated assets in the case of local authorities; while, for companies, a further payment will be made for goodwill. This will be equivalent to the purchase, for the unexpired period of each company's franchise, of the profits in excess of a return, at an investment rate, on the depreciated assets. Surviving companies will have a consolidated franchise

for a limited term of years of their whole undertaking. In addition to strict regulation and supervision by the Electricity Commission, their earnings will be regulated by a sliding scale of Draconian severity. On the whole, the scheme seems to provide a workmanlike solution of a knotty and difficult complex of interests. It may be open to criticism, however, on the two grounds: that while it decries the logical basis, it prolongs the form of private enterprise; and that—presumably in deference to interests which are politically strong—it does not divide the country into sufficiently large areas to ensure that each dense area carries something like its due proportion of thinly populated country.

Employment in the Retail Trades.—In *The Economist* of September 19, 1936, we drew attention to the serious problems of employment in retail distribution; to casual labour, long hours, low wages and juvenile unemployment. An analysis of the most recent Ministry of Labour figures, made by the Shop Assistants' Union, serves to underline the urgency of the difficulties which the Ministry in conjunction with the more progressive employers and the Union is at present trying to solve. The fact that the number of insured distributive workers rose between July, 1935, and July, 1936, from 2,213,620 to 2,248,630 shows the magnitude of the problem. More than 25 per cent. of these workers are employed in London alone; and 838,930, or over 37 per cent., are women and girls. Perhaps the most striking feature of the analysis, however, is the revelation that one in every three of the insured workers in distributive trades is under 21—a total of 769,820 young persons, often working long hours, not unusually between 50 and 60 per week, for weekly wages sometimes considerably below 15s. Moreover, these juveniles are more liable to unemployment than those in any other trade. In mid-1936 over 24 per cent. of all the insured unemployed youths in the country between 18 and 20 years of age were in retail trades; and 28 per cent. of all the unemployed girls of the same age had been similarly employed. In Wales as many as one-fifth of the insured males between 18 and 20 in retail distribution were out of work. Faced with these figures and by the facts about the conditions of work and remuneration revealed by a Select Committee on Shop Assistants in 1931, we cannot but feel that the present negotiations ought to result in far-reaching ameliorations in a group of trades upon which we all lean heavily and in which the effort of organising collective bargaining is necessarily an uphill task.

The Scottish Herring Industry.—Almost two years have elapsed since the scheme for the rehabilitation of the depressed herring industry, drafted by the newly-created Herring Industry Board, came into force after securing the approval of Parliament; and some gratifying progress has been achieved in the interim. Following a period of acute depression—reflected in abnormally low profits, declining employment and the existence of obsolete equipment and surplus capacity—the fortunes of the industry have recently taken a turn for the better. The season has as yet hardly begun, but the value of British takings of herring in the first four months of 1937, according to the official returns, averaged 11s. 4d. per cwt., against 9s. 2d. in the same period of last year. Since the primary cause of the depression was the loss of export markets, due to political changes on the Continent, world depression and currency difficulties, particular interest attaches to an agreement between the German klondyking importers and the Shetland herring fishermen, which came into force last week. The German importers have agreed to satisfy all their requirements during the coming season from the Shetland fisheries. Germany is already by far the most important overseas purchaser of British herring and it is hoped that she will absorb still larger quantities under this new arrangement.

Although the industry apparently stands on the threshold of a more profitable season, prosperity still eludes the "small men" in the industry. In Scotland, where individual ownership is far more common than in England, much of the existing equipment is obsolete and many of the drifters barely conform to Board of Trade standards of seaworthiness. The Herring Board, it is true, has launched a loan scheme to facilitate the rebuilding of obsolete tonnage; but it is doubtful whether the bulk of the small Scottish owners are in a position to take advantage of it. A new herring drifter may cost as much as £6,000 to build and the owner must himself find one-third of this sum. A much wider measure of prosperity than has yet been achieved will be necessary before arrears of depreciation and replacement can be made good. But, at a time when so much attention is being devoted to war-time needs, it seems unlikely that the Government will acquiesce in the indefinite contraction of the fishing fleets. The salvation of the herring industry is contingent upon the recovery of markets overseas, and this is one more reason for a new effort by the British Government to loosen the shackles of world trade.

Road Passenger Transport Developments.—A company was formed last week called Red and White United Transport Limited. Its establishment marks a further stage in the consolidation of passenger road transport interests, and emphasises the marked difference in structure between the passenger and goods sides of the road transport industry. The new concern, which is a merger of some eight different companies and their subsidiaries in Wales and the Border Counties, will control over 370 buses and coaches. It will, indeed, be the largest of the remaining companies in England and Wales outside the Tilling and B.A.T. group. There is still a considerable number of small operators of passenger road services; for the latest reports of the Traffic Commissioners record the existence of 4,896 operators each owning fewer than ten vehicles. Nevertheless, the operating units of the Tilling and B.A.T. and the Scottish Motor Traction Groups, together with the municipalities and London Transport, account for nearly 60 per cent. of all passenger vehicles on the roads. There is nothing like this concentration of ownership on the goods vehicle side. Apart from Carter Paterson, Pickfords and other railway-controlled companies, there are not more than a score of haulage firms owning over 100 vehicles each, out of a total of 91,567 "A" (Public Carriers') licensed vehicles on the roads. In the main, the only large goods haulage concerns are those supplying regular trunk services where competition is a bone of contention with the railways.

Motor Insurance in India.—The Committee appointed by the Government of India to examine the "question of enforcing compulsory insurance of motor vehicles against passenger and third party risks" has recently submitted its report. The report brings out the appalling fact that the incidence of motor accidents in India in relation to the number of motor vehicles on the road is far in excess of that in any other country in the world. Fatal accidents number 93 per 10,000 in India; comparable figures for the U.K., Italy and New Zealand are 30.6, 59.4, and 7.4. The total number of all kinds of motor vehicles on the roads is only 125,000, according to figures submitted by the various Provinces, or 143,000 including vehicles not in use. Of these only 20 per cent.

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are buses carrying passengers and many of these do not directly compete with the railways. In other words competition from road transport complained of by the Indian railways has been greatly over-rated. The main recommendations of the Committee include compulsory third party insurance, separation of motor insurance from other accident insurance in returns of companies, compulsory reporting of all accidents and more rigorous punishment for negligent driving. The Committee recognises that the co-operation of the insurers is dependent on adequate measures for the proper regulation and control of motor transport. The Committee holds that the "one-man-one-bus" system is a frequent source of accidents and advocates its replacement by a system of vehicles operating on definite routes to a regular time schedule. It favours a system of co-operative insurance, if practicable, and the setting up of Provincial Boards for road licensing purposes.

* * *

Census of Production: Metal Trades.—Volumes IV and V of the preliminary returns of the Fifth Census of Production, 1935, cover the Iron and Steel Trades. General details about the Census reports were given in *The Economist* of February 27th, page 463. The table below reproduces part of the general summary from the latest reports and gives the gross value of production, as well as the net output (gross value minus costs of fuel, materials and work given out), the number of persons employed, and net output per employee:—

IRON AND STEEL

Trade (and year)	Gross output	Net output	Av. No. of persons employed	Net output per employee
	Thous. £	Thous. £		£
Iron and steel:—				
Blast furnaces	1935 21,047	4,083	15,815	258
	1934 18,540	3,591	14,873	241
	1930 28,820	3,948	19,362	204
Smelting and rolling	1935 101,542	33,356	135,011	247
	1934 90,844	29,569	126,837	233
	1930 84,366	25,577	136,417	187
Foundries	1935 37,771	22,022	107,456	205
	1934 33,988	20,132	99,574	202
	1930 29,447	17,048	91,461	186
Tinplate	1935 13,902	4,897	21,959	223
	1934 13,710	4,610	22,638	204
	1930 15,693	5,088	25,271	201
Hardware, etc., and sheet metal	1935 35,389	17,742	96,097	185
	1934 32,029	15,979	89,850	178
	1930 28,894	14,824	82,917	179
Chain, nail, screw and misc. forging	1935 21,281	10,598	56,537	187
	1934 18,991	9,395	52,706	178
	1930 16,465	8,049	47,414	170
Wrought iron and steel tube	1935 16,518	6,875	28,170	244
	1934 15,017	6,422	24,811	259
	1930 13,252	5,654	25,796	219
Wire	1935 15,602	5,706	23,072	247
	1934 13,905	4,925	21,373	230
	1930 13,430	4,226	21,898	193
Tool and implement	1935 7,828	4,862	24,994	195
	1934 6,848	4,139	22,964	180
	1930 6,272	3,704	22,376	166
Cutlery	1935 3,583	2,357	10,699	220
	1934 3,216	2,089	10,181	205
	1930 3,067	1,767	10,281	172
Needle, pin and metal smallwares	1935 3,198	2,002	12,443	166
	1934 3,023	1,914	11,812	162
	1930 2,645	1,653	9,460	175
Small arms	1935 406	276	1,285	215
	1934 316	223	982	227
	1930 485	310	1,368	227
Total†	1935 278,067	114,836	533,538	215
	1934 250,427	102,988	498,601	207
	1930 237,906	91,892	494,295	186

* Excludes N. Ireland.

† Includes items excluded above for N. Ireland.

The figures show clearly the violence of the recession even from the none too prosperous year of 1930, and the equal rapidity of recovery in 1935. In all the large branches of the industry employment rose substantially, and net output per head easily surpassed the figure for 1930. The increase in the value of the net output per employee in most branches of the industry between 1930 and 1935 reflects the improvement in efficiency resulting from reorganisation.

Volume of British Production.—The official index of industrial production for the first quarter of 1937, published in this week's *Board of Trade Journal*, shows an increase of 7.1 per cent. over the corresponding quarter last year. This confirms once again the movement of *The Economist* index of business activity which showed almost precisely the same rise during this period. Changes in the output of the principal branches of activity are shown below:—

BOARD OF TRADE INDEX OF PRODUCTION (1930=100)

Group	Year 1935	Year 1936	1936		1937
			Mar. Quarter	Dec. Quarter	Mar. Quarter
1. Mines and quarries	91.7	94.4	100.6	99.1	99.5
2. Iron and steel	125.6	150.1	146.2	155.6	158.0
3. Non-ferrous metals	137.3	143.9	134.8	154.0	154.2
4. Engineering and shipbuilding	104.8	123.1	116.3	132.3	136.1
5. Building materials and building	147.0	157.1	148.8	157.3	147.7
6. Textiles	119.1	126.4	127.3	130.3	130.5
7. Chemicals, oils, etc.	110.6	114.0	115.1	119.1	120.5
8. Leather and boots and shoes	116.0	120.7	126.1	119.6	120.6
9. Food, drink and tobacco	107.6	114.5	106.9	121.2	113.3
10. Gas and electricity	132.6	148.2	(a)	(a)	(a)
Total of manufacturing industries (2-10)*	117.0	129.4	126.9	137.6	137.3
Total of all groups (1-10)*	113.5	124.6	123.2	132.1	131.9

* Includes also various industries not specified above.

(a) Quarterly particulars of gas production are not available and complete information in respect of the year 1936 cannot yet be given; a provisional estimate of the quantity made has been used for the calculation of the group index for last year. The available data for electricity have been included in the general index numbers.

In contrast to its movement a year ago, however, the official index showed a slight decline in industrial activity between the last quarter of 1936 and the first three months of the current year. This decline is due to the fall in the indices for building and building materials, and for food, drink and tobacco, for the figures for all the other industries registered an increase between October–December, 1936, and the first quarter of 1937.

* * *

Immigration in South Africa.—The first Act of the present parliamentary session in South Africa was the Aliens Act, 1937, which repealed the 1930 Quota Act and tightened up the restriction of immigration by introducing a more comprehensive control. The Quota Act had exempted most of the large countries of the world from its provisions. From the countries not so exempted it allowed fifty immigrants per annum from each, plus an additional thousand subject to selection. The new Act replaces this regulation by a discretionary power given to an Immigrants Selection Board to restrict and regulate the individual entry of aliens into the Union for permanent or temporary residence. To be acceptable, an applicant for permanent residence must be readily assimilable with European inhabitants and not likely to pursue an occupation in which, in the opinion of the Board, there is already a sufficient number of persons engaged in the Union. There is now a further immigration measure before Parliament, the Immigration Amendment Bill, relating to the recruitment of native labour to meet the increasing demand of the gold mines. Its main purpose is to allow the import of tropical natives (i.e. natives from the north of latitude 22 degrees south of the equator) under approved schemes of recruitment and repatriation. Hitherto (since the Immigrants Regulation Act of 1913) the native labour supply to the mines has come from the Union itself, from the Protectorates of Basutoland, Swaziland and Bechuanaland, and, under a convention, from the Province of Mozambique. The recruiting of tropical natives was not permitted on account of the high death rate (especially from pneumonia) which prevailed in the early days when tropical natives were admitted to the Union. Whether this disability has been removed remains to be seen.

Overseas Correspondence

From Our Special Correspondents

United States

Labour Since the War

NEW YORK, May 18.—The outstanding phenomenon in the spring of 1937 has been the expansion of the labour movement. So recent is this activity that it is not readily analysed in terms of numbers, ideology or general characteristics. Any survey at this stage is necessarily sketchy and tentative.

Between the war period and the passage of the National Industrial Recovery Act, American unionism became dormant. The great Brotherhoods were firmly entrenched in the railroads; the craft unions of the American Federation of Labour had complete or almost complete control of certain skilled trades, like building in its various forms, the printing trades, etc. Coal mining was unionised only in certain regions. But, generally speaking, the newer mass production industries were either unorganised or loosely organised in company unions. Their personnel had neither the cohesion of occupation that characterised the railroad brotherhoods nor the bonds of individual skill of the Federation craftsmen. The result was that total union membership showed little change in numbers from year to year; and the whole movement pursued the even tenor of its way in routine tranquillity. There were exceptional incidents of extreme violence, notably in the coal industry, and occasionally there was local degeneration into downright racketeering.

The N.I.R.A. gave a considerable, but only a brief, impetus to organisation, especially in the areas which did not lend themselves readily to craft unionism. The new organisations fell mainly into the broad category of company unions, in the sense that they were not affiliated to the national or international unions of the Federation; but the movement was somewhat factitious. The year 1934 was, however, marked by two great strikes: a marine strike on the Pacific Coast in the summer and a cotton textile strike in the early autumn. While textile strikes were no novelty, this was the first great attempt to organise the whole industry on a national basis. In spite, or because, of the prompt appearance of violence, the textile strike failed, and for about two years the American labour situation resumed its former tranquillity. This could hardly be attributed to the abandonment of the N.I.R.A., for the sections involving collective bargaining were not questioned before the Court. Nevertheless, the passage of the Wagner Act in the spring of 1936 gave another impulse to the movement, while the example of the stay-in strikes in France suggested a new technique well adapted to industries and plants in which only a small, but resolute and aggressive minority had been organised.

The Rise of Mr Lewis

While the Federation of Labour was by no means slow to undertake campaigns, it was the Committee for Industrial Organisation under Mr John Lewis that made most energetic use of the opportunity. The great unorganised areas were the mass-production industries, with numerous well-paid employees as much above the average skill level of common labour as below the skill level of the craftsmen. The field was ripe for the harvest, the sit-down strike was a sickle at hand, and in Mr Lewis, the C.I.O. had an energetic, not to say, militant, harvester. Six months ago, the C.I.O. was hardly more than a faction of the Federation, representing the United Mine Workers, a rather battered textile union and the garment trades. It concentrated on what might have

seemed the hardest industry in the country—automobiles—and opened with a flank attack on the glass industry. It then proceeded to a sit-down strike in a great motor corporation in which it represented only a handful of the workers, and forced a settlement. On the strength of that victory, it struck at another great motor company in which its position was somewhat stronger, and forced another settlement. After this impressive demonstration, the largest unit in the steel industry capitulated without a struggle.

The result is that the C.I.O. which six months ago represented no more than a minority of organised labour, has now a membership which compares in numbers with either the Federation or the railway Brotherhoods, and is still growing far more rapidly than either. Curiously enough, its whole rise and progress has been in open contradiction of the Wagner Act, which insists that a majority must be the sole bargaining agency, but does not define majority—i.e. whether a majority of all workers in the industry, a majority in a given plant, a majority in a particular department or type of work, or a majority of those participating in some election of representatives. The last of these definitions seems to be gaining acceptance. So far the C.I.O. unions have won their outstanding victories in contests in which they were a minority by any measurement. These unions are, however, growing so rapidly that they may soon become majorities, although in instances it seems clear there will be a collision between the Federation and the C.I.O. unions under the Wagner Act. The important fact is that while the C.I.O. and the Federation are decidedly rivals in certain fields, the C.I.O. has been making its gains not at the expense of existing trade unionism, but in industries that had been only quasi-organised in company unions, partly because the area had not lent itself well to the horizontal organisations of the Federation.

The change in the past six months is astonishing. While six months ago the great mass of American industry was unorganised or only nominally organised, it is now in process of being completely organised either under the Federation or under the C.I.O. It is not unlikely that at the present time American industry is as completely organised as British industry, and it would appear that in a few months, if the present trends continue, it will be more completely organised.

The Prospects of Labour

The first comment is obvious. The C.I.O. unions have expanded with mushroom speed; but they possess neither experienced local leaders nor a tradition of organisation among their hastily recruited membership. Hence the continuance of fitful local strikes in the General Motors plants after the strike settlement of

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INQUIRIES SOLICITED

February—an example of amateur leadership and undisciplined membership. Such episodes are evidence of adolescence rather than of maturity in labour organisation.

It is one thing to note this sudden organisation of the personnel of American industry; it is another thing to formulate its ideology and define its programme. One can say with some positiveness that the current American labour movement is not Marxian in its ideology; but one can also say that it bears little resemblance to the trade union movement as developed in England. It has not yet developed articulate spokesmen or a programme. Nevertheless, the various settlements negotiated—differing widely in substance—are beginning to take shape and a piecemeal pattern is appearing, something like a partly assembled jigsaw puzzle. These settlements go far beyond the simple hours-and-wages arrangements of conventional trade union negotiation, and include wide areas of industrial relationship, considerably more involved than the master-and-servant relation of tradition and of common law. Broadly speaking, they envisage the investment of a job with certain nebulous concepts of property. These were invoked in the sit-down strikes in which it was asserted that while the factory was the property of the owner-employer, the job in the factory was the property of the employee; but the concept finds a number of other applications no more clearly defined. So rapidly has the movement developed that it is not surprising that its outlines should be indistinct. The important fact to remember is that in six months American industry has passed from a relatively unorganised state to one of unusually complete organisation; and that out of a number of detached settlements, a novel pattern of industrial relationship is gradually emerging.

France

No Immediate Financial Difficulties

PARIS, May 27.—The franc seems to be sufficiently bid on the market to be easily maintained. The dollars and pounds brought by tourists and visitors to the Exhibition will consolidate its position. But the return of capital is still too slow to cover the huge needs of the Treasury; and the Rentés are below their lowest points of February, 1934. The sentiment is growing that new financial difficulties will occur, because, as the Prime Minister declared, the State cannot keep on spending so much more than it receives. An estimated deficit for 1938 of 50,000 million francs; the attraction of foreign prosperity; the incoherence of Parliament; the technical errors of the Trade Unions; and the want of authority of the Government are evoking alarm in the country. The fears are probably exaggerated, but they tend to paralyse investment and business.

The opening of the Exhibition will be rapidly followed by the liquidation of the "Soviets of the Exhibition," the new "Ateliers Nationaux." On the other hand, the truce during the Exhibition and the general feeling that the Exhibition should succeed for the sake of national prestige will enable the Government to obtain further financial help from Parliament. The internal difficulties, on the other hand, explain the interest which prevails in the country in the progress of Franco-British efforts to alleviate conflict in Europe and notably in Spain.

The Error of the Forty-Hour Week

The latest mistake of the trade unions is the opposition to any revision of the forty-hour week, which was originally intended to diminish unemployment and is now causing a lamentable paralysis of production and business. The Communists, many of whom were elected by business people, have been forced to take a stand against their allies in the Popular Front. This stubborn and doctrinaire determination to apply the 40-hour week rigidly is a repetition in the field of industry of the rigid insistence on the gold tax in the financial field. It is, however, more lamentable, since the workers are now accustomed to their new Saturday holidays, and

their abolition would provoke grave discontent. If statistics are examined, it appears that unemployment has been diminished by re-armament orders, great public works, by the forty-hour week and by the longer period of military service, but on a much smaller scale by the revival of business. The Government is not unaware of these issues, and the Minister of Economy, M. Spinasse, has declared that the "forty-hour week cannot last unless France produces as much as in the forty-eight-hour week."

Tariff Changes

The diminution of production and the burden of the new social laws evoked a rise in prices which still hampers exports and renders easier the importation of foreign products. The Government have presented again to Parliament a bill for plenary powers to deal with tariffs and quotas by decree. This Bill has already been thrown out by the Senate, which fears that it will be used to lower the protective duties on farm products in order to compensate for the rise in prices. It is emphasised, on the other hand, that the raising of tariffs is contradictory to international collaboration for the lowering of tariffs, which the Government has always proclaimed to be the supreme goal of its policy.

The movement of wholesale prices is shown in the following table:—

	May 1st	May 8th	May 15th	May 22nd
General index	533	536	532	532
Home products	559	560	559	555
Imported products.....	487	492	483	490
Foodstuffs	522	524	524	516
Industrial products ...	543	546	540	546

Prices have remained steady for some weeks and seem to have been temporarily stabilised.

Germany

Central and Local Finance

BERLIN, May 25.—Reich revenue from taxation in April, the first month of the financial year 1937-38, totalled Rm. 911 millions, against Rm. 780 millions in the same month of last year. Revenue from direct taxes and taxes on business rose from Rm. 456 millions to Rm. 561 millions; and from Customs and Excise rose from Rm. 324 millions to Rm. 350 millions. The yield of the turnover tax, which showed the biggest absolute increase, rose from Rm. 201 millions to Rm. 245 millions. The greater relative increase in the yield from Corporation Income Tax, from Rm. 13 millions to Rm. 33 millions, was due to an increase in the rate of tax.

The total indebtedness of municipalities with over 10,000 inhabitants, excluding the Hanse cities, was Rm. 9,491 millions on September 30, 1936, against Rm. 9,653 millions on March 31st. The foreign share in the debt declined from Rm. 379 millions to Rm. 366 millions. Interest paid in the first half of 1936-37 amounted to Rm. 199 millions, and amortisation to Rm. 230 millions. The expenditure of municipalities and municipal unions is declining slightly. This is due to decreased outlay on unemployment relief, while other important expenditure items actually show increases. In 1935-36 municipal expenditure (excluding the Saar and Hanse cities) was Rm. 5,964 millions, against Rm. 6,064 millions in 1934-35.

The structure of municipal finance has undergone a considerable change since the depression. In 1932-33 63.9 per cent. of expenditure was covered by taxation or by administration receipts; in 1935-36 the percentage was 83.2. In the same time, subventions from the Reich and States fell from 12.3 per cent. of expenditure to 5.4 per cent. The total revenue under social insurance schemes, excluding unemployment insurance, was Rm. 4,390 millions in 1936, against Rm. 4,060 millions in 1935; total expenditure was Rm. 3,730 millions, compared with Rm. 3,580 millions. The receipts of the Unemployment Insurance Board totalled Rm. 1,512 millions, against Rm. 1,376 millions in 1935; and the

Board's expenditure rose to Rm. 1,505 millions from Rm. 1,374 millions. The increase in expenditure was due to the repayment of debt. The actual expenditure on unemployment benefit and emergency relief was only Rm. 622 millions in 1936, against Rm. 737 millions in 1935.

The Four Year Plan at Work

Eggs have again disappeared from the market, in spite of an official price 12 per cent. higher than a year ago. There have been numerous new statements about the Four Year Plan. The Chief of the Office for German Raw and Works Materials, Colonel Loeb, promises that the Reich will be independent of foreign liquid fuel within three years. Everything possible will be done to increase the home output of iron ore. Coal and peat will replace firewood, and the wood so saved will be used as raw material for the production of sugar, spirit, benzine and textiles. According to Colonel Loeb, the Four Year Plan is inimical to imports only up to a point which is fixed by considerations of defence and ethics, and it is not inimical to exports; artificial wool is already being exported, and the new Buna synthetic rubber, although it costs about double the price of natural rubber, will shortly be exported. It is stated that artificial silk and synthetic wool provided 19.2 per cent. of textile materials in 1936, against 11.3 per cent. in 1935. The value of all textile raw materials consumed (including yarns) remained virtually unchanged in 1936, being Rm. 906 millions, against Rm. 894 millions in 1935; but the net cost to Germany in foreign currency fell from Rm. 647 millions to Rm. 521 millions.

Industry is generally active. Coal production in the first four months of the year was 59,960,000 tons, against 51,050,000 tons in 1936; and 58,200,000 tons of lignite were produced, against 50,040,000 tons. The Ruhr coal industry is fully occupied. Although some derelict pits are being reopened and some new pits are being sunk, no increase in output worth mentioning is likely in the present year. The present shortage of fine coal and slacks is due in part to deliberate adaptation of industrial plant. After the war the Syndicate had trouble in marketing these sorts, of which to-day there is a shortage. In consequence, it resorted to certain price differentiations, which encouraged plant adaptations. The demand for fine sorts duly increased; and it was fostered by the rapid expansion of cement output, and by other industrial changes. Of late there has been a tendency on the part of the Syndicate to reverse the post-war price differentiation.

The consumption of electricity in March was 21 per cent. higher than that of March, 1936. The Ministry of Economy has forbidden the establishment or expansion of mail order businesses in a great many foodstuffs and other consumers' goods. Owing to favourable Press reports, shipping shares rose sharply on the Bourse last week. The Norddeutsche Lloyd Company reports a net loss of Rm. 1,278,200 in 1936, after writing off nearly Rm. 18 millions. An official report puts the sum invested for reconstruction of shipping between the currency stabilisation and the end of 1935 at Rm. 2,340 millions. Until 1930 investment in sea-going shipping more than covered depreciation and losses, and the value of the commercial fleet increased. But in the years 1931-35 (inclusive), when investment was small and scrapping very active, there was a deficit.

Trade with the British Empire

The foreign trade return for April shows an active balance of Rm. 15 millions, against Rm. 53 millions in March, and Rm. 5 millions in April, 1936. There was a very large increase in imports, and a moderate increase in exports. Nearly half of the increase in imports came from South America, the British Empire, and South East Europe. The increase in exports appears satisfactory if seasonal influences are taken into account; in nearly all post-war years April actually witnessed a setback in exports. The increase in exports went largely to Scandinavia, the British Empire, and South East Europe. Imports from the British Empire in the first four months of the year were valued at Rm. 331 millions, and exports

to the British Empire at Rm. 280 millions. The colonies ceded by the Versailles Treaty have begun to appear in the trade returns as German Colonies.

Millions of marks

	March	April	January-April
Imports			
I. Foodstuffs	154.6	181.3	576.3
(a) Livestock.....	7.8	7.1	33.5
(b) Animal foodstuffs.....	38.1	41.1	151.6
(c) Vegetable foodstuffs	82.1	105.0	288.5
II. Industrial goods	250.0	291.2	976.4
(a) Raw materials	149.8	173.3	587.6
(b) Semi-manufactured	67.8	84.3	270.6
(c) Manufactured.....	32.4	33.6	118.2
Total	408.5	476.7	1,568.3
Exports			
I. Foodstuffs	8.3	8.3	31.8
(a) Livestock.....	0.3	0.4	1.3
(b) Animal foodstuffs.....	0.7	0.6	2.5
(c) Vegetable foodstuffs	4.4	4.6	16.4
II. Industrial goods	453.7	483.3	1,742.9
(a) Raw materials	42.7	48.5	168.2
(b) Semi-manufactured	42.1	44.5	166.2
(c) Manufactured.....	368.9	390.3	1,408.5
Total	462.1	491.8	1,774.7

Imports of gold and silver in the first four months amounted to Rm. 130,300,000, and exports to Rm. 11,400,000. As only a small part could have been silver, these figures indicate a substantial net gold import. No increase of the gold reserve is shown in the Reichsbank's returns.

Holland

Economic Recovery Continues

AMSTERDAM, May 20.—The signs of further improvement in the economic situation of the Netherlands have continued to manifest themselves during the past few weeks. Exports in the month of April rose by more than 77 per cent. compared with the corresponding month of last year, while imports increased by 75 per cent. Some details of the balance of trade, compiled by the Central Statistical Bureau, will be seen in the following table:—

	In millions of guilders, gold and silver omitted		April, Jan.-April,	
	1936	1937	1936	1937
Imports	81	142	314	479
Exports	57	101	213	347

Exports of industrial products progressed particularly well in April, especially of artificial silk yarn, wireless apparatus and electric lamps.

State revenue is also still making a very satisfactory showing. The yield of 34.5 million guilders in April was 5.7 millions higher than in April, 1936; the first four months of the year yielded 19 millions more than the corresponding period of 1936. The revenue accruing from the turnover or sales tax was again satisfactory in April, which is a clear indication of the revival of trade.

Increasing exports make more employment available, and unemployment is declining month by month. At the end of March the number of registered unemployed was 26,000 less than a year ago. It should be noted, however, that in the Netherlands all the unemployed are not registered at the Labour Exchanges as persons

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seeking employment. The unemployment returns for February and March of this year are summarised below:—

In Places of	Unemployed at the end of		
	February, 1937	March, 1937	Decline
100,000 and more inhabitants	161,853	153,693	8,160
50,000 to 100,000	51,310	48,570	2,740
20,000 to 50,000	55,969	50,228	4,841
Less than 20,000	171,321	150,874	20,447
Total	439,553	403,365	36,188

Apparently as the result of the London sugar agreement about 100,000 tons of Java sugar have been disposed of within a few days. The price has been raised by 0.10 guilders per quintal in the export market and by 0.25 guilders in the domestic market. In the most important export markets, Singapore, Japan, Hong-kong, and British India, the average export price is now about 6.00 guilders per quintal, compared with 3.90 on September 20, 1936, a rise of over 50 per cent.

Revaluation Rumours

Despite the signs of economic recovery the Amsterdam stock market has remained depressed, and local securities failed to continue their upward trend. The cause of this is financial, or rather monetary. The problem of the price of gold is attracting much interest in the Netherlands, especially in view of the flow of gold towards this country. The weekly return of the Netherlands Bank reveals that the stock of gold has grown from 697 million guilders on May 11, 1936, to 1,055 millions on May 12, 1937, and the entire bank note circulation is covered by more than 100 per cent.

This influx of gold has continued in full force during the last few weeks, with the result that the Netherlands Equalisation Fund has resorted to reducing its purchase price for dollars. Because of this policy of gradually reducing the purchasing price of gold by lowering the rate at which the Equalisation Fund is prepared to take dollars off the market, some talk of a gradual revaluation of the guilder has naturally been induced. Notwithstanding the fact that the Equalisation Fund has reduced its price for dollars six times within a short period, and by one-eighth of a Dutch cent on each occasion, gold dollars continue to flow to this country. The more the belief in a slow, and possibly only a modest, revaluation of the guilder gains ground, the more inclination there will be to transfer gold or dollars to this country now, with the object of withdrawing from the country more gold or more dollars than have been brought in when, later on, the guilder rate is regarded as approaching its apex. If dollars, that is to say gold to all intents and purposes, continue to flow in, and the influx seems to be increasing rather than decreasing, this may very well be attributed to the prevailing uncertainty about a gradual revaluation of the guilder. It is difficult to see that this can be of any benefit to this country.

Embargo on Foreign Issues

As far as the flow of gold to this country is due to our balance of trade, the question of this country providing credits and capital abroad becomes increasingly urgent. Actually, there is still an embargo on foreign issues. The Board of the Amsterdam Bourse openly expressed disapproval of the embargo in their last annual report. They pointed out that foreign countries might possibly provide attractive investments for the abundance of capital which is seeking suitable investment here. The so-called embargo on foreign issues, or rather the impossibility of getting these securities officially quoted on the Amsterdam Stock Exchange, is a considerable obstacle.

"It ought not to be imagined," the Board of the Bourse stated, "that to prevent the quoting of foreign securities makes more funds available for domestic purposes, for capital will always seek a reasonable distribution between domestic and foreign investments. The so-called embargo only *hampers* the acquisition of foreign securities for Netherlands account, but by no means prevents it; and in the case of securities which are bought abroad and may not be quoted on the Amsterdam Exchange, the only thing the embargo

achieves is that the Amsterdam market loses this important business, and the revenue authorities fail to get the benefit of the stamp duties. We consider the maintenance of the Government's embargo on foreign securities exceeds by far its original object of reserving the capital market for domestic requirements. And it involves the risk that Amsterdam will thereby become too much a local money market, and will gradually forfeit its significance as a prominent international financial centre."

Spain

Fuel Self-Sufficiency

BARCELONA, May 12.—In a recent interview, Señor Diego de Santillan, who until a short time ago was Minister of Economy in the Catalan Government, gave some details about various industrial improvements in autonomous Catalonia.

The utilisation of the huge reserve of "white coal" in Catalonia is still in its beginnings. All the plans are, however, laid down, and by means of electrification of the railways the country will save large sums which hitherto have gone abroad for coal, for the most part from England. Catalonia produces very little coal, and the Spanish mines are situated in districts from which the cost of transport to Barcelona is very high.

About the scarcity of petrol, Señor Santillan affirmed that in parts of Catalonia soundings were being effected at spots pointed out by geologists as likely to contain oil. If, however, the results of these soundings show that the working of the mines will be too expensive, the distillation of lignite coal, of which there are large reserves in Catalonia, which up to now have hardly been worked on account of the poor quality of this material, is going to be undertaken. This should yield large quantities of fuel for driving trucks and stationary motors, and the importation of petrol may be reduced considerably.

Substitution Policy

Señor Santillan deplored the fact that by far the largest part of the ores produced in Catalonia is being exported instead of being smelted and used at home. Lead has always been imported, although there are considerable reserves in Catalonia. Accordingly, a big concern has just been founded, to mine, smelt and manufacture. There is not very much copper in Catalonia, although if the work were intensified at the few small mines on the southern slopes of the Pyrenees the output would be sufficient for immediate needs. There is an abundance of zinc ore of excellent quality; and a plant for the manufacture of zinc articles is being built.

Catalonia has also important bauxite mines, and the results of tests have been so satisfactory that a plant for the manufacture of aluminium is planned. Catalonia is not rich in iron ores, but there is enough to avert in emergency the necessity of importing iron from abroad or from northern Spain, where, at the present time, there are considerable transport difficulties. One of the principal products of the Catalan subsoil is potash, produced in yearly increasing quantities at Suria. The output is already sufficient to meet all the demands of Spanish agriculture and leave a surplus for shipping to foreign countries, and especially to France. Potash is only found in a very limited number of countries, amongst which Germany still occupies the first place, but she has lost the world monopoly she possessed before the war, chiefly on account of the discovery of the Suria mines.

By far the most important industry in Catalonia is the textile industry, which gives employment to nearly 50 per cent. of the working population. The greater part of the raw material used is cotton, which at present is not produced in Catalonia and very little in other Spanish provinces. Señor Santillan explained that the possibility of making abundant certain other fibres similar to cotton in order to restrict imports has been studied. A plant will soon be set up to transform hemp and flax into a sort of cotton. An attempt is also being made to substitute temporarily some domestic material for the jute imported from India.

According to a decree issued by the Ministry of Industry, the lead mines of Carthagena and La Union, as well as those at Linares, La Carolina and other places, and the smelting and manufacturing plants connected with these mines, have been put under the provisional control of the State. This measure is due to the attitude of the owners of these establishments who did not support the Government in its endeavour to increase production.

As the control applies to properties owned totally or in part by foreign citizens (Peñarroya, for instance, is a French company) foreign interests will be respected and should expropriation ever be contemplated, the full value of the investments would be refunded to them. The total output of lead ore in Spain in the year 1934 amounted to 72,151 tons, the greater part of which came from the mines falling under the decree.

Spain and the Catalan Trade

A decree issued for the Government of Spain by the Minister of Commerce is published, according to which a special Regulating Committee for the foreign trade of Catalonia is created. According to the decree, the Committee is composed of an equal number of delegates of the Ministry of Commerce and of the Trade Department of the Government of Catalonia, the President to be chosen by the Minister of Commerce from these delegates. All exporters and importers established in Barcelona and in the other provinces of Catalonia will have to be provided with a special authorisation issued by the said Committee for each transaction with a foreign country, including those on a compensation basis. Every application will be examined and answered on the day of receipt. In case of acceptance, a document to this effect will be delivered by the Committee to the applicant which will be indispensable for exporting or importing goods, and must be presented at the custom house when the goods are being shipped or discharged. In the case of compensation transactions, the Committee will carefully examine the prices stated and compare them with the actual market prices before granting the permission. The shipping documents for the goods the export or import of which has been permitted, will be handed over to the Banco Exterior de España; in the case of exports with a draft on the foreign buyers, to enable the bank to take care of the financial part of the transaction in accordance with the regulations issued by the Ministry of Finance of the Spanish Republic. The Committee will adjust its decisions to the instructions it will regularly receive from the Ministry of Commerce about the desirability of importing or exporting certain goods, or about the value of the principal articles. The Committee for the Regulation of Catalan trade has been set up chiefly to extend the activities of the Central Government to the Catalan trade, in order to control and regulate the whole volume of Spanish foreign business. The new regulation will help to increase the international trade of Catalonia, the volume of which has always been vastly superior to that of any other province of Spain.

Turkey

The Syrian Frontier

ISTANBUL, April 20.—To place a frontier division on a war footing is always a serious step. Three factors appear to have brought this about on the Syrian frontier. One is the allegation that subalterns in Syria, whether backed by Paris or not, are endeavouring to deprive the Turks of the benefit of the settlement of the Sandjak dispute; another is the report that cruel treatment has been inflicted upon Turks in Syria; and the third is the fact that incursions have been made into Turkish territory from over the frontier.

When the Minister of the Interior spoke before the Grand National Assembly at Ankara in the name of the Government, he pointed to the gradual and successful removal of banditry, which for centuries had checked the development of the country. Nevertheless, in the

course of the past few month acts of banditry along the Syrian frontier had increased to an extent hardly known before. On March 19th a large-scale act of banditry was committed between Mardin and Diyarbakir, and news was received that the spoils had been sold on the other side of the frontier amidst public rejoicings. A similar incident occurred at Gerçük, but there the Turkish forces arrived in time to disperse the band, killing a number of brigands. Material obtained on these and other occasions suggested that the formation of bands of brigands was facilitated in Syrian territory, where such bands have found an easy refuge after each incursion.

Under the circumstances the Turkish Government felt compelled to act. In addition to several administrative measures it was decided to mobilise the reservists belonging to one division, a step which probably is simply an intimation that Turkish patience is at an end. The Minister declared that should these measures prove insufficient the Government would not fail to take further steps. Turkey was ready to have the frontier situation and the problem of banditry investigated by some international body.

Several members of Parliament and a part of the Turkish Press allege the Arabs are instruments in the hands of the French. There is a tendency to distinguish between the Blum Cabinet, which has the sympathy of the public, and the French colonial administration. The Prime Minister and the Foreign Minister, on the other hand, have their attention fixed on Balkan affairs; and their departure for Belgrade at this juncture seems to justify the belief that, however important the Turco-Syrian issue may be, European affairs are still more important.

Australia

Farmers and the Referendum

MELBOURNE, April 23.—The result of the referendum on the proposal to amend the Commonwealth Constitution to give the Commonwealth Parliament power to deal with marketing has been to leave in the air the schemes for establishing local prices higher than export values. The principal schemes of this sort were those for dried fruits and butter. The rejection of the amendment followed precedent; and the only important exceptions in the past have been the Financial Agreement and the Loan Council. The popular attitude was reinforced by a rather widespread feeling that the Commonwealth Government is in many ways attempting to do too much; and that the country already suffers from excessive interference by both Commonwealth and State Governments.

Although not confined to the cities, the adverse vote was specially pronounced in metropolitan districts, where the voters were opposed to the maintenance of high prices for local consumption. If the existing arrangements for dried fruits and butter break down, and the producers have to accept low prices for the whole of their output, their margin of profit will be reduced and may even disappear. The question of assisting producers by other methods has been raised, but the Government is unlikely to adopt this course in face of the result of the

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referendum. Politically, the effect of the referendum has been to tell the country producers that although they have to carry the burden of high protection, it is not intended that they should benefit from it.

Improved Monetary Position

The Australian monetary position has been altered by the higher prices for wool and other leading exports. Banking figures show an unusually large increase in deposits and a reduction in advances in the country districts. The quarterly average returns of the ten trading banks (exclusive of the Commonwealth Bank) up to March 31st showed deposits within Australia of £307,191,272, an increase of £13,790,080 compared with the same period a year ago; and advances (country and town business) of £261,461,261, an increase of £2,897,374. Government and municipal securities to the value of £43,937,468 showed a net decrease of £1,870,026, after allowing for an increase of £975,001 in Treasury bills held, which amount now to £26 millions. Comparing the movements, it appears that the external funds of the banks, principally in London, have improved by over £8 millions compared with the first quarter of last year. The Commonwealth Bank shows a similar improvement of approximately £5 millions.

At the same time, business continues active, and the building trade is still busy in the capital cities. Stock Exchange quotations for shares in industrial companies are at a high level, after some recent fluctuations, but the probable effect upon profits of the tendency to higher costs is now engaging attention.

The Commonwealth Government is offering on behalf of itself and the States a 3½ per cent. loan of £7,500,000, redeemable in 1948, at £99 5s. per cent. In deciding on the amount of £7,500,000 the Loan Council has not met the full expectations of some of the State Governments. Business opinion, however, continues critical of the steady increase in public debts in view of the state of unemployment, which is now only little worse than at the pre-depression level.

Letters to the Editor

The Problem of Gold

TO THE EDITOR OF THE ECONOMIST

SIR,—May I be allowed to make a suggestion which, if well founded, will be of assistance in solving the problem of the alleged gold surplus referred to in your last issue.

To my mind the cause of the difficulty is the mistaken assumption that gold has a price. It is the measure of value and a given quantity can only be "bought" with currency which, either by reason of its being on gold or by reason of the international valuation of that currency, has a gold value which equals the quantity of gold acquired. Currencies rise and fall for various reasons; *gold never varies*.

When the U.S.A. was on gold, at par \$20·67 bought an

ounce; to-day it requires \$35. This does not mean that gold has risen but that the dollar has fallen; the "price" of gold expressed in sterling was the same after the U.S.A. devaloured as it was before. If gold were subject to fluctuations it would rise or fall in value like any other commodity throughout the world.

Hence there is no foundation for the "gold scare." Whatever manipulations of currency any of the nations may indulge in they cannot affect the value of that which is the measure of value of all currencies. The prosperity of the gold mining and other Empire industries is due to the fact that the depreciation of Empire currencies has not appreciably affected their domestic purchasing power. There is no surplus and no cause for fear as to the future of gold so long as we in the Empire allow this favourable state of affairs to continue.

Yours faithfully,

JOSEPH RICARDO.

Temple, E.C.

[We entirely dissent from the propositions which Mr Ricardo regards as axiomatic. But we print this letter because it serves as a reminder that there are still many who take it for granted that there is something inherent in gold that makes it the measure of value and that therefore "gold never varies." Gold is only a measure of value so long as we care to use it as such; its value is not always stable in relation to other commodities and if any other unit of account is adopted the price of gold varies like that of any other commodity.—ED. *Econ.*]

Excessive Saving

TO THE EDITOR OF THE ECONOMIST

SIR,—Few will dissent from the view expressed in last week's article on the National Savings Movement that "... if we measure usefulness by the addition it makes to the welfare of the people who save it is obviously the most useful part of the nation's savings." Few will dissent except as they consider it an under-statement of the immense benefit of small savings to the individual and to the State.

The article proceeds "If it should ever be desirable that we save less. . . ." But in every slump it is desirable that we save less—or rather that we spend more. If I save in a slump, I put my neighbour out of work. The benefit of saving to the individual must not be allowed to obscure the vital fact that every act of saving reduces the general income unless offset by the spending of others either on consumption or investment goods or services. Net saving, since it reduces the national income, is fatal to saving. On the one hand the advantages of saving to the individual are manifest: on the other hand, net saving reduces trade and the general income. There need however be no dilemma. We must encourage individual saving to the full, and at the same time take prompt action to offset net national saving.

It is not essential for the State itself to spend more as the community spends less: it will suffice if citizens are provided with the means to spend more, e.g. by reduced taxation. Unfortunately, less taxation at one time suggests more taxation at another, although lower rates do not necessarily mean lower receipts, and we have perhaps disposed of the intellectual dilemma only to find ourselves faced with a practical one—or at least with formidable difficulties none the less real for being largely psychological.

Yours faithfully,

Reigate, Surrey.

P. E. BUDGEN.

Books and Publications

An American Economist

PROFESSOR MITCHELL has so high a reputation in this country for his studies of the Trade Cycle that even a volume of republished essays and addresses with an odd title is sure of many attentive readers. One always approaches such a book with forebodings. There is a large element of duty among the motives that make one read the minor works on various subjects of an accepted authority on one particular topic. And when, as in this case,* they are edited and selected by a pupil, one expects to find a good deal of ephemeral matter.

* "The Backward Art of Spending Money, and other Essays." By Wesley C. Mitchell. 415 pages. McGraw-Hill. 18s.

is because he regards our pet ideals and theories as mere by-products of the kind of work we do, mere excrescences on minds devoted mainly to getting a living.

A little of this attitude—and a satiric wit not unlike Veblen's—remains in Professor Mitchell's work. He, too, cultivates an innocent eye when dealing with other economists. His critical method is very largely to attempt to see not only what economists have said but what they have not said. Or, as he puts it, postulates are not as interesting to him as preconceptions. The method is very definitely a success in the critical essays, and particularly so in the excellent studies of Bentham, Ricardo and Wieser, which add to our comprehension rather than to our knowledge. It works well, too, in the title essay, which analyses very simply and solemnly the reasons why we are so much cleverer at making than at spending money.

The essays on the duties of contemporary economics show the author in the rôle of a director of statistical research rather than as a psychologist. But the background is the same. The urgent plea for the continued collection and improvement of statistics, and for their impartial analysis by institutes of economic research, is based upon the same sense of the fallibility of theorising and of the transience of the mere theorist's advice. But it is based also upon an additional conviction, that of the immense complexity and uncertainty of economic affairs as they are revealed by the multitudinous data accessible to the American student.

This conviction is not of course peculiar to America; but in this country the dominance of theory has left the concoction of policy largely to politicians and officials, for only a few economists have had time, opportunity or inclination to rush into affairs. In America, on the other hand, economists have always been more ready to improvise policy. Government has been far more anxious to employ them, and public opinion has been more patient of their pronouncements. This situation is clearly reflected in Professor Mitchell's essays and adds much to their interest for English readers. He has a very experimental attitude towards social questions, and is moreover a very influential person. The National Bureau of Economic Research, of which he is director, is well known to possess the confidence both of the public in general and of business men in particular. And it is significant that he can consider changes which, even in this country and certainly in most parts of the Continent, would be thought rather Bolshevik.

It is therefore not only to economists that these essays can be recommended. They reveal some distinguishing characteristics of American democracy. In their massive simplicity—rather reminiscent of Marshall, in their extreme open-mindedness, and in their willingness to consider very drastic public policies without political preconceptions, they illustrate a different outlook from ours. It is important that we should understand this attitude; and we may have a lot to learn from it.

Shorter Notices

"Economic Thought and Language." By L. M. Fraser. Black. 411 pages. 12s. 6d.

Professor Fraser has here attempted to apply the logical technique of his training as a philosopher to the terms and processes of economic thought. He shows a wide and lively knowledge of contemporary writings and controversies, and covers the whole field of economic theory in his search for meaning and definition. No more useful contribution could be brought to the science of economics at this stage of its development than the gift of precise statement. And Professor Fraser brings the experience of some years of successful teaching to the task. Unfortunately, however, he has probably attempted to do too much in the compass of a single book. A shorter and simpler analysis of economic meaning might well have been more effective. Nor do his terms of reference permit him to resolve the host of real and verbal difficulties which he culls from current discussion to illustrate his method of approach. There is consequently an inconclusive air about this book; it tends to sprawl and lose perspective; and it is necessarily repetitive. Nevertheless, it is a notable book, and a token of the energetic erudition and incisive curiosity of the younger generation of economists.

"World Finance (1935-37)." By Paul Einzig. Kegan Paul. 342 pages. 12s. 6d.

Mr Einzig has now extended his serial epic of post-war finance from the fall of the gold *bloc* to the current throes of re-armament policy. He shows how the traditional policy of deflation in the face of depression failed in a welter of crises; and how a grim battle around the franc saw the devaluations of the gold *bloc*, and ended with the Tripartite Agreement of last September and the seeming dawn of an era of financial common sense. But then, in Mr. Einzig's view, tragedy intervened in the cost of re-armament, just when prosperity was bounding forward under the new stimulus. The book leaves Europe under the brooding menace of war. The story is told in a lively and interesting style. The author deals in his own individual way with currency stabilisation, the financial implications of French social policy, the problem of sterling overvaluation, and the American position. The account is perhaps least impressive where underlying and long-run problems of policy emerge.

Books Received

Butter and Oleomargarine. By W. R. Pabst. (London) P. S. King and Son, Ltd. 112 pages. 6s. 9d. net.

The Mineral Position of the British Empire. (London) Imperial Institute, South Kensington, S.W.7. 166 pages. 4s. net.

Durham and the North-East Coast. Report of the Labour Party's Commission of Enquiry into the Distressed Areas. (London) The Labour Party, Transport House, S.W.1. 28 pages. 1d. net.

Etudes Economiques. Vol. VI. Thèses présentées à la "Licence en Sciences Commerciales" Mai, 1936. (Montreal) Editions Beauchemin. 430 rue St.-Gabriel. 556 pages. \$5.00.

New Zealand Official Year-Book, 1937. (London) New Zealand Government Offices, 415 Strand, W.C.2. 894 pages. 7s. 6d. net.

Trustee Savings Banks Year Book, 1937. (Fakenham, Norfolk) Wyman and Sons, Ltd. 231 pages. No price stated.

The Said Noble River. By Alan Bell. (London) Port of London Authority. 82 pages. 2s. 6d. net.

Costi Crescenti decrescenti e costanti nello studio degli effetti economici delle imposte. By Attilio da Empoli. (Bari) Tipografia Cressati. 46 pages. No price stated.

Aperçu de la Politique Financière suivie par l'Angleterre pour le Redressement de son Economie et de ses Repercussions Internationales. By R. M. Najjar. (Cairo) Imprimerie Nationale, Boulac. 66 pages. No price stated.

Official Publications

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

Ministry of Health: Report on an Investigation into Maternal Mortality. Cmd. 5422. 5s. 6d. net.

Report on Maternal Mortality in Wales. Cmd. 5423. 2s. 6d. net.

Ministry of Labour: Report for the year 1936. Cmd. 5431. 2s. 6d. net.

Navy Dockyard Accounts, 1935. 6d. net.

Report from The Select Committee on Medicine Stamp Duties 7s. 6d. net.

Statistical Abstract for British India for the years 1924-25 to 1933-34. Cmd. 5424. 14s. net.

Report of the Committee on the Regulation of Wages and Conditions of Service in the Road Motor Transport Industry. (Goods.) Cmd. 5440. 1s. net.

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MONEY AND BANKING

France and the Franc

The last three months have witnessed a sharp decline in the exchange value of the franc, from Frs. 105 to the £1 immediately after the devaluation and until the first week of March, to Frs. 110-111 during the last few days. This decline, which a month ago went as far as Frs. 112 to the £1, represents a lapse from the middle to the lowest ratio of the franc's possible gold content to the dollar's gold content, as provided in the decrees establishing the new gold franc. The Exchange Committee, established at the same time, tried to hold the franc at its middle exchange value, while every indication showed that it should be at the lower level. Accordingly, the bears were betting on a certainty. This bear position, at great cost to the French Exchange Fund (in gold), has now been cleared away.

The bear attacks were due to the confused political scene in France; the spasmodic resurgence of stay-in strikes by labour zealots; the vacillating attitude of the Government, ever since their advent to power, to the penal taxation of repatriated private capital; the swift rise in costs of production produced by the unexpectedly rapid social reforms; the grudging *méchanceté* of the "men of the Right" and the rentiers towards the Blum Government. But the bears have now little reason to renew their attacks.

Here are but a few evidences of real recovery. Wagon loadings and returns on the railways—the branch of the French economy in which deficits have ruled longest—reflect a quick rise in business turnover. Tax revenue in the first quarter of this year exceeded that in the first quarter of 1936 by more than Frs. 750 millions, as well as the already optimistically calculated revenue estimates. Industrial production, especially in the building, metal and machinery industries, has spurted upwards, largely owing to the consilience of devaluation with the expenditure of many milliards of francs on armaments out of the extra-ordinary Budget, on "crisis-public-works" out of the special fund for that purpose set up last year, and on the Paris Exhibition. Re-stocking, which began last winter, has extended; and the rate of compulsory liquidations and bankruptcies has rapidly fallen. Big concerns have begun to increase their capital; private issues, which in the first quarter of last year were only Frs. 238 millions, reached Frs. 607 millions in the first quarter of this year. Bank deposits have been steadily rising. The official figures of unemployment at 378,000 odd are about 75,000 less than at the corresponding period of last year; but of these 378,000, about 100,000 are over the age of fifty, and 100,000 are women in irregular employment; and about 1,000,000 foreign workers in France (many of them Poles) have been compelled by unemployment during the depression to return home. Consequently, the galvanic effect of devaluation, rising wholesale prices and expanding trade has been exerted upon one of the few European labour markets where little labour reserve for all branches of industry exists. The result of this, as of the social reforms in the sphere of wages, hours and conditions, has been greatly to improve the lot of the worker. But, simultaneously, it has intensified that tendency—to be noted in the industrial recoveries of Great Britain and the United States—of industrial concerns to instal the latest types of labour-saving machinery and methods. In sum, the profitability of French industry to-day has not only been restored over the bulk of industry; it has been restored to a higher *real* extent that a comparison of indices for, say, 1931 and 1937, would suggest.

For example, there is a shortage of labour, especially of skilled labour, in many branches of industry; and the

rise in costs of production during the last twelve months—which is, according to the most reliable estimates, of the order of 30-40 per cent.—has led not only to the improvement of plant, noted above, but also to industrial amalgamations on a large scale. This has worked against the typical small French manufacturing concern, which cannot so well afford the still high rates of interest (6½-7 per cent. on industrial debentures); and the narrowing of the capital market by the necessarily frequent incursions of the Government has reinforced the already existing tightness, due to the "stay-out" strike of the French capitalists. Only the larger, more profitable concerns can still profit from the exceptional situation which drives them to re-equip their factories. Thus, in the last twelve months such concerns—which are also those who must first benefit from re-armament and public works—have achieved a remarkably high degree of productive efficiency, comparable with that of corresponding undertakings in, say, Britain or the United States, and higher than before 1931.

Devaluation, the social reforms and the rise in prices outside France have combined to raise the French price-level to such a degree that M. Blum's Government have had to decree a "pause" in the progress of reform and to force the more pretentious Socialist and Communist workers' leaders to prolong the Matignon agreement for collective regulation of industrial questions. Between April, 1936, and April, 1937, French wholesale prices rose by 47 per cent.—industrial wholesale prices by 53 per cent. and agricultural wholesale prices by 29 per cent. Retail prices went up by about 27 per cent. In the same period, however, British wholesale prices rose by 13 per cent., retail prices by nearly 5 per cent., and American wholesale prices by 7 per cent., retail prices by 5 per cent. As the French devaluation was in effect about 40 per cent., there is still a margin in favour of French prices—for what such superficial calculations are worth. More important is the movement of French production costs, which the higher wage rates, shorter hours, and still very high rate of interest decide. That the pace of social reform has been hot, and that devaluation occurred at so late a date as to coincide (unfavourably for France) with a steep rise in world prices of necessary raw materials, appears from the latest French trade returns. For the first four months of this year, compared with those of last, imports are up by Frs. 5,375 millions, but exports by only Frs. 2,402 millions, so that the import surplus has risen during the twelve months in which devaluation occurred to Frs. 6,205 millions, i.e. virtually Frs. 3,000 millions more than, or double what it was, in the first third of last year. These considerations alone give point to M. Blum's demand for a "pause" and to his urgent desire to expand international trade.

The ordinary Budget for 1937 shows a deficit of Frs. 4,600 millions which, as noted above, is being reduced by an excess of tax revenue over estimates. On the other hand, the extra-Budgetary needs for defence and public works are now Frs. 9,000 millions, for pensions fund Frs. 2,200 millions, and for the railways and other undertakings' deficits Frs. 16,000 millions. Frs. 8,000 millions have already been raised in cash by the *tranches* of the new 4½ per cent. Defence Loan and Frs. 6,000 millions of extraordinary expenditure has been abandoned, but there was an irreducible real deficit of about Frs. 25,000 millions for the current year.

This deficit can only be covered by borrowing. M. Auriol has said that Frs. 16,000 millions must come from the medium- and long-term market; another Frs. 4,000 millions is needed to repay the British credit. The long-term public debt, which stood at Frs. 261,441 millions in 1930 and at Frs. 356,842 millions in 1936, is thus still rising, and the rate of interest remains high; consequently the burden of debt on the ordinary Budget increases. On the other hand, the short-term debt in Treasury bills was reduced from Frs. 13,939 millions in December, 1935, to Frs. 6,322 millions last September; but since then the Treasury has borrowed a fresh Frs. 11,500 millions out of the Frs. 20,000 millions newly authorised, Frs. 2-3,000 millions for pensions in one-year bonds, plus the Frs. 8,000 millions of long-term Defence Loan. The probable needs of the Treasury in the last nine months of 1937 was placed on May 22nd at Frs. 20,000 millions. The Government had to pay 4½ per cent. at 98 for its recent Defence Loan, still quoted at 95½. Thus, the Government has been able to borrow, on costly terms; but, as in the case of the dog that walked on its hind legs, the wonder is not that it did it badly, but that it was able to do it at all.

The French economy, the franc, and the Government are alike still suffering under that *crise de confiance* which has devastated France—and French politics—ever since the policy of unremitting deflation was first inaugurated five years ago. M. Blum's Government has behind it a more solid mass of public goodwill than any French Government during those five years. But that Government cannot blink the fact that the golden horse has bolted. It must be fetched back; or it must return voluntarily. It cannot be fetched back; and unless measures are taken to induce it to return, M. Blum's only alternative is that kind of nationalistic economy, that autarky, which some of his extremist supporters have urged on him, and in which no French capitalist or industrialist could comfortably breathe. Such an alternative M. Blum has decisively rejected, and has demanded the famous "pause." The first faint signs that the capital efflux has ceased are now apparent, and with the need for funds in a rapidly recovering field of French industry capital is trickling back. As this process develops, the Government will be able to reduce the rate of interest, lower the burden of the service of the National Debt on the Budget, and reap the overdue first-fruits of devaluation. Though the outlook is still clouded with anxieties, French finances and the franc seem now to enjoy greater expectations than they could a few months ago.

Financial Notes

Institute of Bankers.—Mr R. A. Wilson, a joint general manager of Lloyds Bank, has been elected President of the Institute of Bankers in succession to Sir John Caulcutt. Mr Wilson, who became deputy chairman of the Institute two years ago, passed the earlier part of his banking life in Yorkshire. He entered Brown's Bank in Leeds in 1898, two years before its absorption by Lloyds Bank, and eventually became the Lloyds Bank manager for Leeds. In 1924 he came to London as assistant general manager, and in 1929 was appointed one of the joint general managers. His election as President of the Institute is to be welcomed both on personal grounds and because of Mr Wilson's long experience of north-country banking.

Foreign Exchange Dealings.—The normal practice in London is for all foreign exchange transactions between bank dealers to be made through a broker. The broker does not buy or sell on his own account, but his function is to keep in touch with all the dealers, judge the general trend of rates, and to suggest and determine rates which are satisfactory to both buyer

and seller. In return for his work he is paid a commission, and without his services an individual dealer would never ascertain quickly exactly when business was offering, or make certain at any moment of securing the most favourable rate. Recently there has been a suspicion, to put it no higher, that one or two dealers were inquiring of the brokers the rates of the moment and then dealing with each other direct. The brokers naturally objected to being short-circuited in this manner. Negotiations have recently been taking place between the Bankers' Foreign Exchange Committee and the committees representing the foreign exchange brokers, and in consequence it has been agreed that direct dealing shall cease as from June 1st. This means that all banks in direct telephonic connection with brokers shall make full use of the latter's services, but certain affiliated or subsidiary banks which have insufficient foreign exchange business to justify telephonic connection will still deal direct with their parent or affiliated bank. This is a thoroughly equitable solution of what was becoming a vexed question.

Italian Finances.—Isolated details of Italy's economic position are once more beginning to emerge. Last week we were able to secure publication of Italian wholesale price index numbers, showing that there had been a net rise since July, 1935, of 31.8 per cent. The Finance Minister has now brought the Bank of Italy's return partially up to date. Between December 31, 1936, and April 30, 1937, the Bank's gold reserves had fallen from 5,892 to 4,023 million lire (the previous statement gave a figure of 4,021 million for February 20, 1937). The note circulation has risen from 13,145 millions at the end of 1934, to 15,678 millions last February, and 15,645 millions on April 30th, but the previous explanation that these later figures include 1,480 million of notes in circulation in Abyssinia is repeated. The Bank's gold reserves exclude the reserves of gold and devisen held by the Institute of Exchange, and it still appears that apart from these last holdings Italy has lost the whole of the profit on the revaluation of the Bank's gold last October. The Finance Minister also gave some budget details. Estimated revenue for 1937-38 at 20,597 million lire showed an increase of 285 millions over 1936-37, but a deficit of 3,173 millions was expected, largely due to the expenditure of 1,021 millions in Abyssinia. To fill this deficit the Government was largely relying upon the improvement in the economic situation, the buoyancy of the revenue and the prevention of tax evasion. The cost of "the conquest and exploitation of the Empire" during the years 1934-35 and 1935-36 was 12,111 million lire, and the financial year 1935-36 showed an "effective" deficit of 12,686 millions. There would be a deficit for 1936-37, but this would be met by the profits on the revaluation of the Bank of Italy's gold and on the realisation of the gold and devisen surrendered to the State by the Italian people. These are non-recurrent sources of revenue, as the Government may realise more clearly by the end of the current financial year. As the Finance Minister virtually admits, Italy can only achieve a balance by applying totalitarian standards of measurement.

The Foreign Exchanges and Gold.—Spot francs strengthened from Frs. 110½ to Frs. 110¾ early in the week, mainly because the French authorities were squeezing certain bears of francs with positions maturing at the end of the month. The rate has since slipped back to Frs. 110½, with three months' francs hovering between Frs. 1½ and Frs. 2 discount. Dollars have been very steady at just over \$4.94, but they were more bid towards the end of the week, this being a reflection of the easier tendency of the franc. There is a fair demand, probably of a commercial character, for dollars for delivery towards the end of the year. The six months' rate is 2½-2¾ cents premium, or an absolute rate of about \$4.91½. The view is expressed that while some

appreciation of the dollar is probable, sterling is not likely to fall below that rate. If so, there is little gain in covering ahead. London dealings in gold have been active, for dishoarded gold continues to come forward, and the British authorities have been buying more freely. The discount below the dollar parity price has narrowed. British purchases of gold serve to check sales to the United States, and so give support to the dollar. In this connection the current rate of \$4.94 for sterling is on the high side, and the recent weakness of the dollar is in part attributable to heavy gold shipments to the United States. It has also been suggested that some of the British official gold purchases have been on Dutch account. An interesting position has developed in Amsterdam. A heavy influx of funds into Holland has forced the Dutch authorities to make heavy gold purchases and also to reduce their buying rate for dollars, but one consequence is that there are now few dollars held privately in Amsterdam. Hence if there is a demand for dollars, there may be a temporary reaction in the rate, pending sales by the Dutch authorities, who are now operating the other way. There has been a temporary demand for belgas, and the rate for sterling has fallen from 29.32 belgas to 29.27 belgas. This demand is ascribed to some repayment of money due to Belgium. Swedish kronor have returned to the normal pegged rate of Kr. 19.39½, and have been very steady. After a period of weakness during April, the free rate for Argentine pesos has strengthened nearly to the official import rate of 16 pesos to the pound, and there are rumours of a reduction in the latter. So far there is no indication of any such change.

The Money Market.—Easier conditions have prevailed this week, especially on Tuesday, when the supply of funds exceeded the demand. There were, indeed, reports of offerings of bond money at ½ per cent. by outside lenders, in place of the usual rate of ¾ per cent. Discount rates are unchanged, but ¾ per cent. is now the effective rate for three months' bank bills. The banks have bought moderate amounts of July and August Treasury bills, but some of the banks already have plenty of July bills.

	May 6, 1937	May 13, 1937	May 20, 1937	May 27, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	2	2	2	2
Short loan rate:—				
Clearing banks	1-1-1*	1-1-1*	1-1-1*	1-1-1*
Others	1-1-1	1-1-1	1-1-1	1-1-1
Discount rates:—				
Treasury bills	1	1	1	1
Three months' bank bills	1-1-1	1-1-1	1-1-1	1-1-1

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

At the Treasury bill tender on May 21st, the syndicate succeeded in securing 60 per cent. of the allotment in place of 54 per cent. the week before, but they only did so by tendering at one penny below the price corresponding to the agreed minimum rate of ½ per cent., and so the bills yield practically no profit. It has been suggested that the market should take the risk of tendering at a lower price on the ground that it might still obtain an adequate allotment. The danger is lest the market should be out-bid by other applicants, and if the market missed the tender altogether it would find itself faced with the awkward alternative of either having to reduce its loans from the banks or else having unemployed funds on its hands.

The Bank Return.—This week the return of currency after the Coronation and Whitsun has reduced the circulation by £6.2 millions. In the absence of further gold purchases by the Bank, the Reserve is increased by the same amount..

BANK OF ENGLAND					
	May 27, 1936	May 5, 1937	May 12, 1937	May 19, 1937	May 26, 1937
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	206.4	313.7	318.7	321.3	321.3
Note circulation	426.1	475.2	479.9	481.4	475.2
Banking Department:—					
Reserve	41.2	39.4	39.6	40.7	46.9
Public deposits	19.8	16.4	32.5	19.2	24.9
Bankers' deposits	78.3	97.2	87.7	97.4	91.4
Other deposits	36.7	37.7	37.2	37.6	37.5
Government securities	91.8	103.1	108.3	103.3	99.5
Discounts and advances	6.7	5.4	5.9	6.6	4.9
Other securities	12.9	21.0	21.3	21.4	20.3
Proportion	30.5%	26.0%	25.1%	26.4%	30.5%

In the banking department Government securities are reduced by £3.8 millions. They thus continue to move on lines parallel to the rise and fall in the note circulation, with the result that the total assets and liabilities of the banking department are kept nearly unchanged. While the Bank's total deposits are unaltered, there has been this week a transfer of funds from bankers' to public deposits. This is the back-wash of last week's increase in bankers' deposits. Both are due to the same cause, namely, the concentration of last week's Treasury bill maturities on Tuesday, May 18th, the opening day of the week.

Irish Banks' Returns.—The returns of the banks operating in the Free State for the March quarter, published by the Currency Commission, are as follows:—

	£000's omitted				
	March quarter, 1936	Dec. quarter, 1936	March quarter, 1937		
			In I.F.S.	Elsewhere	Total
Liabilities:—					
Capital, reserves, etc.	17,218	17,371	10,392	7,136	17,338
Notes in circulation	8,698	8,789	5,105	3,664	8,789
Current, deposit and other accounts	163,384	164,735	120,289	44,843	165,132
Other liabilities	4,924	5,577	2,843	2,389	5,232
Total	194,224	196,473	138,440	58,031	196,471
Assets:—					
Cash and balances with banks	12,786	14,968	4,921	7,549	12,470
Money at call and short notice	10,574	10,709	5	10,225	10,230
Bills	6,462	6,313	4,879	1,467	6,346
Loans and advances	67,759	67,825	44,858	24,189	69,047
Investments:—					
(a) Government	79,316	78,543	3,579	76,507	80,086
(b) Other	9,529	10,188	3,580	7,042	10,622
Other assets	7,799	7,924	3,187	4,180	7,667
Total	194,225	196,473	65,009	131,459	196,471
Excess of assets outside I.F.S. over liabilities outside I.F.S.	72,056	72,642	...	73,428	...

These figures must be regarded as very satisfactory. Compared with a year ago there has been an increase in deposits, loans and advances and investments, which reflects the improvement in agricultural prices and in general business conditions. During the same period the total monetary circulation in the Free State has increased from £15,212,460 to £16,054,759, and the average daily bank debits (exclusive of government accounts) from £1,579,000 to £1,720,000. The increase in the net external assets, shown in the last line of the above table, suggests that the balance of payments during the last twelve months has been favourable, in spite of the large passive visible trade balance.

Anglo-Palestine Bank.—The report of the directors for the year to December 31, 1936, states that the accounts of the bank reflect in some measure the effect of the year's political events upon the economic life of the country. It also states that the year's citrus season was unsatisfactory, as although exports were much larger in volume, prices were lower than at any time since the War. For these reasons the increase in deposits was not so rapid as in previous years, while advances, etc., have recorded a slight decline from £2,786,000 to £2,627,000. On the other hand, the

General Mortgage Bank of Palestine, in which the Anglo-Palestine Bank holds a controlling interest, has been able to extend its activities in some degree. The net profits of the Anglo-Palestine Bank have fallen from £130,196 for 1935 to £95,963 for 1936, and in the latter year the directors thought it prudent to make a disclosed appropriation of £20,000 for contingencies. On the other hand, last year's appropriation from net profits of £100,284 to the reserve fund has not been repeated. Instead the reserve fund has been reduced from £240,000 to £219,000 as the result of the changes in the bank's capital structure and the fresh issue of shares made a year ago. Nevertheless the ratio of capital plus reserves to deposits remains adequate, while the bank's general position is sufficiently liquid. It is clear, however, that its future earnings are governed to some extent by the course of events in Palestine.

The Nordiska Föreningsbanken.—One of Finland's three leading banks has just celebrated its 75th jubilee. It is not generally realised to what extent Finland was independent of Russia even in the days of the union. It had its own monetary system from 1860, and the Bank of Finland was actually established in 1811. The desirability of creating joint stock banks became apparent during the Crimean War, and on May 21, 1862, the Föreningsbanken i Finland came into being. In 1919 it amalgamated with the Nordiska Aktiebanken, which was ten years its junior, and assumed its present name. To-day the bank enjoys a unique and well deserved prestige in its own country; indeed, throughout the business world. It has played a leading part in developing and consolidating Finland's recent and remarkable prosperity. It merits warm congratulations on its able, vigorous and sound administration.

Insurance Notes

Car and General Insurance.—The total premiums of this company, which is controlled by the Royal Exchange, were £1,472,000 in 1936, compared with £1,267,000 in the previous year. An increase from £1,117,000 to £1,317,000 took place in the accident branch; the greater part of these premiums refer to motor insurance, in which the company occupies an important place in the market. Fire premiums at £97,000 and marine premiums at £58,000, both showed some expansion. The results of the last two years are given below.

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	14,025	14.7	13,628	14.1
General Accident	73,391	6.6	55,378	4.2
Marine	4,655	8.5	616	1.1
	92,071		69,622	
Less items debited to Profit and Loss Account	65,271		52,898	
	26,800		16,724	
To General Reserve ...	45,000		32,000	

Total assets amount to £2,090,000, of which Stock Exchange securities account for £1,474,000, against an aggregate market value on December 31st last of £1,690,000. Not included in the above debits to profit and loss was the transfer of £45,000 in 1935 and £32,000 in 1936 to general reserve, which now amounts to £509,000. The dividend is again at the rate of 50 per cent., and is more than covered by available interest earnings.

London and Provincial Marine and General.—This company was acquired by the Yorkshire Insurance Company in 1913 and was originally engaged

in marine insurance only, but since the War it has transacted fire and accident business, the premium income from which now exceeds the marine premium income. The company's marine experience has been consistently good, and last year first year's claims and expenses amounted to 30.5 per cent. of the premium income, compared with 33.6 per cent. in 1935. As in that year, £20,000 has been transferred to profit and loss, leaving the marine fund at £188,000, equal to 186 per cent. of last year's premium income. The results of the last two years are shown below.

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire and Accident	8,125	7.4	3,798	3.4
Marine	20,000	20.3	20,000	19.8
	28,125		23,798	
Less items debited to Profit and Loss	18,831		15,034	
Net Trading Surplus ...	9,294		8,764	

Total assets amount to £1,529,000, and the aggregate market value of the Stock Exchange securities on December 31, 1936, was in excess of the corresponding book value of £1,336,000. Investment and other reserve funds amount to £690,000, and the profit and loss balance, after payment of the year's dividend, is £138,000. The cost of the usual 10 per cent. free of tax dividend is £30,000, and compares with interest earnings of £46,000.

Phoenix Assurance Company.—In the life department new sums assured in 1936, the first year of a new quinquennial period, were £4,859,000, compared with the previous year's record figure of £3,806,000. The net rate of interest on the life assurance fund was 4½ is. per cent.—a fall of 1s. 8d. per cent. compared with the 1935 figure. Fire premium income was £26,000 higher at £2,601,000, but underwriting profits fell from £311,000 to £224,000. The latter figure is, however, much higher than for many years before 1935. Accident premium income increased from £3,444,000 to £3,737,000 and there was also an increase in the underwriting profits. In the marine department premium income was slightly smaller at £548,000, and for the third successive year £30,000 has been transferred to profit and loss:—

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	311,071	11.7	224,089	8.3
Personal Accident, Em- ployers' Liability and General	139,247	4.0	162,393	4.3
Marine	30,000	5.4	30,000	5.5
Life	20,000		20,000	
Sinking fund	30,000		20,000	
	530,318		456,482	
Less items debited to profit and loss account	343,131		336,674	
Net trading surplus ...	187,187		119,808	

Among the items debited to profit and loss in the above table is a transfer of £100,000 in 1935 to investment and contingency reserve. The consolidated balance sheet shows total life assurance assets of £18,753,000, compared with £18,195,000 in 1935. Total fall from £3,732,000 to £3,442,000, while British Government securities increased by £399,000 to £3,995,000. There was also a substantial increase in ordinary stocks from £158,000 to £351,000. The assets of the other branches totalled £17,254,000, and the general and investment reserves are unaltered at £2,500,000 and £1,960,000 respectively. After providing for the dividend, which is again at the rate of 60 per cent. and costs £460,000, compared with available interest earnings of £378,000, there is a profit and loss balance of £1,486,000.

THE STOCK EXCHANGE

The Incidence of N.D.C.

THE City is dissatisfied with the revised version of Mr Chamberlain's National Defence Contribution. Mr Chamberlain has listened to criticism and suggestion, but his response leaves the main outlines of the Contribution intact. The nature and effect of the changes embodied in the Finance Bill are discussed in a Leading Article on page 495 of this issue. Investors, at least, can no longer postpone the ungrateful task of estimating the consequences of Mr Chamberlain's firm determination.

Even at this stage, however, accuracy in any calculation of the incidence of the tax is quite unattainable. In the first place, N.D.C. will be based, not on published profits, but on Schedule D profits. Secondly, "capital" under N.D.C. may differ materially from any figure in a company's published balance sheet. Thirdly, all estimates of the incidence of N.D.C. must be based on purely arbitrary assumptions of prospective profit increases in 1937 and after. Precise analysis must needs await the publication, next autumn, of the first batch of company results covering a substantial part of 1937.

The main features of the new tax are by now only too familiar to the investor. Stable profits—no matter how high—elude the tax; recovery profits (particularly those of companies with a substantial debenture capital), are taxed in proportion to the extent of earlier depression. The effect of this basic anomaly may be traced, in broad outline, by reference to the profits analyses which are regularly published in *The Economist*. The table at the head of the next column shows the average rates earned on share capital (excluding debentures) in eight industries during recent years. Two final columns show the original profits standard and the best percentage for the taxpayer under the revised N.D.C.

The inclusion of 1936 in the base period clearly helps all the groups. Recovery industries like steel and shipping benefit appreciably from the new standard. The figures suggest, subject to their inherent limitations, that many textile companies will still be unable to show the statutory percentage of 6 per cent., and will presumably elect to go on the capital standard.

The task of estimating the potential position of individual companies is complicated by the voluminous administrative detail which E.P.D. has bequeathed to N.D.C. Neither profits nor capital standards can be calculated by the outside investor with any degree of

Group	Profits earned on capital (excluding debentures)				Original standard, 1933-1935	Optimum average
	1933	1934	1935	1936		
Breweries.....	10.7	10.5	11.1	12.0	10.8	11.3
Electric power.....	11.4	11.9	11.8	14.3	11.7	12.7
Finance.....	4.1	6.4	9.2	9.5	6.6	8.4
Iron, coal and steel.....	2.7	5.2	8.2	9.3	5.4	7.6
Motors, cycle and aviation.....	11.1	16.5	26.8	25.5	18.1	22.9
Shipping.....	5.6	5.3	6.2	12.6	5.7	8.1
Shops and stores.....	14.3	15.1	15.3	16.0	14.9	15.5
Textiles.....	5.4	4.5	5.7	6.9	5.2	6.0

accuracy. Further, the revised basis of assessment, under which all liabilities to N.D.C. begin from January 1, 1937, involves a re-apportionment of profits for accounting periods made up to other dates—apparently on a simple arithmetical basis. Encompassed about by such difficulties, we have nevertheless endeavoured to ascertain, within broad limits, the prospective liability to N.D.C. of certain companies, each of which is representative of a large number of others. In reaching the results shown in the accompanying table, we have used two alternative assumptions of the growth of profits during the current year: first, an increase at the rate recorded during the latest year; secondly, the effect of a flat increase of 10 per cent.

The position of the first three companies on our list—Imperial Chemical Industries, Turner and Newall and Crompton Parkinson—is relatively straightforward within the limits of the complications introduced by N.D.C. Imperial Chemical Industries, with moderately progressive profits during the base period, would have to pay under N.D.C. only one-half of one per cent. on its equity capital under both assumptions. On Assumption 1, the relative burden of N.D.C. on the equity earnings of Turner and Newall will be ten times and on those of Crompton Parkinson thirty times as heavy as that imposed on the ordinary capital of I.C.I. The effect of gearing is evident from a comparison between Turner and Newall and Crompton Parkinson, though neither company has any debentures. The proportion of total profits absorbed by N.D.C. is not widely different in the two instances, but the impost falls on a much narrower ordinary capital structure in the case of Crompton Parkinson than of Turner and Newall. The arbitrary incidence of the tax could not be more clearly illustrated.

ESTIMATED INCIDENCE OF N.D.C.

Company and Group	Selected Profits standard	Standard as percentage of capital	Abated Profits (see note below)	Profits as percentage of capital	Growth of profits	Total absorbed by N.D.C.	N.D.C. as percentage of total profit	N.D.C. as percentage of equity capital
<i>Stable profits—</i>	(£'000)	%	(£'000)	%	(£'000)	(£'000)	%	%
Imperial Chem. Ind.	7,020	9	{ 1. 8,150 2. 8,300	{ 10 10	{ 1,130 1,280	{ 226 256	{ 3 3	{ 0.5 0.5
<i>Recovery profits—</i>								
Turner and Newall ...	992	13	{ 1. 1,800 2. 1,350	{ 24 18	{ 808 358	{ 250 103	{ 14 8	{ 4.7 1.9
Crompton Parkinson	265	18	{ 1. 505 2. 400	{ 35 28	{ 240 135	{ 80 45	{ 16 11	{ 15.0 8.4
<i>Geometric profits—</i>								
Marks and Spencer ...	1,210	26	{ 1. 1,570 2. 1,550	{ 34 33	{ 360 340	{ 120 113	{ 8 7	{ 6.9 6.5
Woolworth	5,330	45	{ 1. 6,500 2. 6,440	{ 55 54	{ 1,170 1,110	{ 390 370	{ 6 5½	{ 5.2 4.9

Profits assumptions: (1) 1936 rate of increase maintained. (2) 10 per cent. increase.

Investment Notes

A Tale of Two Markets.—The behaviour of the stock markets of London and New York this week bears eloquent testimony to their technical make-up. After Mr Chamberlain introduced his National Defence Contribution on April 20th, the *Financial News* Ordinary Share Index fell 7 points in a week. The concessions made in this week's Finance Bill undoubtedly disappointed the market, for they took only a pound or two off the millstone and proceeded to tie it round the market's neck with distressing finality. But there was no evidence whatever of a renewal of large-scale selling. The *Financial News* Index, which had recovered four points, lost only one. Investors were prepared to give due weight to more favourable news items—such as the satisfactory turn in the coal trade and the London bus stoppage, and the excellent holiday railway traffics—which a month ago had been unnoticed in the general *malaise*. In due course re-alignment will be effected of the prices of securities which are deemed especially vulnerable to N.D.C.; but the process will be approximately arithmetical rather than wholly emotional. The market, in short, is now becalmed but not beslumped.

* * *

Wall Street also seems to have lost its sense of direction, and on the whole its nerves are a little less steady than London's. On Tuesday, for example, a stagnant market suddenly took a downward turn in the last hour, when many prices fell two dollars or more. The market does not like the President, and occasionally its dislike overclouds its judgment. Rightly or wrongly, Wall Street credits the Administration at Washington with complacency as Mr Lewis goes from victory to victory in the field of labour. And happenings in and around the Supreme Court—the validation of the Social Security Act and the retirement, actual or rumoured, of aged members of the Court—have a scale of Wall Street values based less on their social and constitutional importance than on their supposed effect in facilitating or hampering the President's plans for reform of the Court—to which Wall Street as a whole remains implacably hostile. *Prima facie*, these conditions seem unfavourable to an early resumption of activity; but past experience suggests that frequently revival has emerged from an even less promising background.

* * *

E.P.D. Special Allowances.—The text of the Finance Bill leaves the definite impression that N.D.C. will be largely administered on the lines of E.P.D. Powers are given for orders under E.P.D. which were in force at the commencement of the Finance Act of 1926 to have effect, subject to any necessary adaptations. And application may be made (as under E.P.D.) by "persons substantially representing any class of trade or business" for increased statutory percentages on the grounds of exceptional risk, exceptional wastage of capital, or exceptional deferment of yield. Special interest, therefore, attaches to the following table, in which we have grouped the percentages awarded by the Board of Referees for E.P.D., for the most important industries, in ascending order:—

Six per cent.—Aero. instruments; boots and shoes; hosiery; jute merchants; paint, colour and varnish; rubber manufacture; ships.

Six-and-a-half per cent.—Cement manufacture.

Seven per cent.—Electrical cable; electricity supply (London); electrical machinery; fireclay mining and manufacture; motors; pig iron.

Seven-and-a-half per cent.—Cold storage proprietors; electricity supply (Provinces); salt.

Eight per cent.—Coke; daily newspapers; explosives; omnibuses (London); steel; tea-growing (India and Ceylon).

Eight-and-a-half per cent.—Road materials.

Nine per cent.—Aircraft engines; coal mining; coffee growing (E. Indies); nitrate extracting (Chile); synthetic dyes; type-writers.

Ten per cent.—Flax preparation; iron and steel industry (Bengal); manganese ore mining (India); rubber growers; sisal (W. Africa).

A final comparison is given between Marks and Spencer and Woolworth under N.D.C. Both companies' shares are at present valued on a similar earnings basis. But Marks and Spencer, with a slightly more progressive record during the base period, together with an appreciable amount of debenture capital, attracts a higher rate of levy than Woolworth. Under our first assumption, indeed, Marks and Spencer's estimated liability would be seven per cent.—one-tenth of equity earnings, one-sixth of the equity dividend, and two-thirds of the regular scrip bonus rate.

Recovery companies, *ex hypothesi*, are vulnerable to the new tax. But when such companies have, in addition, raised large amounts of fresh capital recently for new developments—then, indeed, will Pelion be piled on Ossa. As an example, we may cite Stewarts and Lloyds, whose profits rose from £620,000 in 1933 to £1,334,000 last year. The company's capital consists of £2½ millions of debentures, £1.7 millions of preference stocks, and £5.7 millions of deferred capital (apart from certain "liaison shares" resulting from an agreement with another company, Tube Investments). At the end of 1933, its properties and plant stood in the balance-sheet at £5½ millions; at the end of 1936, the total was £9½ millions. According to Section 17 of the Finance Bill, however, if the capital employed by any company during any chargeable accounting period exceeds the average employed in the standard years, the average profits of the standard years will be increased to the extent of 6 per cent. of the excess. Is such a rate at all adequate for a company which, like Stewarts and Lloyds, has taken the risk of transferring production, on a grand scale, to an entirely new works in an hitherto undeveloped area? The same point applies to all companies which plough back an appreciable proportion of their earnings.

An example of a different character is afforded by John Brown, which has an appreciable stake in the re-armament programme. The company reconstructed its capital in 1930, and its fixed assets, which formerly appeared at £3½ millions at cost less depreciation, now stand at little more than £1½ millions. The former figures *plus* all other assets, *less* the appropriate deductions, will form the basis of the company's computation, which will presumably be calculated on the capital standard. On this basis the company's liability for N.D.C. would appear to be small, in relation to what it would have been on a capital standard assessment based on present book values. Yet, if the company, on reconstruction, had transferred its assets to a new concern, the latter standards would have applied.

Finally, the position of mining and plantation companies demands special consideration. They will doubtless apply for an increased statutory percentage, on the ground of exceptional risk, exceptional wastage of capital or exceptional deferment of yield. It is clear that for such concerns as the Rhodesian copper producers, a special rate of even 15 per cent. (which was allowed under E.P.D.) would remove only a comparatively small part of the potential burden. On current earnings (at a very rough estimate) of 125 per cent. for Rhokana and 150 per cent. for Roan Antelope, an allowance of 15 per cent. would be a very minor affair. For rubber companies, again, if the figures of estimated profits in 1937, given in an article on page 408 of *The Economist* of May 15th, are taken as a guide, there will still be an appreciable growth over a 10 per cent. capital standard.

Such are the limited conclusions which the investor can alone reach under existing circumstances. Stable profit earning companies will come off best, together with industries like the railways and some public utilities, which have a low arithmetical rate of earnings on a high fixed capital. The companies most vulnerable to the tax will be recovery concerns, companies with heavy debentures, companies in speculative industries, commodity and mining companies with a British domicile, and companies in industries where earnings bear a high proportion to their fixed capital. A tax on the growth of accountancy profits for the duration of N.D.C., measured by a pre-N.D.C. standard, would obviously be remunerative.

Eleven per cent.—Cinematograph; oil production (Persia); sugar (W. Indies).

Twelve per cent.—Cotton (Sudan); metals and alloys for high-speed steel; tungsten and molybdenum wire.

Twelve-and-a-half per cent.—Metalliferous ores (Burma).

Thirteen per cent.—Alluvial tin (Nigeria); tin dredging (Malay and Siam).

Fourteen per cent.—Lead mining (W. Australia); oil production (Trinidad).

Fifteen per cent.—Aircraft manufacture; copper mining (Rhodesia).

Sixteen per cent.—Asbestos mining (Rhodesia).

Twenty-two-and-a-half per cent.—Gold-mining (Rhodesia); gold-mining in W. Africa.

Twenty-seven-and-a-half per cent.—Gold-mining (India).

On these concessions, commodity and mining companies must, apparently, chiefly rely. They are, if precedent serves, unlikely to produce much relief for such concerns as the Rhodesian copper mines; nor would rubber plantations obtain any striking adjustment of their burden with a 10 per cent. standard. For industry generally, the concessions allowed were clearly modest. It is difficult to perceive any decisive economic reason for a statutory percentage of $7\frac{1}{2}$ per cent. for provincial electricity companies as compared with, say, 8 per cent. for steel. The former is a steadily expanding industry; the latter is highly responsive to the trade cycle. But unless the Commissioners are prepared to acknowledge this factor as a form of "exceptional risk," the recovery industries, as such, will have no claim to a higher datum standard than the statutory six per cent.

* * *

Holding Companies and N.D.C.—Not the least of the difficulties of N.D.C. are the rules prescribed for profits of holding companies. The Companies Act defines a subsidiary, in effect, as one whose parent holds more than 50 per cent. of its capital, controls a majority of its votes, or appoints a majority of its directors. The Finance Bill goes a step farther than the Companies Act, for it recognises the existence of sub-subsidiaries, but it defines the point of control at 90 per cent. or over. For N.D.C. assessments, shares in subsidiaries in which the parent company holds between 50 and 90 per cent. of the equity will presumably be treated as investments; only above this latter figure will earnings be consolidated for N.D.C.—as though the parent company were the ultimate owner of the subsidiary's business. But for the purposes of the Companies Act—and in particular Section 126, under which members are told how the income of subsidiaries has been dealt with—the existing legal standards still apply. It is obvious that this distinction greatly complicates the investor's task of assessing the effect of N.D.C. upon a parent company. In cases where subsidiaries are mainly 100 per cent. controlled by the parent concern (Imperial Chemical Industries is an example) it now becomes essential for the shareholder to know the consolidated profits of the group for the base years and all future years. But this information is available to him in comparatively few cases.

* * *

The procedure to be followed for a chain of subsidiaries and sub-subsidiaries which are joined by 90 per cent. ownership except for one link, is nowhere defined. Search at the Companies Registry to ascertain such capital relationships will avail the investor nothing, however, while he remains ignorant of group profits or of the amounts received in dividends from subsidiaries. For chains consisting of normal subsidiaries which are less than 90 per cent. owned, it appears that the principles laid down for investments will apply. Such interests, appearing in the books as subsidiaries, will be treated for N.D.C. as investments, and will not be computed as capital. In the same way, the income derived therefrom by the parent company will not, apparently, be included in the parent's profits, unless the latter is a bank or assurance undertaking, or a business "wholly or mainly" concerned in "making or holding investments." And in these cases appropriate set-offs will be allowed, to avoid double

taxation. But, to take only one example, it will be a highly complex task to assess the position of Thomas Tilling under N.D.C. Apart from its direct operating interests, the company, together with British Electric Traction, has a minority interest (*de jure*) in Tilling and British Automobile Traction. The latter company, in turn, has equal interests with the main line railways in the transport operating subsidiaries, which obviously cannot normally exceed 50 per cent. No investor, and probably few accountants, are capable, on the information at present available, of tracing the effect of N.D.C. on such a chain of companies.

* * *

Income Tax and "Bond-washing."—The simplest clause in the Finance Bill states:—"Income tax for the year 1937-38 shall be charged at the standard rate of 5s. in the pound." The increase has been overshadowed by the effects of N.D.C. and has excited little or no comment. It has at least the negative virtue of enabling investors to convert tax-free dividends to a gross basis by mental arithmetic instead of by slide-rule. "Bond-washing" or "the avoidance of tax by certain transactions in securities" is met by Section 10 of the Finance Bill. If, under any collateral arrangement to repurchase securities, the interest is receivable by a person other than the beneficial owner, the latter will nevertheless be charged, for income tax purposes, with the interest which was received by the temporary holder. Conversely, any person carrying on the business of dealing in securities who enters into an arrangement to re-sell securities bought, under which he receives interest on the securities, will not be liable to tax on such profits. The Commissioners will be given powers to demand particulars of all securities held by any person during the period specified in their notice, to ascertain whether tax has been borne on the securities concerned. Bond-washing has been largely reserved to the professional rather than the private investor, and these fairly simple rules are likely to be sufficient to stop the loss of tax, which has been costing the Exchequer up to a million pounds a year.

* * *

S.E. Committee Report.—The report of the Committee for General Purposes for the year ending March 24, 1937, is more comprehensive than its predecessors. Developments in recent years have thrown ever increasing obligations on the Stock Exchange as a public institution, and it is entirely appropriate that the proceedings of the committee and of the important sub-committees should be formally reported. Even now the report largely consists of a record of the numbers of committee and sub-committee meetings held, but possibilities of future expansion are suggested by the appearance of comments on such matters as dealing for outside brokers and the reasons for the establishment of the Register of County Brokers. A sidelight on the magnitude of the tasks undertaken is provided by the statistics of the New Issues and Official Quotation sub-committee. Some 112 meetings were held, 585 applications for official quotations were recommended and 1,920 applications for Permission to Deal were considered, of which 1,912 representing an aggregate nominal value of £697,174,206 were granted. When it is realised that each one of these applications involves a thorough-going examination of the statement or offer itself and all material legal and general documents, apart from any questions of principle involved, the enormous amount of work handled by the committee and its officials in this department alone can be readily appreciated.

* * *

South African Views on Gold.—The considered views of the South African finance houses on matters which closely concern the gold mining industry are always followed with keen interest by investors. This

year more than usual importance attaches to them in view of the large part played in contemporary economic discussion by questions of the future value of gold. On May 7th, Mr John Martin, chairman of Rand Mines, declared that higher prices for gold in terms of currencies, and for commodities in terms of gold, had lifted the world from depression; but that if the immense gold holdings of certain nations were allowed full scope, an inflation of credit might result. On May 21st, Mr P. M. Anderson, at the annual meeting of the Union Corporation at Johannesburg, dwelt rather on the consequences of any appreciable reduction of the price of gold. Expressing complete concurrence with the view strongly urged by Sir Henry Strakosch, the Corporation's chairman, in a recent letter to *The Times*, Mr Anderson declared that such a reduction would produce deflationary conditions drastically affecting all prices, whether of securities, raw materials, manufactured goods or services. Last Tuesday, Mr F. R. Phillips, chairman of the Central Mining and Investment Corporation, endorsed the view that drastic deflationary action was wholly undesirable. Mr Phillips diagnosed the present gold position as being characteristic of a period of transition in the course of which some countries had been glutted with gold, while the great majority were still starved of it. He concluded that a redistribution of gold stocks was necessary and inevitable, and that the corner-stone of this process must be the resumption of freer international trading relations. The first move lay with the creditor nations, who must live up to their position, import more freely and, following America's tentative but welcome example, begin to lend abroad again. Investors will say "Amen to That"; and will suggest that a copy of these statements might possibly be sent to the Board of Trade, the Treasury and the Foreign Transactions Advisory Committee.

Company Notes

R.M. Realisation Prospects.—The 1936 reports of the Realisation Companies show that their tasks are now progressing toward final accomplishment. The first debentures of both companies have been discharged completely, and also the whole of the E.D. income debentures and 45 per cent. of the R.M. income debentures. Of the latter issue there remains outstanding £1,402,500, the repayment of which, including 10 per cent. premium, will require £1,542,750 before the £1,000,000 share capital ranks for distribution. Against this, the company had £186,530 in the General Account at December 31, 1936, and has since realised approximately £714,000 (including the proceeds of £500,000 Royal Mail Lines Ordinary). Further, a sum of the order of £250,000 should accrue from the voluntary liquidation of the Nelson Steam Navigation Company, which is rapidly nearing completion. Moreover, under present market conditions, it may be assumed that the remaining direct holding of £380,000 Royal Mail Lines ordinary and the David MacIver block of £160,000 will be realised in the course of the next few months. These items represent a total of, say, £1,800,000—sufficient, broadly, to pay off the balance of the income debentures and to leave a surplus equal to some 5s. cash per R.M. Realisation Share.

* * *

There are, however, sundry other interests of which the £314,000 shares holding in Anglo-Foreign Properties—formed earlier this year to acquire certain R.M. and E.D. properties—constitutes the most substantial item, leaving a dozen lots mostly of small account. These are difficult to value, but £375,000-£500,000 would be a good price at the moment, but with careful nursing something more might be secured in time. The Pacific Steam Navigation interest, in particular, is singularly difficult to value. A sum between 7s. 6d. and 10s. per R.M. share, probably, fairly represents the prospects of these interests, making with the 5s. cash already calculated, 12s. 6d.-15s. per

share. The present price of R.M. Realisation is 53s., which, by these estimates, puts a value of £1,775,000-£1,900,000 on the feature asset—the holding of £1,369,990 Union Castle Ordinary, which is equivalent to 27s. 9d.-29s. 6d. per £1 of the latter stock. By the terms of the settlement of the voting dispute, distribution of the Union Castle Ordinary will be in specie and will be carried out in the comparatively near future.

* * *

E.D. Realisation.—All claims preceding E.D.'s £1,000,000 share capital have now been extinguished. The E.D. Company had cash in hand on the General Account of £428,904 at December 31st last, and has since realised a further £259,000. However, £402,121 has since been paid in discharge of a bank liability. The remaining assets consist largely of a number of small items, some of which may take some while to clear up. Hence, although the E.D. position holds out the prospect of a substantial cash payment to the shareholders in the near future—of the order of 5s. per share—the final clearing up of the miscellaneous pieces may take some time. Including the £130,000 in Anglo-Foreign Properties, there may be eventually another 10s. to 12s. 6d. of assets per share. The present price of E.D. is 51s. 6d.—so, again by our counting, its holding of £1,369,990 Union Castle is valued at between £1,700,000 and £1,825,000, or 24s. 9d. to 26s. 9d. per £ of Union Castle stock. Thus, although the realisation process has proceeded rather more favourably for both R.M. and E.D. Realisation than at first seemed likely, the general lines of our previous analyses are confirmed. In particular, we continue to maintain the thesis that no justification ever existed for the substantial premium of R.M. over E.D. which for so long amounted to 10s., and remained a persistent feature of the market.

THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

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

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Over 370 Branches, Sub-Branches, and Agencies in SOUTH, EAST and CENTRAL AFRICA

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The Bank has over 370 Branches in Africa, and Agents and Correspondents throughout the World. The closest touch with Trade and Industrial conditions is maintained, with special attention to Commercial and Credit Intelligence. This service is available to Exporters, Importers and others wishing to develop trade with South, East and Central Africa.

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J. & P. Coats' Disappointing Results.—Another marked recession in the net profits of J. & P. Coats, comes as a surprise. A fall from £2,006,340 earned for dividend in 1935 to £1,794,744 is of significant, though not serious dimensions, but the latter figure compares unfavourably with £2,463,327 for 1934. Nor is the explanation of the decline at once obvious. It is true that the chairman last year emphasised that large-scale improvement would not come until world recovery was on a wider basis—the greater part of the change in profits between 1934 and 1935 being attributed to exchange difficulties. The problem of export trade is vitally relevant to J. & P. Coats, of whose sales only about one-fifth are made to British countries. The company's experience, moreover, proves once again that widespread interests may sometimes multiply rather than divide trading risks. Last autumn's devaluations, for example, must have played their part in the year's results, though they affected only three months' trading. Meanwhile, the 10 per cent. dividend is maintained, but it appears to be short-earned by about £10,250, which is obtained by a corresponding reduction in the carry-forward. Investors will be wise to await the full report before framing final conclusions regarding these figures. The outlook for the current year, considered on general grounds, should be favourable, judging from the trade figures for the first four months of 1937. But investors will probably prefer to await the full report and the chairman's speech before deciding upon their policy.

Boots Pure Drug.—There are some shares which seem to suffer from perennial over-valuation, and it is now becoming relevant whether Boots Pure Drug 5s. shares, at 51s. 9d., are not in danger of falling into this category. The shares are supported at over 50s. on the assumption that one day the company will distribute a massive capital bonus. The latest accounts confirm, for the *n*th time, that the company could well afford to do so, but meanwhile, holders of the shares have to content themselves with a dividend yield of under 3 per cent. and an earnings yield of less than 5 per cent. The accounts, to the end of March, show that net profits amounted to £799,899, compared with £770,890 for the preceding year. The distribution, of course, has been maintained at that curious amalgam of 24 per cent. gross dividend and a 5 per cent. tax free bonus. The company's earnings are as consistent as those of any large undertaking, and not only does the parent concern retain nearly half of the profits which it discloses, but in addition the subsidiaries also adopt a highly conservative distribution policy. The financial strength of the undertaking, therefore, is even greater than the parent company's balance sheet—with a general reserve of £2,000,000, against an ordinary capital of £1,600,000—indicates. Presumably the company will be liable for N.D.C. on the basis of the consolidated earnings of the group, for the operating subsidiaries are 100 per cent. controlled. The burden does not appear to be unduly heavy, but the company will not escape so lightly as its own profit and loss account suggests.

British Oxygen Progress.—The impressive profits record of British Oxygen (which was analysed on page 467 of *The Economist* last week) was discussed with proper satisfaction by Dr Pollock at Wednesday's general meeting. This progress is the result of firm technical and financial foundations during a period of general economic recovery. Depreciation provisions, for instance, have been generous to the point of meeting all ordinary expansion. But of the recent developments in which the company is concerned, two may be singled out for special mention. The first is the strong tactical position which the company has now acquired in the welding industry. Before the acquisition of the Quasi-Arc and Ferro-Arc interests, of course, the company was the leader in the gas welding industry. These new interests, however, are complementary, and the chair-

man evidently envisages a progressive expansion of the welding industry, in which the company will be able to play its part in supplying the most comprehensive technical service, unhampered by any danger of competitive over-expansion of capacity. These quasi-monopolistic powers, however, should yield benefits to the consumer, as well as economies to the company. The second development is more remote—the establishment of a domestic calcium carbide industry, for which the company's bill has twice failed in Parliament. The company, however, will submit its plans to the committee which the Government has set up. British Oxygen is one of the progressive companies which, having increased its profits substantially during recent years, and having spent substantial sums on extending its capacity, is now faced with the demands of N.D.C. The ordinary stock remains a sound long-term holding, but it is too high, in view of the surrounding market uncertainty, to interest the seeker for quick profits.

Cable and Wireless Reconstruction.—The necessary but unpleasant medicine that the holders of Cable and Wireless "A" and "B" stocks consented to take last Monday was made as palatable as possible by Mr Denison-Pender's address. Yet one of his first points was a warning against too optimistic interpretations of the recent rise in traffic receipts. Part of the increase in profits will in future be required for special allocations which were impossible while earnings were low. But the prospects of a secure income appear reasonably assured by rising receipts and internal reorganisation. The time is therefore appropriate for adapting to actual conditions a capitalisation which seemed justifiable when the merger was formed but has been proved wholly excessive since. The undertaking was expected to enjoy the benefit of unified control. But wireless and airmail services have increased, and the depression reduced international trade to a fraction of its former proportions. Mr Denison-Pender's claim that the scheme was fair is broadly true. The "B" ordinary stockholders get a little more than their deserts, but the scheme was obviously necessary and well-founded.

Allied Sumatra Plantations.—Although sharp increases in the profits of rubber companies have recently been common, the Allied Sumatra report is impressive. The company, which works through two Dutch subsidiaries, is paying 5 per cent. against 2½ per cent., but the operating results are even better than this increase suggests. The harvested crop in 1936 was about 5,500,000 lbs., or 220,000 lbs. less than in 1935, but owing to differences in stocks carried forward, the crop accounted for rose by 756,000 lbs. But as the average net sale price rose from 5.68d. to 7.9d. per lb., the larger subsidiary, Si Boelan, nearly trebled previous profits by earning Fls. 734,439. It could, therefore, well afford Fls. 168,844 (of which Fls. 125,000 was used for writing down mature areas) compared with Fls. 30,724, for various provisions shown in the accounts. The Soeka Radja Cultuur company earned Fls. 53,454 against Fls. 14,270, and used nearly half of these profits for writing down mature areas. These subsidiaries paid no dividend, but owing to the good results the parent company has been enabled to transfer £76,000 against £36,000 from its reserve for losses of subsidiaries—or only about £10,000 more than the earned surplus of the estate companies, after allowing for the various appropriations. This transfer, added to a balance of £2,393 from interest, etc., makes £78,393, or 5.8 per cent. available for the shareholders. At a current price of 23s. 3d., Allied Sumatra stock yields 4 6s. per cent.

Other Company Results.—Although our usual analysis of profit and loss accounts on page 548 again comprises about sixty-five further companies, about twenty of these are tea companies, and the number of

important miscellaneous industrial results is lower. The larger results include those of *Imperial Continental Gas*, *City of London Real Property*, *Pease and Partners* and *Whitehall Electric Investments*, and are discussed on page 547 under the heading "Shorter Company Comments."

Company Meetings of the Week.—The reports of 20 company meetings commence on page 529 of this issue. The chairmen's remarks at the *British Oxygen*, *Cable and Wireless*, and *Central Mining* meetings are discussed in Notes on earlier pages. Mr H. E. Pattinson, addressing *Royal Insurance* members, referred with satisfaction to signs of some expansion in international trade and the possibility of currency stabilisation. Improvement so far, however, had been most marked in the home markets of the countries in which the company was interested. In reminding his hearers at the *Sun Insurance Office* meeting that King George VI was the eleventh monarch under whose rule the Office had done its work, Sir William Goschen commented upon its ability to adjust itself to changing conditions. Mr R. Wilson Bartlett spoke to *Incorporated Accountants* of the importance of N.D.C., and drew attention to its complications, even when contrasted with E.P.D. At the *Edmundsons Electricity* meeting, Sir T. Royden discussed at length the McGowan report, and in pointing out that the Corporation was fully British owned, he drew attention to signs of the Corporation's progress. The number of consumers served had risen by 13 per cent.; there had been an increase of 19 per cent. in units sold and 15 per cent. in the load. Results for the current year had so far been equally favourable. Mr James Gray, at the *Madras Electric Supply* meeting, estimated that concessions made to consumers would be offset in 1938 by a higher demand for current. Addressing *Wiggins Teape* shareholders, Lord Portal referred to improved results by the

company's new ventures, and commented in particular on the acquisition of Ford Paper Mills. At the *Mid-European Corporation* meeting the chairman reported the progress made in pursuing the company's policy of reducing its interests on the Continent of Europe. Mr E. F. Slade assured *Batang Consolidated Rubber Estates* members that their directors were fully alive to the necessity of acquiring new planted areas. The chairman, at the *Malacca Rubber Plantations* meeting, said that estimates for the current year made some time ago anticipated a slight reduction in costs. Sir Francis Voules told his hearers at the *Kepong (Malay) Rubber* meeting that their f.o.b. cost of 4.19d. per lb. in 1935 had been reduced to 3.93d. Mr Eric Macfadyen pointed out to *Kasintoe Rubber* shareholders that their standard output had been increased. The chairman, at the *Sungei Batu (Malaya)* meeting said that 123,200 lbs. of the 1938 crop had been sold at the equivalent of 1s. 0½d. per lb. Members of the *British-Borneo Petroleum Syndicate* were reminded by the chairman that the previous year's results had included a large non-recurring profit from the sale of interests in Orinoco Oilfields, Limited. *Anglo-Palestine Bank* shareholders were told of the obstacles to revival that existed during the period of political uncertainty, and the report of the Royal Commission was being anxiously awaited. At the Class and General meetings of *Illustrated Newspapers* the implications of the scheme for preference shareholders was fully explained by Sir William Graham, who drew attention to the approval of the scheme given by the Association of Investment Trusts. It was suggested, with regard to N.D.C., by Mr W. Sandford Poole at the *Industrial and General Trust* meeting that the measure should be deferred until next year's Finance Bill, to give time for modification, and that in particular it should not require a basis of assessment distinct from that of income tax. At the *W. J. Bush and Company* meeting the chairman drew attention to the fact that in fifteen years over £400,000 of undivided profits had been retained in the business.

GOLDEN MOMENTS

The Derby

Here they come! They're in the Straight. He's moving up. He's winning. By Jove—he's done it. The Favourite wins!

What a Golden Moment for the owner as he leads in the Winner of the Derby. But even he cannot buy a better Tobacco than 'Cut Golden Bar' at a shilling an ounce—but it must be Wills's.



WILLS'S CUT GOLDEN BAR

READY RUBBED
in 2 oz. Pocket Vacuum Tins and 1 oz. Airtight Tins
FLAKE FORM
in 2 oz. Vacuum Tins and 1 oz. Packets

1/4
AN OUNCE

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: JUNE 8

ACCOUNT: JUNE 10

It is only slightly wide of the truth to say that there have been no markets this week. The revised version of N.D.C. has indeed robbed the industrial and commodity markets of every shred of interest and hopefulness. The concessions have had a bad reception, and if the technical situation in the markets had not been so greatly strengthened by the recent liquidation, a period of adversity rather than mere sloth would certainly be the result. For the moment, industrials cannot be valued on any precise basis; investors may attempt to console themselves with the thought that the expected yield of £25 millions from N.D.C. is not extreme. But even if this estimate proves accurate, the blow to enterprise and the uncertainty of the precise burden for individual companies renders rational equity investment almost impossible.

Even the gilt-edged market made only one day's capital out of the Finance Bill, for it was very firm on Tuesday, but sagged with the rest of the market on Wednesday onwards. The prospect of further borrowing, coupled with the slight interest in the Leeds issue, was accompanied by almost negligible business. In the foreign market, Japanese stocks were again active, but fluctuated with intermittent profit-taking. High-grade Brazilian issues improved further, but German Dawes and Young loans reacted in mid-week.

Home rails remained consistently good throughout the week on expectations of a coal settlement, the favourable effect of the increased rates application, and good traffics. L.M.S. were a feature among the ordinary stocks, and recovered sharply after Tuesday's setback, which was due to profit-taking and the announcement of wage demands. The preference stocks also improved, and the market continued to attract support until the end of the week. London Transport "C" stock improved to 88½ on the strike settlement. The Argentine rail market opened firmly, interest still being aroused by the reported application for higher rates, but the market gradually receded—ignoring the debenture interest announcements—as interest declined and wheat fell.

In the industrial markets, business commenced in promising style, but operators counted their blessings before they were bestowed. The publication of the Finance Bill was highly disappointing to the market's hopes, and business immediately fell to the lowest ebb. Iron and steel shares were appreciably affected, Dorman Long falling on Tuesday by 1s. 10½d., and other shares by smaller amounts. The tone became steadier in mid-week, but there was complete paucity of business. The colliery list, however, showed some improvement on the recent results and dividends, while the prospect of settlement of the dispute encouraged some small buying. Motor shares were dull, aircraft issues flat, and electrical equipment issues a few pence lower.

The Government's proposals for the reorganisation of the electrical distribution industry were adduced as a reason for the selling of supply shares, several of which fell by small amounts during the week. Brewery and tobacco shares were quiet and fractionally lower, store shares were mainly unchanged, and the only firm sections in the market appeared to be among bank and insurance shares. The progressive industrials in the miscellaneous market greeted the news of N.D.C. with disappointment, but were not seriously marked down. British Oxygen, indeed, recovered on the chairman's remarks at the meeting (discussed on page 522). Building shares were generally lower.

The oil market opened with a general advance in prices, and after the N.D.C. check further progress was recorded. Anglo-Iranian was an active feature, in anticipation of a good dividend and a capital bonus. The other leaders made more modest advances, although some of the Trinidad issues moved against the trend. Rubber shares opened slightly firmer, but registered disappointment with the N.D.C. proposals, even on the assumption that the industry will qualify for a special capital percentage. Tea shares were easier, the opening weakness at the Mincing Lane auctions disappointing some speculators.

Kaffir shares led an improvement in the mining markets on Monday, but the general reaction to the modified N.D.C. proposals was felt later, although the South African companies escape. The confidence expressed at the Union Corporation and Central Minings meetings (on which we comment on page 521) assisted the market to some extent, and a certain amount of speculative buying followed in mid-week. The rally, however, remained of moderate dimensions. West African issues were affected, together with the Rhodesian copper issues,

by the N.D.C. setback, but closed firmer in mid-week. Diamond issues lost part of a strong rise. There were few conspicuous movements among base metal shares, and tin shares were easier.

"FINANCIAL NEWS" MARKET INDICATORS

	May 20	May 21	May 24	May 25	May 26	May 27
Approximate total of bargains recorded in S.E. List	7,955	8,055	9,290	7,020	7,220	6,475
Corres. day 1936	7,821	7,779	7,874	9,410	7,254	7,609
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100)	114.0	114.2	115.0	114.1	113.9	114.4
Index of 20 Fixed Interest Securities (1928=100)	130.4	130.5	130.4	130.5	130.5	130.5

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 110.9 (Apr. 28); Fixed Interest 126.5 (Feb. 28).

ACTUARIES' INVESTMENT INDEX

The Actuaries' index of 177 industrial share prices stood at 85.2 on Tuesday last, against 84.2 a month ago, and 81.9 a year ago. The corresponding yields are 4.22, 4.20 and 3.75 per cent. We give below the usual monthly indices of fixed yield securities, and a selection of the separate equity share indices:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Year ago (May 26, 1936)	Month ago (Apr. 27, 1937)	This week (May 25, 1937)	Year ago (May 26, 1936)	Month ago (Apr. 27, 1937)	This week (May 25, 1937)
Fixed Interest:						
2½% Consols. (1)	149.7	136.6	135.9	2.98	3.27	3.28
Misc. indust. deb. (20)	125.7	120.8	121.7	3.92	4.11	4.08
Misc. indust. pref. (47)	121.1	115.8	118.9	4.25	4.48	4.37
Ordinary:						
Building materials (5)	99.0	92.6	98.7	4.88	5.72	5.60
Coal (7)	125.7	112.5	116.8	4.45	3.42	3.65
Cotton (6)	36.8	52.6	49.8	2.18	2.29	2.28
Iron and steel (12)	67.7	72.2	74.6	3.31	4.25	4.72
Oil (5)	85.8	92.6	97.9	2.89	5.28	5.30
Electric supplies (10)	134.7	142.0	146.3	3.84	4.11	4.28
Home rails (4)	68.8	76.9	80.7	1.59	2.86	2.70

NEW YORK STOCK EXCHANGE

THE close of last week was marked by a brighter tendency, oil shares in particular being stimulated by the announcement that the price of East Texas crude was being raised by 8 cts. to \$1.35 per barrel. This week, however, has been characterised by a creeping paralysis which allowed the minimum of response to the small crop of news. Monday's trading was uninteresting, with very small changes and no particular trend. The Supreme Court judgment on the Social Security Act was received with indifference, and there was nothing to measure its significance for the stock markets. A similar lack of interest was displayed the next day, when small losses were general, with weakness in rails in particular (due to unfavourable crop reports) spreading to steel and motor shares. Payment of \$2 per share arrears on U.S. Steel Preferred was announced after hours, but though the Common were marked up, response was poor in a session said to be the most inactive for two years. A little selling of steel issues occurred after the appearance of the *Iron Age* figures reporting steel ingot production at 91 per cent. of capacity against 92 per cent. It is stated that seasonal influences are becoming noticeable, orders being equal to about 75 per cent. of current deliveries.

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

	1936		1937		Be- ginning of Year 1937	May 12, 1937	May 19, 1937	May 26, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest May 19	Highest Mar. 10				
347 Industrials	112.7	145.9	134.4	155.7	143.2	136.9	134.4	137.6
32 Rails	42.8	60.2(b)	54.6(d)	64.5(f)	54.6	57.7	57.2	56.3
40 Utilities	91.2	111.0(c)	91.2	116.4(g)	111.7	94.2	91.2	93.3
Total, 419 Stocks	97.7	125.4	114.3	132.4	123.5	116.6	114.3	116.8
Average yield*	4.50% High (c)	2.65% Low (a)	4.17% High	3.20% Low (s)	3.53%	3.76%	4.17%	4.07%

* 50 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 23rd. (d) Jan. 6th. (e) December 2nd. (f) March 17th. (g) February 10th. (h) January 18th.

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

Highest*	Lowest†	May 19	May 20	May 21	May 22	May 24	May 25	May 26
180.3	150.6	153.2	157.5	157.4	159.4	159.2	157.3	157.2

* March 6th.

† May 17th

TOTAL DEALINGS IN NEW YORK

	May 20	May 21	May 22*	May 24	May 25	May 26
Stock Exchange—						
Shares (No. Thous.)	1,230	770	480	680	840	580
Bonds (Thous. \$) ...	7,240	8,240	3,850	9,190	8,710	7,560
Curb—						
Shares (Thous.).....	282	274	161	209	203	169

* Two-hour session.

	May 19, 1937 (Close)	May 26, 1937 (Close)	May 27, 1937 (Latest)	May 19, 1937 (Close)	May 26, 1937 (Close)	May 27, 1937 (Latest)
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1. Rails & Transport						
Atchafalaya	87	83	84	42	42	43
Balt. and Ohio	31	32	31	110	111	113
B.M.T.	25	26	26	37	38	38
Can. Pacific	12	13	13	55	56	55
Chas. and Ohio	56	55	55	15	16	16
Ch. N.Y. Ry. Pl.	55	54	53	12	13	12
Illinois Central	29	29	29	18	19	19
N.Y. Central	46	45	45	9	9	9
Nor. Pac.	34	33	32	32	34	35
Pennsylvania R.R.	43	42	42	50	53	54
Southern Pac.	55	53	53	24	25	25
Southern Ry.	38	38	38	68	70	71
Union Pac.	143	139	139	224	231	231
Greyhound Cp. New	13	13	13	113	114	114

2. Utilities and Communications						
Am. Waterworks	17	18	18	14	14	14
Cwealth & S'tern	24	22	22	157	157	158
(Cons. Gas of N.Y.)	34	36	35	99	100	100
Edison	11	11	11	61	60	59
Ed. Gas & Electric	11	11	11	52	53	54
Elec. Bond & Share	15	16	17	135	137	138
Nat. Tel. and Tel.	8	9	9	90	91	92
North American	23	25	26	126	127	127
Pac. Gas & Electric	29	29	29	106	107	108
Pac. Lighting	42	44	44	129	127	129
Pub. Service N.J.	38	40	40	21	21	22
Stan. Gas & Elec.	6	7	7	55	57	58
United Corp.	4	4	4	161	165	165
United Gas Imp. x2	12	13	13	44	45	45
Am. Tel. & Tel.	163	167	167	67	70	70
Ind. Tel. and Tel.	10	10	10	27	27	28
Western Union	56	53	53	39	39	39
Radio	8	9	9	21	20	19
Radio B. Pref. New	67	68	68	163	172	173

3. Extractive and Metal Industries						
Am. Rolling Mills	33	34	34	15	15	15
Beth. Steel x2	116	117	116	80	80	80
Beth. Steel Pref. x2	116	117	116	36	37	37
Republic Steel	33	35	34	50	51	51
U.S. Steel	95	96	96	53	53	53
U.S. Steel Pref.	134	135	136	84	85	87
Alaska Juneau x2	12	12	12	12	12	12
American Metal	49	50	51	26	26	26
American Smelting	82	82	82	45	45	46
Anaconda	49	54	54	24	24	24
Boh. Aluminum	42	42	42	39	39	40
Cerro de Pasco	62	68	68	20	19	19
Int. Nickel	59	60	60	25	25	25
Kennecott x2	54	58	59	21	23	23
Patino Mines	16	16	16	12	12	12
Texas Gulf Sulph.	36	38	38	74	79	79
U.S. Smelt x2	81	85	88	95	95	95
Vanadium Corp.	27	27	27	22	21	21
Atlantic Refining x2	29	29	29	48	50	50
Phillips Petroleum	53	56	56	30	30	30
Shell Union	102	104	104	40	41	42
Socoxy Vacuum	18	18	18	60	62	62
Stand. Oil Calif.	42	42	42	15	15	15
Stand. Oil N.J.	64	67	67	64	68	68
Texas Corp.	58	59	59			

4. Manufacturing						
Briggs	42	42	42	60	62	62
Chrysler	110	111	111	15	15	15
Electric AutoLite	37	38	38	64	68	68
General Motors	55	56	55			
Hudson Motor Car	15	16	16			
Murray Corp.	12	13	12			
Nash Kelvinator	18	19	19			
Packard Motor Car	9	9	9			
Bendix Aviation	32	34	34			
Boeing Airplane	50	53	54			
Douglas Aircraft	24	25	25			
United Aircraft	68	70	71			
Air Reduction	224	231	231			
Allied Chem. x2	113	114	114			
Col. Carbon	14	14	14			
Comm. Solvents	157	157	158			
Dupont	99	100	100			
Union Carbide	94	94	94			
U.S. Ind. Alcohol	61	60	59			
Allis Chalmers	52	53	54			
General Electric	135	137	138			
Westinghouse	95	98	100			
American Can. x2	30	31	30			
Addressograph	90	91	92			
Caterpillar	54	55	56			
Cont. Can. x2	126	127	127			
Ingersoll Rand	106	107	108			
Intnl. Harvester	129	127	129			
Johns Manville	21	21	22			
Am. Radiator	55	57	58			
Corn Products	161	165	165			
J. I. Case and Co.	44	45	45			
Gen. Am. Transp.	67	70	70			
Allied Mills	27	27	28			
Celanese of America	39	39	39			
Ind. Rayon New	21	20	19			
Colgate Palmolive	163	172	173			
Eastman Kodak	15	15	15			
Gillette x2	19	20	20			
Lambert Co.	78	80	80			
Loews x2	36	37	37			
20th Century Fox						

Montgomery Ward	50	51	51			
J. C. Penney Co.	53	53	53			
Sears Roebuck x2	84	85	87			
United Drug	12	12	12			
Walgreen x2	26	26	26			
Woolworth	45	45	46			
Borden	24	24	24			
Gen. Foods	39	39	40			
Kroger Grocery	20	19	19			
Nat. Biscuit x2	25	25	25			
Nat. Dairy	21	23	23			
Standard Brands	12	12	12			
Am. Tobacco B.	74	79	79			
Liggett Myers B.	95	95	95			

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1937				Last two Half-yearly Dividends				Prices, Year 1937				Last two Half-yearly Dividends				Prices, Year 1937				Last two Half-yearly Dividends				
Year 1936		Jan. 1 to May 26, inclusive		Year 1937		Jan. 1 to May 26, inclusive		Year 1937		Jan. 1 to May 26, inclusive		Year 1937		Jan. 1 to May 26, inclusive		Year 1937		Jan. 1 to May 26, inclusive		Year 1937		Jan. 1 to May 26, inclusive		
High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est	
87 1/2	82 1/2	84 1/2	74	Consols 2 1/2%	76 1/2	76 1/2	—	£ s. d.	40/-	32/-	5(a)	5(b)	Bank of N. Zealand £1	36 3/4	35 1/2	—	£ s. d.	40/-	32/-	5(a)	5(b)	Bank of N. Zealand £1	36 3/4	35 1/2
116 1/2	112 1/2	113	107 1/2	Do. 4% Red. at par	109 1/2	109 1/2	—	3 7 0	30 1/2	24 1/2	6(a)	6(b)	Bank of England Stk.	34 1/2	34 1/2	—	3 9 0	30 1/2	24 1/2	6(a)	6(b)	Bank of England Stk.	34 1/2	34 1/2
102 1/2	100 1/2	101 1/2	96 1/2	Conversion 2 1/2% 1944-49	98 1/2	98 1/2	—	2 11 0	10 1/2	8 1/2	2 1/2	2 1/2	Barclay B. (£1)	34 1/2	34 1/2	—	3 9 0	10 1/2	8 1/2	2 1/2	2 1/2	Barclay B. (£1)	34 1/2	34 1/2
105 1/2	103 1/2	104 1/2	99 1/2	Do. 3%, 1948-53	100 1/2	100 1/2	—	3 0 0	10 1/2	8 1/2	3 1/2	3 1/2	Bark. (Dom. & A) £1	40/-	40/-	—	4 0 0	10 1/2	8 1/2	2 1/2	2 1/2	Bark. (Dom. & A) £1	40/-	40/-
108 1/2	106 1/2	107 1/2	100	Do. 3 1/2% after 1961	102 1/2	102 1/2	—	3 8 9	10 1/2	8 1/2	4 1/2	4 1/2	Bk. of Australasia (£5)	47 1/2	47 1/2	—	4 0 0	10 1/2	8 1/2	2 1/2	2 1/2	Bk. of Australasia (£5)	47 1/2	47 1/2
111 1/2	109 1/2	110 1/2	105 1/2	Do. 4 1/2% 1940-44	107 1/2	107 1/2	—	2 11 0	10 1/2	8 1/2	5 1/2	5 1/2	Bk. of Montreal (£100)	44 1/2	44 1/2	—	3 9 0	10 1/2	8 1/2	2 1/2	2 1/2	Bk. of Montreal (£100)	44 1/2	44 1/2
121 1/2	119 1/2	120 1/2	113	Do. 5% 1944-64	113 1/2	113 1/2	—	2 19 0	10 1/2	8 1/2	6 1/2	6 1/2	Bk. of N.S. Wales (£20)	29 1/2	29 1/2	—	2 18 0	10 1/2	8 1/2	2 1/2	2 1/2	Bk. of N.S. Wales (£20)	29 1/2	29 1/2
95 1/2	92 1/2	93 1/2	87 1/2	Funding 2 1/2% 1956-61	92 1/2	92 1/2	—	3 5 3	17	15 1/2	7 1/2	7 1/2	British Overseas A £5	95 1/2	95 1/2	—	6 5 0	17	15 1/2	7 1/2	7 1/2	British Overseas A £5	95 1/2	95 1/2
104 1/2	101 1/2	102 1/2	95 1/2	Funding 3% 1959-69	96 1/2	96 1/2	—	3 4 6	15 1/2	14 1/2	8 1/2	8 1/2	Chd. of India (£5)	15 1/2	15 1/2	—	4 11 6	15 1/2	14 1/2	8 1/2	8 1/2	Chd. of India (£5)	15 1/2	15 1/2
119 1/2	116 1/2	117 1/2	110 1/2	Funding 4 1/2% 1960-90	110 1/2	110 1/2	—	3 5 6	58/-	54/-	9 1/2	9 1/2	Concl. Bk. of Aus. 10/-	15 1/2	15 1/2	—	3 9 3 1/2	58/-	54/-	9 1/2	9 1/2	Concl. Bk. of Aus. 10/-	15 1/2	15 1/2
117 1/2	114 1/2	115 1/2	107 1/2	Victory Bonds 4%	109 1/2	109 1/2	—	3 10 0	108 1/2	95 1/2	12 1/2	12 1/2	District A £5, 1 pd.	87 1/2	87 1/2	—	3 16 0	108 1/2	95 1/2	12 1/2	12 1/2	District A £5, 1 pd.	87 1/2	87 1/2
108 1/2	105 1/2	106 1/2	100 1/2	War L'n 3 1/2% after 1952	101 1/2	101 1/2	—	3 8 0	11 1/2	10 1/2	13 1/2	13 1/2	Do. B £1 fully paid	55 1/2	55 1/2	—	3 16 2	101 1/2	101 1/2	11 1/2	11 1/2	Do. B £1 fully paid	55 1/2	55 1/2
98 1/2	94 1/2	96 1/2	87 1/2	Local Loans 3%	88 1/2	88 1/2	—	3 7 6	120 1/2	109 1/2	2 1/2	2 1/2	Eng. Scot. & Aust. £5 3rd	97 1/2	97 1/2	—	4 1 0	88 1/2	88 1/2	9 1/2	9 1/2	Eng. Scot. & Aust. £5 3rd	97 1/2	97 1/2
103 1/2	100 1/2	101 1/2	94 1/2	Austria 3% 1933-53	101 1/2	101 1/2	—	3 0 0	69/-	59/-	8 1/2	8 1/2	Hambros £10, 1 1/2 pd.	11 1/2	11 1/2	—	4 1 9	101 1/2	101 1/2	11 1/2	11 1/2	Hambros £10, 1 1/2 pd.	11 1/2	11 1/2
76 1/2	70 1/2	72 1/2	62 1/2	India 2 1/2%	64 1/2	64 1/2	—	3 15 9	10 1/2	8 1/2	7 1/2	7 1/2	Hong. & S. (£125)	119 1/2	119 1/2	—	3 14 0	64 1/2	64 1/2	7 1/2	7 1/2	Hong. & S. (£125)	119 1/2	119 1/2
88 1/2	83 1/2	85 1/2	74 1/2	Do. 3%	77 1/2	77 1/2	—	3 15 11	94 1/2	81/-	8 1/2	8 1/2	Lloyds £5, with 1 1/2 pd.	62 1/2	62 1/2	—	3 14 0	77 1/2	77 1/2	8 1/2	8 1/2	Lloyds £5, with 1 1/2 pd.	62 1/2	62 1/2
100 1/2	96 1/2	98 1/2	87 1/2	Do. 3 1/2%	90 1/2	90 1/2	—	3 16 1	47 1/2	39 1/2	9 1/2	9 1/2	Martins £20, 2 1/2 pd.	94 1/2	94 1/2	—	3 11 0	90 1/2	90 1/2	9 1/2	9 1/2	Martins £20, 2 1/2 pd.	94 1/2	94 1/2
120 1/2	116 1/2	118 1/2	112 1/2	Do. 4 1/2% 1958-68	112 1/2	112 1/2	—	3 12 0	47 1/2	39 1/2	9 1/2	9 1/2	Midland £1, fully paid	90 1/2	90 1/2	—	3 15 0	112 1/2	112 1/2	9 1/2	9 1/2	Midland £1, fully paid	90 1/2	90 1/2
107 1/2	104 1/2	105 1/2	97 1/2	U.K. & Arc. 4 1/2% (1947)	104 1/2	104 1/2	—	3 10 4	16 1/2	15 1/2	7 1/2	7 1/2	Nat. of India £25, 1 1/2 pd.	41 1/2	41 1/2	—	5 6 0	104 1/2	104 1/2	7 1/2	7 1/2	Nat. of India £25, 1 1/2 pd.	41 1/2	41 1/2
113 1/2	109 1/2	109 1/2	106 1/2	Dom. & Col. Govts.	109 1/2	109 1/2	—	3 14 9	49 1/2	46 1/2	8 1/2	8 1/2	Nat. of Persia £20, 2 1/2 pd.	14 1/2	14 1/2	—	3 19 0	109 1/2	109 1/2	8 1/2	8 1/2	Nat. of Persia £20, 2 1/2 pd.	14 1/2	14 1/2
106 1/2	102 1/2	105 1/2	101 1/2	Australia 5% 1945-75	109 1/2	109 1/2	—	2 15 6	101 1/2	90 1/2	9 1/2	9 1/2	Royal Bk. of Scotland	47 1/2	47 1/2	—	3 12 0	105 1/2	105 1/2	9 1/2	9 1/2	Royal Bk. of Scotland	47 1/2	47 1/2
118 1/2	114 1/2	116 1/2	110 1/2	Canada 4 1/2% 1940-60	105 1/2	105 1/2	—	2 15 6	101 1/2	90 1/2	9 1/2	9 1/2	St. of S. Afr. £20, 5 pd.	14 1/2	14 1/2	—	3 19 0	110 1/2	110 1/2	9 1/2	9 1/2	St. of S. Afr. £20, 5 pd.	14 1/2	14 1/2
120 1/2	117 1/2	118 1/2	111 1/2	Gold Coast 4 1/2% 1956	115 1/2	115 1/2	—	3 8 6	94 1/2	75 1/2	9 1/2	9 1/2	Westminster £4, 1 pd.	91 1/2	91 1/2	—	3 19 3	111 1/2	111 1/2	9 1/2	9 1/2	Westminster £4, 1 pd.	91 1/2	91 1/2
110 1/2	107 1/2	108 1/2	100 1/2	Nigeria 5% 1950-60	116 1/2	116 1/2	—	3 8 3	94 1/2	75 1/2	9 1/2	9 1/2	Alexanders £2, 1 pd.	82 1/2	82 1/2	—	4 0 6	108 1/2	108 1/2	9 1/2	9 1/2	Alexanders £2, 1 pd.	82 1/2	82 1/2
114 1/2	110 1/2	112 1/2	104 1/2	N. Zealand 5% 1946	106 1/2	106 1/2	—	4 6 0	84 1/2	74 1/2	9 1/2	9 1/2	National A £2 1/2 pd.	14 1/2	14 1/2	—	4 1 9	112 1/2	112 1/2	9 1/2	9 1/2	National A £2 1/2 pd.	14 1/2	14 1/2
109 1/2	106 1/2	107 1/2	100 1/2	Queensland 5% 1940-60	105 1/2	105 1/2	—	3 9 6	16 1/2	14 1/2	9 1/2	9 1/2	B £7 1/2, 2 1/2 pd.	34 1/2	34 1/2	—	3 18 0	107 1/2	107 1/2	9 1/2	9 1/2	B £7 1/2, 2 1/2 pd.	34 1/2	34 1/2
117 1/2	113 1/2	114 1/2	104 1/2	S. Africa 5% 1945-75	114 1/2	114 1/2	—	3 5 0	54 1/2	45 1/2	8 1/2	8 1/2	Union J. of stock	51 1/2	51 1/2	—	3 18 0	114 1/2	114 1/2	8 1/2	8 1/2	Union J. of stock	51 1/2	51 1/2
102 1/2	90 1/2	103 1/2	97 1/2	Foreign Government	102 1/2	102 1/2	—	4 8 6	32 1/2	28 1/2	40 1/2	40 1/2	Alliance £1, fully paid	29 1/2	29 1/2	—	3 2 0	103 1/2	103 1/2	40 1/2	40 1/2	Alliance £1, fully paid	29 1/2	29 1/2
72 1/2	68 1/2	70 1/2	61 1/2	Argentina 4 1/2% Str. Bds	103 1/2	103 1/2	—	6 16 0	15 1/2	13 1/2	13 1/2	13 1/2	Atlas £5, 1 1/2 pd.	14 1/2	14 1/2	—	2 16 0	70 1/2	70 1/2	40 1/2	40 1/2	Atlas £5, 1 1/2 pd.	14 1/2	14 1/2
97 1/2	94 1/2	95 1/2	86 1/2	Do. 4 1/2% 1934-59	86 1/2	86 1/2	—	5 15 6	10 1/2	9 1/2	20 1/2	20 1/2	Com. Un. £1, fully paid	10 1/2	10 1/2	—	3 15 0	95 1/2	95 1/2	40 1/2	40 1/2	Com. Un. £1, fully paid	10 1/2	10 1/2
27 1/2	24 1/2	25 1/2	16 1/2	B. Aires (Prov.) 3 1/2%	70 1/2	70 1/2	—	5 1 3	6 1/2	5 1/2	1 1/4-8-4	2 1/2	Gen. Accident £1, 5/- pd.	5 1/2	5 1/2	—	2 18 0	25 1/2	25 1/2	40 1/2	40 1/2	Gen. Accident £1, 5/- pd.	5 1/2	5 1/2
83 1/2	80 1/2	81 1/2	72 1/2	Belgian 4% red. by 1970	98 1/2	98 1/2	—	4 0 6	35 1/2	31 1/2	25 1/2	25 1/2	Lon. & Lanc. £5, 1 1/2 pd.	31 1/2	31 1/2	—	2 9 9	81 1/2	81 1/2	40 1/2	40 1/2	Lon. & Lanc. £5, 1 1/2 pd.	31 1/2	31 1/2
28 1/2	25 1/2	26 1/2	17 1/2	Bulgaria 7 1/2% Loan	27 1/2	27 1/2	—	9 11 0	14 1/2	11 1/2	3 1/2	3 1/2	N. Brit. & Mer. £1, 1 1/2 pd.	20 1/2	20 1/2	—	3 13 0	26 1/2	26 1/2	40 1/2	40 1/2	N. Brit. & Mer. £1, 1 1/2 pd.	20 1/2	20 1/2
83 1/2	80 1/2	81 1/2	72 1/2	Brazil 5% Fund. 1914	84 1/2	84 1/2	—	5 15 7	21 1/2	18 1/2	12 1/2	12 1/2	Northern £10, 1 1/2 pd.	20 1/2	20 1/2	—	3 13 0	81 1/2	81 1/2	40 1/2	40 1/2	Northern £10, 1 1/2 pd.	20 1/2	20 1/2
83 1/2	80 1/2	81 1/2	72 1/2	Chili 6% (1929)	25 1/2	25 1/2	—	5 10 6	16 1/2	15 1/2	8 1/2	8 1/2	Pearl (C1), fully paid	20 1/2	20 1/2	—	3 10 0	25 1/2	25 1/2	40 1/2	40 1/2	Pearl (C1), fully paid	20 1/2	20 1/2
83 1/2	80 1/2	81 1/2	72 1/2	China 5% (1912)	99 1/2	99 1/2	—</																	

Rate % per Annum, except where marked % or Stated in Cash

In the general foreign field we are able to report profitable results, but conditions have been more than ever difficult.

Workmen's compensation business at home has, for reasons known to you, made only a small contribution to our profits, whilst abroad, though showing some improvement on recent years, results are still far from satisfactory. This class of business the world over continues to be more costly, and it is very difficult to transact it on a basis productive of profit. Long experience of workmen's compensation insurance in this country leads us to the conclusion that even yet the claims cost has not reached its peak, and since the operation of the Workmen's Compensation

Act, 1925, our records show that the average cost per claim has increased by practically 40 per cent.

Our funds in this department now amount to £5,697,000, which is slightly in excess of our premium income.

MARINE DEPARTMENT

In the marine department, the 1935 underwriting account has been closed with a profit of £52,000, or 6.5 per cent. of the premiums for that year, a result which I think we may regard as moderately good, having regard to existing conditions.

During 1936 our marine premiums amounted to £806,000, and first year settlements and expenses have absorbed £495,000, the balance of £401,000 being carried forward. This figure represents 49.7 per cent., which, curiously enough, is exactly the same percentage as was carried forward last year.

PROFIT AND LOSS ACCOUNT

On the income side of the profit and loss account, interest and dividends (less income tax) amounted to £1,241,000, which is less by £12,000 net than for 1935. The fall is attributable to the increase last year in the standard rate of tax from 4s. 6d. to 4s. 9d. in the £, the gross figure being, in fact, higher than for the previous year.

The profits transferred from the fire, marine, and accident underwriting accounts, together with one-fifth of the shareholders' proportion of the life profits for the past quinquennium, aggregate £1,003,000, ranking among the best achievements in the company's history. (Applause.)

In addition to the usual allocations appearing on the other side of the account, and which include £50,000 written off freehold house property, and £148,000 to superannuation funds, you will observe that we have again transferred £250,000 to reserve fund in order further to augment our free central reserves, whilst £250,000 has been placed to the additional reserve in the accident and general insurances account.

As already announced, the directors recommend a similar dividend to last year, namely, a final payment of 3s. 3d. per share, which, with the interim payment of that amount in November last, makes the total of 6s. 6d. for the year.

BALANCE SHEET

There would not appear to be any features of the balance sheet necessitating special mention, apart from a reference to the total funds of the company, which, at £48,989,000, show an increase of £1,550,000 on the year. Of this, £896,000 is represented by the growth in the various life funds, and there is consequently an increase in the other departmental and free funds of £654,000.

OUTLOOK

This concludes my review of the results disclosed in the accounts before you, and it is satisfactory to be able to report a condition of progress. Insurance is so closely linked with commerce that the growth in our business cannot but reflect in some way that expansion in trade of which we see so many evidences in other directions. It is true that, so far, the improvement has been most marked in the home markets of the various countries where we operate, but signs are not lacking of an expansion in international trade and a move towards a period when effective stabilisation of the major currencies may become practicable. Progress in that direction has been made during the last twelve months, as evidenced by the tripartite declaration on exchange by the United States, France and this country, and the discussions that are now on foot to secure greater freedom of trade between the various countries taking part in them. I trust that no efforts will be spared to develop and extend this movement, as there is no doubt whatever that the cause of world peace is most effectively advanced by improvement in the economic conditions of the people, by the greater freedom of international trade, and the confidence engendered by a condition of stability in the major currencies of the world.

The history of the present year will be marked by a number of events of outstanding interest, and the Rearmament Programme is a landmark of special prominence. So far as we are concerned, its direct effects are perhaps most marked on the financial side, through the incidence of taxation. It is difficult, however, to resist the claim that the programme is essential for the security of Great Britain and the European nations generally. There may be some temporary disadvantages in the mobilisation of men and materials for rearmament work, but I hope that this dislocation will be temporary only in its effects, and will not affect our capacity to develop our export markets.

The Imperial Conference, too, is another feature worthy of note. The opportunity afforded for the leaders of our various Dominions and Colonies to make this close personal contact with each other and with the Government of this country, and to de-

liberate on matters of common concern, will, we hope, fructify in the interest of Imperial commerce and even extend universally.

WAR RISKS AGREEMENT

In our own business, last year has been noteworthy for an agreement which was reached between insurance companies and underwriters in this country to exclude war risk on land from the scope of their covers, an agreement to which some publicity has been given. Insurance to be effective must be confined to events which permit a company, by selection and distribution, to limit liability and protect itself against catastrophe. The exercise of these fundamental precautions is obviously impossible in the case of war risk, and the agreement to exclude this cover is, in my opinion, in the best interests both of the companies and the insuring public. So far as we are concerned, it affects our practice very slightly. On account of those very factors which prevent the exercise of prudent underwriting precautions, our liabilities were very limited.

So far as this year has gone, nothing exceptional has happened to which I ought to refer. The difficulties and problems inherent in our business are still with us. We are dependent on general world conditions for the results that we report to you but more particularly on the support we receive from shareholders and policyholders and, given a continuance of active trade, I think we can look forward with reasonable optimism. I am satisfied that our organisation, agents, officials and staff, to whose loyal services the company owes so much, are well-fitted to take advantage of whatever opportunities the future may hold. (Applause.)

The report and accounts were adopted, and a final dividend of 3s. 3d. per share was declared, making 6s. 6d. per share, less income tax, for 1936.

BRITISH-BORNEO PETROLEUM SYNDICATE LIMITED

MAINTENANCE OF SATISFACTORY PROFITS

The twenty-third ordinary general meeting of this company was held, on the 27th instant, in London.

Mr Walter MacLachlan (chairman and managing director), in the course of his speech, said:—The total revenue amounted to £73,544, which comprises dividends and interest upon our investments and loans, royalty upon the production of oil from the Seria oilfield in Brunei, and the net profit derived from realisation of investments during the year. The administrative, management and other London expenditure amounted to £4,955, leaving a net profit for the year of £68,589. Adding this amount to the £12,106 of undistributed profit from last year, we have a total credit balance of £110,696. The directors have transferred £20,000 to general reserve and £13,125 has been paid in respect of interim dividend No. 23; the balance at the credit of the profit and loss account therefore now stands at £77,571.

The directors recommend the payment, in respect of the year which ended on March 31st last, of a final dividend, No. 24, of 5 per cent. and a bonus of 7½ per cent., both less tax, making a total distribution of 17½ per cent. for the year. It is proposed that the final dividend and bonus will be payable on June 12th. The income tax deducted will be at the rate of 3s. 6.26d. in the £, the reduction from the standard rate of 5s. resulting from Dominion income tax relief. These appropriations, with the directors' additional remuneration of £1,562, will amount to £32,813, leaving a balance at the credit of the profit and loss account of £44,758.

We are pleased to be able to report the maintenance of satisfactory profits for the year under review, and in comparing these with previous results we would remind you that the accounts for the previous year included a substantial non-recurring profit from the sale of our interest in Orinoco Oilfields, Limited. The general result is that the rate of distribution is maintained at 17½ per cent., and we have also been able to utilise £20,000 of our profits to raise our general reserve to the substantial sum of £70,000, and, at the same time, slightly increase the balance of undistributed profit.

With regard to the general reserve, I wish to point out that the business of a company such as this must fluctuate from year to year, and while for some years past we have experienced steadily rising prices and favourable conditions which have been reflected in the consistent increase in the dividends we have paid, it must be recognised that these conditions cannot continue indefinitely. You will appreciate that, after three years of almost constantly rising prices, the opportunities for favourable market operations are increasingly restricted, and indeed the downward trend of gilt-edged securities indicates the probability of dearer money and higher yields, with a consequent revision downwards of the high prices which have recently prevailed.

The report was adopted.

BRITISH OXYGEN COMPANY, LIMITED

CONTINUED EXPANSION AT HOME AND OVERSEAS

DEVELOPMENT OF WELDING PROCESSES

ISSUE OF BONUS SHARES

DR J. D. POLLOCK'S ADDRESS

The fifty-first ordinary annual general meeting of the British Oxygen Company, Limited, was held, on the 26th instant, at the Grosvenor Hotel, London, S.W.

Dr J. Donald Pollock, chairman of the company, presided. The Secretary (Mr Frank Leeds) having read the report of the auditors,

The Chairman said: Ladies and gentlemen,—I regret to say that on this occasion we meet without the genial presence of one of our managing directors, Mr P. B. Liversidge, who has been temporarily laid aside. I am sure you will all agree with me that we deplore his absence and send him our sincerest sympathy and best wishes for a speedy recovery.

ISSUED ORDINARY CAPITAL

Including the free bonus issued to shareholders at the beginning of last year, the ordinary capital amounted to £2,485,674, and, in accordance with the report, there was an issue of 170,000 ordinary shares in payment of the purchase price of the Quasi-Arc Company, Limited, bringing the ordinary capital of the company at December 31, 1936, up to £2,655,674. Since that date there has been an issue of 8,000 ordinary shares of the company, in payment of the purchase price of the Ferro-Arc Welding Company, Limited, thus bringing the total issued ordinary stock up to £2,663,674.

The free bonus issue, to be distributed amongst ordinary shareholders in the proportion of one share for every £15 ordinary stock held, amounts to £177,578, bringing the ordinary capital, on which the final dividend of 8 per cent. is payable, up to £2,841,252.

The statement of accounts includes for the first time a statement of consolidated profits of the organisation, including the company's share of the profits of its various subsidiary companies.

The statement is indicative of the progress of the company, and I am sure it will be appreciated by the shareholders.

THE CONSOLIDATED PROFITS OF THE ORGANISATION

The consolidated profits of the organisation, including the company's share of the profits of the various subsidiary companies, amount to £995,781, but as the figures for 1935 were not prepared in the same manner, there is no comparative corresponding figure, but the balance of profits, which includes the profits of the subsidiary companies to the extent to which dividends have been declared, amounts to £600,279, which compares with the figure for 1935 of £449,828.

The consolidated profits of the organisation, after deduction of depreciation and of the contribution to the staff and works pension funds, amount to £665,045, from which there falls to be deducted a preference dividend distribution for the year amounting to £32,500, a preference dividend dividend paid of £173,997, and the provision for the ordinary interim dividend of £227,300, giving a total of £433,797, and leaving a balance of £231,248, which represents the balance of the profits of this company and of its subsidiaries retained for special appropriations and allocation to reserves and undistributed profit balances.

Whilst we have paid a final dividend on the 178,000 ordinary shares issued in payment for the purchase price of the Quasi-Arc Company, Limited, and the Ferro-Arc Welding Company, Limited, no profits of these businesses have been brought into the statements shown in the combined profits of the company and of its subsidiaries for this year.

LIBERAL DEPRECIATION POLICY

The same liberal policy with regard to depreciation has been pursued throughout the organisation as for the year 1935, and whilst the amount written off represents a large percentage of the book value of the assets, the directors, in view of our development policy, deem it prudent to add a further £50,000 to the reserve against buildings and plant.

The value of our fixed assets shows an increase from £1,260,869 to £1,438,027, after taking into account depreciation written off. It is the aim of your directors to meet all ordinary improvements and expansions out of depreciation and obsolescence provision.

The company's interest in shares in subsidiary companies has increased from £817,229 to £1,018,299. Our interests will tend to increase owing to the expansion of our overseas subsidiaries, but this year the increase is mainly due to the acquisition of the Quasi-Arc Company, Limited.

The balance at bankers and in British and Colonial Government securities at cost amounts to £462,764.

CAPITAL BONUS

It will be appreciated that, with the continued expansion of the ordinary business of the company both at home and overseas, it is necessary to retain in a business such as ours a larger sum than would be ordinarily retained. The directors therefore recommend that a sum of £177,578 standing at the credit of the general reserve account be capitalised and distributed to the ordinary shareholders as a free bonus in the proportion of one share for every £15 ordinary stock held.

After providing for the dividend on the preference stock for the year, and the interim dividend of 7 per cent. paid in November last on £2,485,574 ordinary stock, and contributions to the staff and works pension funds, and the reserve provision of £125,000, there remains a balance of £261,854, out of which the directors recommend the distribution of £227,300 for the payment of a final dividend of 8 per cent. on the ordinary stock, including the new issue, less tax, carrying forward to the next account the sum of £34,554.

Owing to the Dominions income tax relief to which the company is entitled, amounting to 3.937d. in the pound, the rate at which income tax will be deducted from the final dividend will be 4s. 8.063d. in the pound.

NATIONAL DEFENCE CONTRIBUTION

I think I may rightly express the view of the shareholders of this company by saying that we shall be ready and willing to pay our fair share towards the cost of properly establishing and maintaining our various Defence Services, and we are only anxious that the necessary taxation should be on an equitable basis.

Uncertainty is not conducive to enterprise, and the proposed new tax unfortunately will leave all undertakings in that position during the whole period of this taxation.

RESEARCH AND DEVELOPMENT

The business of this company in practically all of its products is of such a nature that it gives extensive scope for research and development in the methods of production and distribution, in new uses for the products and in new products themselves.

Large sums have been spent by us in building and equipping up-to-date research laboratories in London, and the year 1936 may be considered as another year of intensive research and development.

The extension and modernisation of our plant and equipment works at Edmonton was completed during the year, and we are now enjoying the benefit of these extensions, which enable us to cope with the increasing demands for plant and equipment of all kinds for use in the application of our products.

The company's programme, which was commenced in 1930, of laying down large capacity oxygen-producing plants in the chief industrial centres throughout the country, made further progress during the year, and our main chain of these large plants now operates from London to Glasgow.

EXPANDING DEMAND FOR ACETYLENE

The demand for acetylene equally showed a continuous expansion. Acetylene is manufactured from calcium carbide, and the supplies of carbide for this country are wholly imported. We are the largest importers and the largest users of carbide in this country, and in order to ensure our supplies, in peace or war, the company promoted the Caledonian Power Bill, to enable the company to obtain low-cost power for the production of carbide which, however, was rejected by Parliament.

The Government have now set up a Calcium Carbide Committee which is prepared to consider schemes which may be submitted to it for the production of calcium carbide, and this company proposes to submit a scheme to the committee.

The expansion of the welding business continued during the year in both the oxy-acetylene and electric systems. Electric welding is developing rapidly, and its applications are largely in a field not competitive with oxy-acetylene welding, in addition to which, electric welding, in many of its applications, necessitates cutting and bevelling of plates and other sections, and for such cutting and bevelling oxygen is used to a large extent. The two systems tend to be more closely allied and the board of directors were of the opinion that, rather than still further extend the electric welding department of the company, it would be better to ally ourselves with an old-established company engaged in electric welding development.

I have already referred to the purchase of the share capital of the Quasi-Arc Company, Limited, who are the pioneers of electric welding, and to the purchase of the share capital of the Ferro-Arc Welding Company, with which company we had co-operated for some considerable period.

The amalgamation of these interests allows us to group the technical resources of oxy-acetylene and electric welding and to place our organisation in a position to give unbiased information on welding and welding problems.

PENSION FUNDS

As I told you in my speech last year, a staff pension fund was started on January 1, 1936, and has been most highly appreciated by most of our staff. I would like to give you the percentage of members. Out of the total male staff 99.5 per cent. are members of the fund, and 85 per cent. of the female staff.

The success of this staff pension fund encouraged us to proceed with greater confidence in the establishment of a pension fund for the works people, which was brought into operation on September 1, 1936. The scheme has been a great success, which is proved by the following percentage of members who have joined:—Males, 99 per cent.; females, 82.5 per cent.

The foregoing figures relate to the company and its subsidiaries in this country participating in the funds. It is hoped in the course of the present year to bring into operation similar funds in our overseas companies.

HOLIDAYS WITH PAY

For some years the company has given workmen certain holidays with either half-pay or full-pay according to length of service. Commencing this year, all workmen with not less than six months' service will have a holiday of one week with full pay. (Hear, hear.) Nearly all the workmen employed by the company will participate in that arrangement. In addition an extra holiday with pay is to be granted to both staff and workmen who are members of the Territorial Forces and who attend the annual training camps. (Hear, hear.)

I would like again to refer to the XIIth International Acetylene Congress which was held in June of last year.

The opening ceremony took place at the Guildhall on June 8th, and during the week of the congress 74 papers were considered at the different meetings held. Representatives from 25 foreign countries attended, and, in addition, representatives from all the Dominions. The total number of members registered was 785.

COLLABORATION WITH OVERSEAS COMPANIES

The policy of our company of having close collaboration with our overseas associated companies is proving very valuable, and during last year this was exemplified by the visits of seven of our overseas directors. We took this opportunity of holding an "Empire" conference, at which all of our overseas companies were represented by the directors visiting this country, thus affording an opportunity for useful interchange of technical and commercial information.

During the year our director, Mr R. W. McCrone, accompanied by our overseas director, Major Raikes, paid a visit to India, Ceylon, and Burmah, where they made a complete survey of the works of our new Indian company.

This year we have with us Mr Bird, the secretary of our South African company, and Sir Alexander Stewart, K.B.E., the chairman of our Australian company. Sir Alexander Stewart has been associated with the British Oxygen company for 25 years, and was responsible, along with his then partner, Mr Fyvie, for the formation and development of the Commonwealth Oxygen Company in Australia. He has taken a great part in the development and expansion of industry in Australia, and our association with him has been

invaluable. We are indeed fortunate in having the benefit of Sir Alexander's wise counsel and experience as chairman in guiding the destinies of our Australian company. We, as a company, congratulate him on the high honour conferred on him in the New Year Honours by his Majesty the King. After the report has been proposed and seconded, I will ask Sir Alexander to say a few words to you.

PROSPECTS FOR CURRENT YEAR

I am very glad to be able to inform you that, since the commencement of this year, the trade of our home and overseas companies still continues to show expansion as compared with 1936, and we have every reason to be satisfied with the results to date.

In conclusion, I am sure you will appreciate from our report and from my remarks that the year 1936 must have been a very strenuous year for our managing directors, their staffs and employees, and we must congratulate them all on coming through such a year as 1936 with flying colours. (Hear, hear.)

I have already referred to our close collaboration and co-operation with our overseas companies, and I wish also to congratulate our overseas chairman, directors, and managing directors, and their staffs and employees, on the successful efforts they have made during the past year, and we send them our thanks and good wishes. (Applause.)

The chairman concluded by moving the adoption of the report and accounts, which was seconded by Mr. S. J. L. Hardie (vice-chairman).

SIR ALEXANDER STEWART'S STATEMENT

Sir Alexander Stewart, K.B.E.—Mr Chairman, ladies and gentlemen,—I would like to express the pleasure that I have in being present to-day. I would also like to express to you the thanks of my colleagues and myself for the very kindly references that have been made to our activities in Australia. Further, I would like to congratulate the shareholders of this company on the statement that has been made to-day from the chair. (Hear, hear.) I think that the congratulations to the executive directors of this company are well merited. (Hear, hear.) I have been present, like yourselves, only as a listener, but I have been impressed. I have spent a little time in going over the organisation and the team work you have here is very wonderful. The spirit of "pull together" and the success and the development that have taken place in this organisation since I saw it last, 10 years ago, are very pleasing. I have been very surprised at the chairman's comments with regard to the carbide industry in this country, and I would only say that the safety of the country warrants its establishment in Great Britain. (Hear, hear.) That, I think, is a most important thing.

DEVELOPMENT OF CARBIDE INDUSTRIES

The fact that so many of your industries depend upon the production of carbide and the many by-products that come from it warrants immediate attention. We have in our own little way developed our own carbide industry from water power from the Great Lake in Tasmania, and it has been of the utmost advantage and benefit in developing many of our indigenous industries. I would like to see everyone who has any pull in bringing this thing to a successful conclusion to do so. When we in Australia get a large meeting like this we know the board is in for a bad time. On the other hand, when we have a good story such as we have heard this morning we generally get a small attendance. I think that each one of you should become an ambassador to see that this business is put straight and thus help to create new employment. It is necessary to keep this great Empire self-contained. Defence has been referred to by the chairman. That, of course, touches us very closely, and we are 100 per cent. with the Mother Country. (Hear, hear.)

EFFICIENCY AND SERVICE TO THE PUBLIC

I do not think I have anything more to say other than to tell you that in a big expanding industry like this there is, of course, always heavy expenditure, and the only way to keep abreast of the times and bring success is to have efficiency and service to the public, with a good technical background and research laboratories. That is the motto of our company in Australia. We are very proud of our progress, and we are proud of our association with the British Oxygen Company. We lean on them in much of our research work, and I think the interchange of technical information between Britain and the Dominions is wonderful. If any of you care to come out to Australia we shall be very glad to see you and to give you a good welcome and at the same time show you the interests embracing what is known in Australia as the Commonwealth Industrial Gases. We are, of course, very far flung; your distances to us are nothing—it is only about a crow's flight from one of your works to another. We have between one of our works in one State and another some

3,000 miles to travel, but our efficiency and organisation are very good. It is a great pleasure to me to know that we are a contributor to the fine results reviewed by the chairman this morning. (Applause.)

The report and accounts were unanimously adopted, and, the formal business having been transacted, resolutions were passed increasing the capital and authorising the distribution of bonus shares.

A hearty vote of thanks having been accorded to the chairman, directors, and staff, the proceedings terminated.

WIGGINS, TEAPE AND COMPANY (1919) LIMITED

INCREASED VOLUME OF TRADE

LORD PORTAL'S STATEMENT

The eighteenth annual general meeting of Wiggins, Teape and Company (1919), Limited, was held, on the 24th instant, at Winchester House, Old Broad Street, London, E.C.

Lord Portal, D.S.O., M.V.O. (chairman of the company). said:—Ladies and gentlemen,—The report and accounts have been in your hands for the requisite period, and I propose, with your permission, to take them as read. For the fourth year in succession your directors in their report have been able to report a larger volume of trade done by your company and its subsidiary companies during the year under review. The year 1936 witnessed improved trading conditions in almost all industries which have undoubtedly led to an increased demand for paper. I am confident that the Wiggins, Teape Group of companies has secured its fair share of that increased demand. An increased export trade derived mainly from the British Empire has again been enjoyed.

I am glad to report that your company's new ventures showed some improvement during the year 1936, but in the case of Greaseproof Paper Mills a loss was again incurred, though on a much reduced scale.

FORD PAPER MILLS

For some time past the demand for our cheaper grades of banks and bonds has been growing and we arrived at a point when our machines capable of making those papers could not cope with the increasing sales. We were faced with the alternative of either putting down new plant or acquiring a suitable mill. As you are already aware, we were able to acquire the Ford Paper Mills, situate at Hylton, near Sunderland. I am pleased to inform you that we are already turning out those papers at the Ford Paper Mills.

ISSUE OF ORDINARY SHARES

The company, as stated in my speech of December 23rd last, are now issuing an additional 81,194 ordinary shares which we are offering to our stockholders at a figure which is approximately half a crown a share below to-day's market price. The board have not issued the shares before this date as they were anxious that the stockholders should have not only seen last year's accounts but should have also received the progress report for the first quarter of 1937.

DIVIDEND AND BONUS

You will see that we recommend a payment of a final dividend on the ordinary stock of 5 per cent., less income tax, which brings the dividend for the year 1936 up to 8 per cent. In addition, we are recommending the payment of a bonus on the ordinary stock of 1 per cent., less income tax. Then we propose that £10,000 be transferred to income tax equalisation reserve and £15,000 to special obsolescence reserve. We also propose the transfer of £85,000 to general reserve, bringing that account up to £491,780. The total allocation to these reserves of £110,000 compares with £75,000 for 1935, an increase of £35,000.

PROSPECT FOR 1937

Before I close my remarks, you will doubtless expect me to say something with regard to the trading operations for the current year. You have already been made aware of the profits for the first three months. These show an increase of £3,380 compared with those for the similar period of last year. We are still very busy at our mills, but are faced with rising costs of manufacture. I think, however, that we can look forward to being able to report on an equally good balance sheet this time next year.

The report and accounts were duly adopted; the dividend and bonus, as proposed, were approved; the retiring director was re-elected, and the auditors were reappointed.

SUN INSURANCE OFFICE, LIMITED

INCREASED UNDERWRITING PROFIT AND INVESTMENT INCOME

IMPROVED ACCIDENT ACCOUNT

The annual general meeting of the Sun Insurance Office, Limited, was held, on the 25th instant, at its head office in London.

The Chairman, Sir William H. Goschen, K.B.E., who presided, offered congratulations to two gentlemen connected with the office who received the honour of knighthood in the Coronation Honours List, viz. Sir George F. Huggins, K.B.E., of Trinidad, whose firm had represented the "Sun" in Grenada for many years, and Sir James Wallace Sandford, a local director, in Adelaide.

He felt that it was not inappropriate to recall that King George VI was the eleventh Monarch under whose rule the "Sun" had carried on its work. During that long period many fundamental changes—political, social and economic—had taken place at home and abroad. It was, he thought, somewhat remarkable that the office had been able so to adapt itself to the varying circumstances of the past 228 years as to have remained throughout one of the leaders of the business of insurance. Never in its history had it been more necessary than to-day that those entrusted with the guidance of the company's affairs should be constantly alert and ready to adjust their minds and policy to the ever changing conditions of the eventful times through which they were passing.

THE ACCOUNTS

As regards the accounts, he explained that in 1936 there was a reduction in premium income. This reduction was confined to the foreign field and was the result either of deliberate policy or of causes beyond the company's control.

In the fire account, notwithstanding a satisfactory increase of premium at home, there was in the aggregate a fall of some £79,000 in comparison with 1935, due in part to retirement from business in Mexico in company with all other British offices operating in that country, in consequence of legislation affecting foreign companies which was generally considered unacceptable.

In respect of Spain, since the outbreak of the civil war the company had thought it prudent to adopt a very conservative underwriting policy.

The income from fire business in the United States showed a decline, but in 1935 the premium income from this source was considerably above the normal.

Another factor which had affected premiums was the devaluation of the gold currencies of certain European countries.

The underwriting profit in the fire account was £231,049 exclusive of interest, the percentage of profit to earned premiums being 10.27.

In the accident account, as intimated last year, the volume of the company's casualty business in the United States had been substantially reduced. The effect of that policy was shown in the aggregate premiums, which, as compared with 1935, showed a fall of £106,824. It was not anticipated that the business in the United States casualty section would call for any further reduction.

The percentage of profit on the accident account taken as a whole was 6.41 per cent. on an earned premium basis, as compared with 1.32 per cent. in the previous year, the total underwriting profit carried to profit and loss account being £114,189, exclusive of interest. The marked improvement in this account was most gratifying.

In the marine account the premium income had fallen from £553,000 to £528,000.

They had again been able to transfer to profit and loss account £50,000 in addition to the interest of £30,609 earned on the marine funds, now standing at £950,592 or 180 per cent. of the year's premium income.

The total net income from investments for the year was £255,903, compared with £251,783 in 1935.

The sum of £100,000 had been transferred to an investment exchange and contingency reserve fund.

The board were again recommending a final dividend of 1s. 5d. per share, making, with the interim dividend paid in January, 2s. 8d. per share for the year. This was well covered by the income from investments.

The total funds of the office had increased during the year from £7,977,533 to £8,118,427, the book value of the investments being in the aggregate very substantially less than their market value even at to-day's prices.

The report was adopted.

ANGLO-PALESTINE BANK, LIMITED

REVIEW OF PAST YEAR'S OPERATIONS

RESULTS NOT MATERIALLY AFFECTED BY
UNREST

DIVIDEND MAINTAINED

MR L. ISTORIK'S ADDRESS

The thirty-fifth annual general meeting of the Anglo-Palestine Bank, Limited, was held, on the 27th instant, at the Bank's offices, Brook House, Wallbrook, London, E.C.

In the absence of the acting chairman, who resides in Palestine, Mr L. Istoric (one of the directors) presided.

The Joint Secretary (Mr S. Costa), having read the notice convening the meeting and also the auditors' report,

The Chairman said:—Ladies and gentlemen,—Since we last met, your board has experienced the loss of one of its members, Mr Joseph Ahronowitz, who joined us only a few years ago. During those few years his wide knowledge of the country and his sound advice have been of the utmost value to us, and his untimely death, after a short illness, has been a great loss to his colleagues and to the bank.

In last year's meeting, held on April 21, I still felt justified in opening my remarks by stating that conditions in Palestine continued to be favourable. I said so although two days before certain disturbances had broken out at Jaffa which at that moment one was reasonably entitled to regard as being merely local in character and significance. Unfortunately, as you are aware, those disturbances were allowed to spread, and for more than half a year the country was in a state of continuous disorder, which, in its later stages, became serious enough to justify the sending out to Palestine of a strong military force. The period of more serious disorder came to an end in October last, but it was followed by another period of isolated incidents which continues until this day.

NEED FOR POLITICAL SETTLEMENT

The Report of the Royal Commission which was sent out to Palestine to investigate the position and to make recommendations is being anxiously awaited. So long as no definite and more or less satisfactory policy has been evolved the country is bound to remain in a state of uncertainty which weighs heavily on the minds of investors and of the business community generally. It is this uncertainty and the consequent stagnation which dominate the picture, and there is little hope of any revival until a satisfactory political settlement has been achieved. Your directors are quite convinced that the problem with which the Mandatory Government has to contend is less formidable than it is generally represented to be. If only there existed a firm resolution to carry through loyally and without wavering the obligations of the Mandate, most of the difficulties which now appear to loom so large would melt away or be found to be non-existent. It would then be seen that the country is able to absorb a very large immigrant population which will, in the future, as it has done in the past, be the main contributing factor towards its development and prosperity.

I am very happy to be able to tell you that the bank has in no material way suffered from the year's events. Of course, we could not expect in a year of considerable disturbances to transact as much and as profitable business as we had done before. You will have seen from the annual report and from the accounts that our credit business has gone down by some small amount, and our net balance of profit, which amounted to £130,000 last year, stands this time at £96,000 only. Considering all the circumstances, you will, perhaps, be prepared to agree with me that we have not done badly.

THE DIVIDEND

We have carefully considered whether, under present circumstances, we are justified in proposing the same dividend on the ordinary shares as last year, and we have arrived at the conclusion that there is no adequate reason for doing otherwise. The only difference which this year's dividend shows as compared with last year's is that it is made payable subject to income tax, and has been increased to such an extent as to pro-

vide, after deduction of a tax, a net yield of 8 per cent. It is our present intention to propose in future the payment of dividends subject to income tax.

You will, I hope, commend the action of your directors in proposing that, in view of the uncertain outlook, the available balance of profit should be transferred to the contingency fund.

You will be interested to hear that the Statistical Department recently created under Government auspices has commenced to publish monthly banking returns. A comparison of those returns with our own figures shows that well over 40 per cent. of the country's deposit business is concentrated with us. The balance is with five foreign banks operating in the country and a large number of smaller local institutions.

THE ORANGE INDUSTRY

The orange industry has had a bad season, and is faced with considerable difficulties. Superabundant rains during the shipping season seriously impaired the quality of the fruit, and prices were, in consequence, lower than at any time since the War. Many planters will, therefore, find it difficult to work their groves during the coming summer months in an adequate way, and there exists as yet no certainty that, with new areas reaching the fruit-bearing stage and a consequent increase in the volume of our citrus export, prices will be materially better than those of the last season. The large banks who work together in financing the orange industry retain their full confidence in its future, and their own seasonal advances which are carefully adapted to the market prospects present no risk, but naturally the country will for its ultimate prosperity depend in no small degree on the orange industry being placed on a secure footing.

Towards this end there now appears to exist the beginning of co-operation between the Government, the orange growers and the banks, and one must hope that their joint efforts will be successful.

I now beg to move that the report and accounts for the year ended December 31, 1936, as circulated among the shareholders, be approved and adopted, and that the payment of interim and final dividends both on the ordinary and "A" ordinary shares amounting to 10.6 per cent., less tax, equal to 8 per cent., free of tax, for the year ended December 31, 1936, be and the same is hereby sanctioned.

After passing a vote of thanks to the General Manager, the officials and the staff, the report and accounts, together with the dividends and appropriations therein recommended were approved and adopted. The co-operation of new directors and the re-election of the retiring director were confirmed, and the auditors were reappointed.

The proceedings then terminated with a vote of thanks to the chairman.

MADRAS ELECTRIC SUPPLY
CORPORATION, LIMITED

EXPANSION MAINTAINED

The ordinary general meeting of the Madras Electric Supply Corporation, Limited, was held, on the 26th instant, in London. Mr James Gray (the chairman), in the course of his speech, said: As stated in the directors' report the normal expansion of the business of the corporation was maintained during 1936, the number of consumers connected having increased by 8.8 per cent. and the units sold by 7.8 per cent.

The balance of net revenue for 1936 is £75,598. The directors recommend: (1) Provision for three months' preference dividend accrued to December 31, 1936, £6,212; (2) payment of a final dividend of 5½ per cent. (actual) on the ordinary shares, making 8 per cent. for the year free of income-tax, £32,901, together £39,113, leaving £38,665 to be carried forward, as against £35,771 brought in.

On the whole the directors regard the results as satisfactory, and subject to unforeseen circumstances they are sanguine that the liberal concessions made to consumers (the full effect whereof will be felt this year) will during 1938 be balanced by the increased demand for current. In any event the substantial amount carried forward safeguards the immediate future.

I regret that the position of the tramways did not improve during 1936, and the directors of that company considered it prudent to pass the ordinary share dividend. Competition of motor omnibuses was unrelaxed, but I am able to report an improvement in traffic receipts for the first four months of this year. We are satisfied that everything possible is being done to meet the competition.

The report was unanimously adopted.

CENTRAL MINING AND INVESTMENT
CORPORATION, LIMITED

SUCCESSFUL RESULTS—INCREASED PROFITS

FURTHER EXPANSION IN SOUTH AFRICAN GOLD MINING INDUSTRY

MR F. R. PHILLIPS' ADDRESS

The thirty-second ordinary general meeting of the Central Mining and Investment Corporation, Limited, was held on the 25th instant, at 1 London Wall Buildings, London, Mr F. R. Phillips, M.C., the chairman of the corporation, presiding.

The Secretary (Mr R. A. Macqueen) having read the notice convening the meeting and also the auditors' report,

The Chairman, in the course of his speech, said:—Before proceeding with the business of the meeting I feel it is fitting that I should refer to the death last year of my father, Sir Lionel Phillips. He was one of the pioneers of the Witwatersrand gold mining industry, and from its early days I think it is true to say that he played a notable part in its development. (Hear, hear.) He was a partner in the firm of Messrs Wernher, Beit and Company, which brought into being this corporation. He was a director of the corporation for a period of nearly 19 years, and was its chairman during the difficult war and post-war years, retiring from active business at the end of 1924.

All those associated with him in business, both in London and in South Africa, were ever aware that the welfare of the corporation was his constant ambition and an object for which he never spared himself, and I am proud to think that he has left behind him as an inspiration to those of us now associated with the affairs of your corporation a name for devoted service, probity, and courage.

HIGHER PROFITS

We are glad to be able to present to you accounts which we are sure you will consider satisfactory. The net profit of £822,357 2s. 1d. is £84,720 higher than that for 1935. I am glad to say that our income from dividends and interest again shows an increase. General expenses were slightly higher, as is to be expected in times of expansion. The amount brought forward from last year is £177,564 7s. 10d., which, with the net profit for the current year, gives a total for disposal of £999,921 9s. 11d. The dividend on the 5 per cent. cumulative preference shares absorbs £50,000. The interim dividend of 8s. per share paid on the ordinary capital in November last called for £170,000, and we now propose the payment of a final dividend of 12s. per share and a bonus of 4s. per share, together 16s. per share, absorbing a further £340,000, making a total distribution on both classes of shares of £560,000.

We propose that £150,000 should be transferred to reserve fund, increasing the fund to a total of £1,550,000. The appropriation for the income tax at £75,000 is slightly higher. After allowing for the amount due to the directors under the articles of association the balance carried forward is practically unchanged at £176,119 14s. 3d.

BALANCE SHEET CHANGES

There are certain important changes in the balance sheet. In the first place our investments, including those in subsidiary companies, show a net increase of £920,195. The larger part of the increase of £819,799 under the heading of gold mining is in respect of additions to our holdings of dividend-paying shares, mainly of companies of our own group. We have also subscribed for our proportion of the additional capital required during the year by the developing gold mining companies in which we are interested, and have acquired a substantial holding in Welgedacht Exploration Company, Limited, of which company we have taken over the administrative and technical control. This company's property lies to the east of Modderfontein East, Limited, and we regard it as an attractive mining speculation. An increase of £320,290 is shown under the heading oil, coal, and base metals, which is accounted for in the main by our larger holding of Trinidad Leaseholds, Limited, which company made a new issue of capital towards the end of last year, and by further purchases of base metal shares.

PROVISION FOR SPANISH COMMITMENTS

Secondly, debtors show a decrease of £1,482,734, which reflects the writing down of the loan to the Anglo-Spanish Construction Company, Limited, as mentioned in the directors' report. In view of the active prosecution of hostilities in Spain since the outbreak

of the civil war last July, it has become apparent that negotiations for a settlement of the debt due by the Spanish Government to the Santander-Mediterranean Cia. must inevitably be further postponed. In these circumstances, we have felt that it would be wise to make complete provision in this year's accounts for the corporation's commitment in the Anglo-Spanish Construction Company, Limited. Reserves have fortunately been built up in the past towards meeting such a contingency, and by applying these together with an appropriation from realised profits the loan has now been written down to a nominal figure and the debentures to 5 per cent. of their nominal value.

Our holding of shares has already been written off. The valuation of the debentures is based on the approximate value of the Anglo-Spanish Construction Company's assets in this country, disregarding all assets and claims in Spain. We have taken the figure of 5 per cent. as a conservative valuation for our accounts, but it is not to be regarded as expressing our view as to the ultimate value of the debentures, as the claim of the Santander-Mediterranean Cia. against the Spanish Government remains undisputed and will be pressed at a suitable opportunity. I need hardly say that we regret that it has been necessary to take this step, but it seems prudent in the circumstances existing to-day, and the writing off of an investment the ultimate value of which is in doubt contributes to the strength of our balance sheet.

LARGE LIQUID RESOURCES

As you will see, we maintain very large liquid resources against our deposit and other liabilities. You will observe that the reduction in the amount of cash held at the end of the year is compensated for by an almost corresponding increase under the heading of Government securities and Union of South Africa Treasury Bills, and represents the employment in South African Treasury Bills of funds previously on deposit. Loans at call show an increase. Loans to brokers and others also have increased with expanding business during the year. The lower valuation of debentures of subsidiary companies is explained by further repayment of debentures of London Wall Estate, Limited, and amounts written off our holding of Anglo-Spanish debentures, to which I have already referred.

Our shares, investments, and interests total £6,537,009. Where quotations are available they are taken into our accounts at or under market prices ruling at December 31st last, and on the basis of these quotations their value is very considerably in excess of the balance sheet figure. Unquoted securities are entered at directors' valuation. On the other side of the balance sheet creditors show an increase of £1,553,417, which is accounted for mainly by the larger deposits placed with us by our associated companies.

CONTINUED WIDESPREAD ACTIVITY IN THE INDUSTRY

That the widespread activity and increased scale of operations referred to last year throughout the South African gold mining industry still continues is evidenced by the following figures. The ore milled by the gold mines of the Witwatersrand, including Heidelberg, amounted to 48,221,120 tons, which was 3,986,470 tons in excess of the quantity treated in the previous year, thus establishing a new record in the history of the industry. Once again the average grade of ore milled was reduced, being 4.569 dwt. per ton, against 4.729 dwt. Working costs were lowered by 2d. per ton milled to 18s. 9d., but as the average price realised for the gold produced fell by 1s. 9-6d. per fine ounce, the profit earned at £32,049,125 was £591,138 lower than in 1935. The currency value of the gold production for the year was £77,367,036, which was the highest ever recorded. The footage of development accomplished at 2,137,084 ft. was 173,569 ft. more than in 1935. As was natural the increased activity in all branches of the mining industry necessitated the employment of a greater number of both white and native employees, and comparing the labour force in December, 1936, with that employed in December, 1935, we find that the figures for white employees were 36,675, as compared with 33,479, while native workers totalled 304,243, against 282,917.

NEW RECORDS SET UP BY GROUP

The Witwatersrand mines of our own group again established new records in the tonnage milled—namely, 18,131,500, an increase of 1,222,800 tons; fathoms broken 1,274,029, an increase of 55,161; development footage 745,889, an increase of 42,001.

Although the working revenue increased by £703,013 to £20,958,728, the yield per ton milled decreased by 0.11 dwt. to 4.19 dwt., a percentage reduction for the mines of the group of 29.67 compared with 1932. Working costs increased during the year by 1.5d., an increase which is largely accounted for by contributions to the provident fund, additional leave, and other privileges.

The cost of development again shows a decrease compared with the previous year of 4d. per foot, and cost of stoping a decrease of 3d. per fathom. Against these decreases, the shovelling and tramming costs per ton mined remained unchanged, whilst support of workings showed a slight increase of 0.2d. per ton mined. This latter rise in cost is one that can only be expected in view of the increasing depth of the workings which must inevitably entail greater expense in keeping them open. Steady progress is being made with the elimination of dust underground, and the results so far obtained give definite encouragement. Amongst the employees of the group the death rate from disease during 1936 was 7.00 per thousand, as compared with 7.91 in the previous year, and was the lowest in the group's history.

NEW CONDITIONS OF EMPLOYMENT

An important change in industrial policy on the Witwatersrand is involved in the recent decision by the Gold Producers' Committee of the Transvaal Chamber of Mines to apply the principle of the closed shop to the mines under its control. As from the beginning of next month, all employees, with a few minor exceptions, will, as a condition of their employment, be required to belong to their respective trade unions recognised by the Chamber of Mines. The change in policy will bring the relationship between mine employees and their employers into conformity with the principle inherent in the Industrial Conciliation Act of the Union of South Africa—a principle which has been successfully applied in maintaining harmony in most of the other industries in the Union.

ATTITUDE OF CHAMBER OF MINES

In the past the mining industry has maintained the open-shop principle. The departure from that policy has been largely influenced by the disruptive and unsettling activities of a body antagonistic to the existing trade unions. The only concern of the Chamber of Mines in this matter is to endeavour to preserve industrial peace and effective collective bargaining. Accordingly, in order to avert wasteful and unnecessary strife amongst mine employees, the Chamber of Mines decided to give wider recognition to the established unions by undertaking to deal with them exclusively and by adopting the closed-shop principle. This decision was facilitated by recognition of the fact that, in their dealings with the employers, the trade unions had shown a sense of responsibility, a readiness to observe negotiated agreements, and a willingness to exhaust all opportunities of conciliation and compromise before resorting to other measures. The trade unions will now receive a great accession of strength, but experience during the past 15 years justifies the hope that this power will be used by them with a full sense of responsibility.

It is to be regretted that the Government of the Union of South Africa in the last Budget did not relieve the mining industry of some part of the onerous burden of taxation which it is now carrying, and it is to be hoped that, with the growing Budget surpluses of the Union, this important aspect will not be overlooked.

CONFIDENCE IN GOLD

During the past few weeks there has been much discussion in the press and elsewhere on the subject of gold, and I feel it is right that I should say a few words on this question. I will preface my remarks by saying that, notwithstanding what has recently occurred, the confidence in the value of gold which we have expressed at previous meetings remains unaltered, as is evidenced by the fact that our major holdings are in gold mining companies, and that during the past few years the policy of the board has been steadily and judiciously to increase its gold mining holdings.

In dealing with this very complex question, it is well to bear in mind that recovery from the intense world depression of 1929-1931 coincided with the revaluation of gold, and from that time commodity prices increased, business activity was stimulated, profitability was restored to industries previously working at a loss, unemployment declined—in fact, the machinery of recovery so greatly desired was effectively set in motion. The suggestion recently made that a reduction in the price of gold was contemplated

in the United States, which was at once denied by the authorities, would imply a reversal of this process, since, meanwhile, the economic system has been adjusting itself to the higher price of gold.

A PERIOD OF TRANSITION

The effect even of this rumour was immediate and world-wide, and a sharp fall took place in the price of commodities. The implication of such a step is, of course, deflationary. Prices would have to be adjusted to lower levels, and the process of recovery reversed. Is it to be supposed that such a development is desired? There is no denying that there are difficulties inherent in the situation to-day which arise from the fact that we are in a period of transition. Having abandoned the gold standard at the old parities, currency systems have either been rigidly controlled, or have been subject to management by Central Banking Authorities and Governments, and stability of exchange, within certain limits, has recently been maintained through the successful operation of the tripartite agreement between the United States, France, and this country.

It is important to note that the operation of this agreement depends fundamentally on the transfer of gold between the three countries as and when exchange of currencies is required. Even at a time when currencies are under official management, therefore, and divorced from a direct tie with gold, the utility and necessity of gold is demonstrated. A feature of recent years has been the movement of large amounts of capital from one country to another—sometimes as a flight from currencies which appeared to be unstable, and sometimes for purposes of more or less temporary investments in attractive securities. Large gold reserves are needed against the movements of capital involved.

MONETARY STANDARD BASIS OF THE FUTURE

In regard to the use of gold in the future, I would like to recall to you the remarks made by the Chancellor of the Exchequer last October. He said it had been suggested that we were about to enter on a new monetary era, in which there would be a permanent system of managed currencies; this he regarded as very unlikely. He said he saw no reason to depart from the view he had previously expressed that in the end the world would return to an international monetary standard on the only basis which appeared to give general confidence, that is, gold, and he added that, provided that violent fluctuations in the price of gold as expressed in commodities could be eliminated, he saw no insuperable difficulty in our ultimately arriving again at a currency based on free exchange of gold. The investment policy of the corporation has been based on our belief that after a transition period, of longer or shorter duration, gold, because of its recognised qualities, would once again resume its position as the basis of currencies.

UNITED STATES' TRADE POLICY

Despite setbacks, the industrial progress of the principal countries of the world has continued and has every appearance of continuing. It is true that international trade has not increased to the extent that might be wished, but it is, I think, significant that the United States is beginning to buy foreign goods much more freely, and it is stated that for the first quarter of the present year that country had an adverse visible trade balance amounting to \$114,000,000, imports for that period being \$246,000,000 greater than those of the corresponding period of 1936.

It has been a basis of criticism of the United States that that country has not sufficiently altered its trade policy to accord with the fact that since the Great War it has become a creditor nation, instead of being, as previously, a debtor nation. How far the result quoted is fortuitous and how far it represents a settled and continuous tendency, it is perhaps early to say, but if it can be taken as an indication of a definite trend, it should, in time, lead to some modification of the maldistribution of gold, which it is so desirable to remedy.

Another important factor in the monetary situation is that there has been some evidence recently of a revival of American lending abroad. This development, as it gains momentum, will be of the utmost significance in helping to solve the problems with which the world is to-day faced.

Summarising our views on gold, we believe in its fundamental necessity and also that the currencies of most countries of the world will be ultimately stabilised upon it. In the meantime we are passing through a transition period, in the course of which some countries have been glutted with and the great majority starved of gold, and we consider a redistribution of gold stocks is necessary and inevitable. In our opinion the process of redistribution will begin as soon as the creditor nations act as such and import goods more freely from their debtors. Finally, while it is impossible to predict the exact price at which gold will be stabilised, we hold the view that it is not in the interests of any nation, politically or

economically, to take drastic deflationary action, involving a check to the present trend of trade expansion.

EXPANSION OF OPERATIONS IN AUSTRALIA

The Chairman, having dealt with the Corporation's companies in South Africa, said: Turning to our gold-mining interests in Australia, there has been a steady improvement and expansion of operations in the various ventures and mines controlled by or associated with the Gold Exploration and Finance Company of Australia, Limited. During the past year the new 30-stamp battery of Bendigo Mines, Limited, was brought into commission. Seven properties in which the Gold Exploration Company is interested have now reached the producing stage, of which three are paying dividends. Their total production to date exceeds 100,000 ozs., and, with the new mill of Gold Mines of Kalgoorlie, Limited, coming into commission towards the end of this year and the start of operations by the Victoria Gold Dredging Company N.L. early next year, combined with forthcoming milling expansion at both Triton and Central Norseman, increasing production can be looked for in the ensuing year.

In regard to oil, the industry to-day is in a more satisfactory position than it has been for a long time past. In the year 1936 consumption eclipsed all previous records, and the same is also true of production. Throughout the year prices of oil products showed a rising tendency, and in the current year have improved still further. Owing to the better State control of oil production in the United States, the main producing country of the world, the risk of large quantities of oil being produced in excess of current requirements has been mitigated. Increasing world prosperity is resulting in a larger demand for all oil products, particularly motor spirit, and statistics for the current year to date indicate that in the absence of unforeseen contingencies 1937 will bring further prosperity to the oil industry.

NEW PROFITS RECORD OF TRINIDAD LEASEHOLDS

During its last financial year, ended June 30, 1936, Trinidad Leaseholds, Limited, established new high records in profits earned, production and purchases of crude oil, refinery throughput and footage drilled. The total dividends paid for that year amounted to 25 per cent., as compared with 17½ per cent. for the previous twelve months. An interim dividend of 10 per cent. for the current year was recently announced. In order to meet the further expansion of the company's business the authorised capital was increased by £200,000 to £1,700,000 in October last, and an issue of 327,890 shares at £3 15s. per share was made in November, raising the issued capital from £1,311,562 to £1,639,452. The outlook for this company is satisfactory.

ANGLO-SPANISH CONSTRUCTION COMPANY

I have already referred to the changes in our balance sheet in respect of the items representing our interest in Spain. The affairs of the Anglo-Spanish Construction Company, Limited, have naturally been dominated during the past 10 months by the Civil War which broke out in July last. The whole of the Santander-Mediterranean Company's railway system lies within the territory which has been from the beginning of hostilities under the control of General Franco. Negligible damage has been suffered by the company's property and normal train services have been running almost without interruption. Traffic receipts declined in the early months of the war, but are now exceeding those of the corresponding months of last year. The military authorities have made frequent use of the line and paid promptly for the services required.

Until the outbreak of the Civil War the Anglo-Spanish Construction Company, Limited, was receiving regularly weekly remittances of sterling against the gradual sale of its holding of 4 per cent. Gold Treasury Bonds. These remittances ceased after hostilities commenced, and the Anglo-Spanish Construction Company, Limited, has now a balance of £85,000 of these bonds still unrealised. In the terms of its contract with the Official Currency Bureau in Madrid the company has the right to claim and export physical gold if and when the weekly allowance of foreign exchange is not forthcoming. The company is now pressing for the fulfilment of its rights under this contract.

CURRENT YEAR'S PROSPECTS

It is usual for me to conclude my remarks by making some reference to the prospects for the current year. This year it is perhaps more difficult than usual to make a forecast, but, so far as the year has gone, the gold mining companies and the other companies in which we have our major dividend-earning investments have done well, and there is good reason to anticipate that they will continue to earn good profits.

The report and accounts were unanimously adopted.

ILLUSTRATED NEWSPAPERS LIMITED

SCHEME OF ARRANGEMENT APPROVED

Meetings of the holders of the preference and ordinary shares and also an extraordinary general meeting of Illustrated Newspapers, Limited, were held on the 26th instant at Southern House, E.C., to consider a scheme of arrangement.

Sir William Graham (chairman of the company), addressing the meeting of preference shareholders, said: The first important feature to be considered by you is the payment to each shareholder of the sum of 1s. per share in satisfaction of the arrears of preference dividend. The amount to be paid is within quite a small fraction of the full amount of the arrears that you should receive as preference shareholders, less income tax, and that sum will not be paid in any way out of the assets of the company, but will come out of the pockets of the purchasers of the shares, who have entered into a provisional contract for purchase of the greater part of the shareholding of ordinary shares of the Inveresk Paper Company, Limited, which is held in their name or nominees' names or by the trustees for their debenture holders. The payment of the sum does not in any way reduce the amount that has been accumulated at the credit of the profit and loss account, and which affords a fund for general safeguarding of the company's interests and also securing a continuity of payment of preference dividend.

Against the advantage accruing from the payment of the 1s. per share, the preference shareholders are asked to reduce their cumulative preferential dividend from 7 per cent. to 5½ per cent. as from the 30th April last. You will be paid preference dividend for the six months up to 30th April at the rate of 7 per cent. per annum, and that payment will be made quite shortly. As against the reduction of your cumulative preferential dividend, you will be accorded the right to an extra ½ per cent. on the payment of the first 1 per cent. and another ½ per cent. on payment of the second 1 per cent. distributed amongst the holders of the ordinary shares, and you also will be given at the expense of the ordinary shareholders an allotment of two 5s. ordinary shares against every five £1 preference shares which you hold. This will provide for a distribution amongst the holders of the preference shares proportionate to their holding of approximately 12.85 per cent. of the total amount available for dividend amongst the ordinary shareholders.

It follows, of course, that upon release of the arrears of dividend owing to the preference shareholders their right to receive notice of and vote at general meetings of the company will cease until the dividend on the preference shares at the rate of 5½ per cent. per annum has been in arrear for a period of six months. As you know, the preference dividend has for some time past been payable on the 1st January and 1st July in each year in respect of the period up to 31st October and 30th April, respectively. The six months' period of arrear will commence from the 1st January or the 1st July, as the case may be.

AN EQUITABLE SCHEME

As stated in the circular, the meeting has been called at the request of The Inveresk Paper Company, Limited, for the purpose of considering the scheme in consequence of an agreement entered into between them and Mr Elias as is set out in the circular. The directors, after careful consideration of the effect resulting to the preference and the ordinary shareholders of the company, have formed the opinion that it is of such an equitable character as to justify them in recommending it to the shareholders, and the opinion formed by them has been confirmed by the Association of Investment Trusts. That body consists of the principal investment trust companies carrying on business in England and Scotland, and the purpose of the Association is to consider the fairness or otherwise of schemes which are put before debenture holders and preference shareholders of joint stock companies for the purpose of effecting a variation in their rights *inter se*.

A special committee of that body consisting of experienced directors of trust companies, having considered your scheme, have reported that in their opinion it is equitable and have recommended members of the Association, who are shareholders in the company, to support the proposals made. A large majority of proxies which have been received are in favour of the resolution. The number of proxies received up to this morning from preference shareholders is 2,969, of which 2,867 are in favour of the resolution and 102 are in opposition. The number of shares voted upon by those in favour of the resolution is 787,985, and the number of shares voted against the resolution is 26,118.

At the meetings of preference and ordinary shareholders a card vote was taken for submission to the court and the scheme was approved by overwhelming majorities; at the extraordinary general meeting it was carried by a show of hands.

EDMUNDSONS ELECTRICITY CORPORATION LIMITED

A YEAR OF SUSTAINED PROGRESS

EFFICIENT SERVICE

SIR THOMAS ROYDEN ON MCGOWAN REPORT

The annual general meeting of Edmundsons Electricity Corporation, Limited, was held, on the 27th instant, at Thames House, Millbank, London.

Sir Thomas Royden, Bart., C.H. (the chairman), in the course of his speech, said:—During the year under review important changes have taken place in the shareholding of the corporation. Out of a total of 3,740,000 shares 2,737,025 were formerly held by the Greater London and Counties Trust, which in its turn was owned by the Utilities Power and Light Company of Chicago. Last July this block of shares was acquired by a British syndicate, with the result that with a few, and those very small, exceptions, Edmundsons is now 100 per cent. British-owned and 100 per cent. British controlled. I wish to emphasise most strongly this point, as I find that there is still a large section of the public which is unaware of the change which has taken place. In its outlook, in its constitution and in its control our corporation is entirely British.

The past year has been one of sustained progress. Our associated undertakings obtained 30,100 new consumers, an increase of 13 per cent., making a total of 338,100 at the end of 1936. Over 116,900 kw., or 15 per cent., of new load were added to our mains, making a total of 901,800 kw. at the end of 1936. The units sold increased by 99,500,000, or 19 per cent., the total sales during the year being 634,550,000. In addition, we sold 56 million units to the Central Electricity Board. The results of the current year are so far equally encouraging.

CO-ORDINATED CONTROL

Brigadier-General Hayes, in his speech at our last annual meeting, recalled the fact that three years previously there was initiated the policy of co-ordinated control of all the companies in the Edmundsons group, and in that connection he drew attention to the progress made by those companies during the three years in question.

I should like to bring that record up to date and to quote you figures for the four-year period, which will in some measure indicate the progress and development made by the associated companies—to a large extent attributable to the change in policy.

During the four years 1933, 1934, 1935 and 1936 the gross capital expended by the associated companies amounted to £6,921,000, an average of just over £1,730,000 per annum; and 1,010 villages and townships, with a population of 367,860, were connected to the company's mains. The overhead and underground mains erected or laid measured 4,150 miles, an increase of 78 per cent. over those in use four years ago. The number of consumers served increased from 179,140 to 338,100, or 89 per cent. The number of units sold increased from 322,916,000 to 634,550,000, or 96 per cent., as compared with a national average increase of 66 per cent. Our figures are exclusive of the 56 million units which were sold to the Central Electricity Board. The load connected to the mains increased from 501,200 kw. to 901,800 kw., or 80 per cent.

We have put into effect a continuous policy of reducing the price charged to the consumer when economic conditions make this practicable, and to show what the concessions made during the four years since 1933 mean I would mention that if the average price per unit for distribution sales for 1932 had been continued throughout the four years under review, the associated companies' revenue would have been £1,623,000 higher than was actually received. In other words, the consumer has profited to this extent by our voluntary reductions of tariffs.

THE MCGOWAN REPORT

During the year the committee appointed by the Government under the chairmanship of Lord McGowan to advise upon the problem of electricity distribution issued its report. Approximately two-thirds of the electricity distribution of this country is in the hands of local authorities, the major portion being held by undertakings of a size that represent in themselves economic distribution units. The problem of the grouping of the smaller towns and of the rural areas obviously calls for treatment on a regional basis and the necessary machinery for doing this already

exists in the form of the power companies, which seem eminently adapted for this purpose and which were given by Parliament rights in perpetuity. The McGowan report recommends that the power companies shall be made the controlling authority for the areas in which they operate, and that undertakings with an output of less than 10 million units per annum shall be absorbed by the power company, but that the life of the power companies should be limited to fifty years.

This is a statesmanlike recommendation, for under existing legislation the tendency has been for the townships to exercise their rights of purchase, and so abstract the nuclei of the areas, leaving the companies only the purely rural territory. The power companies have admirably lived up to the rôle assigned them, but the disintegration of their undertakings has rendered their task of the complete electrification of the countryside an extremely thankless and unremunerative one.

For example, the B. C. & H. undertaking is not yet earning its depreciation quota, while the South Wales Power Company, the Wessex Company and the East Anglia Company have, after years of unremunerative development work, only comparatively recently entered the dividend-paying list. It would be a manifest injustice and an economic blunder of the first magnitude, if, because of any desire on the part of local authorities to extend their activities over territory which the power companies have nursed and brought into bearing, the latter were now deprived of the fruit of their labour. We look to the sense of fair play of the Government to ensure that this does not occur.

ELECTRIFICATION OF RURAL AREAS

Our associated companies undertook in many instances the electrification of sparsely populated areas which the local authorities refused to touch. I feel certain that we shall have the unswerving support of all the stock and shareholders throughout the group in resisting any attempt that might now be made to dispossess us of this territory in favour of municipal undertakings. This would indeed be a poor reward for the enterprise which the power companies have shown.

It is our aim—in fact we recognise it as our obligation—to give an efficient electric service on reasonable terms throughout the whole of the territory of our associated companies, and we realise that we cannot expect any exaggerated reward in return. The total fixed assets of our various associated undertakings amount to nearly £21 millions, upon which the return obtained is scarcely 4½ per cent. It cannot, therefore, be contended that the interests of the consumers have in any way been sacrificed to those of the shareholders. As our undertaking progresses, we look forward to some more adequate return for the enterprise and patience which the shareholders of this corporation have shown in the past.

If you look abroad, you will find that it is exactly undertakings of the Edmundsons type which have been encouraged to develop. It has no sectional or parochial bias. It is there merely to do a job and, if it does it well, to obtain its due reward. In consequence, everything which contributes to the rational organisation of the industry commends itself to the Group, and it will not therefore surprise you to learn that before ever the McGowan Report saw the light of day we were moving along the lines of some of its most important recommendations. Last year you were told that we had before Parliament a Bill to consolidate the numerous small companies we control in Cornwall. That Bill has now become law, and, in advance of any Government intervention, a regional grouping has been effected. The year has proved to be one of continued progress, in which I am pleased to report each of our associated companies has had a share.

SOUND FINANCIAL POSITION

The balance sheet shows the sound financial condition of the company. The consolidated statement of assets and liabilities at December 31, 1936, shows that the fixed assets of the various associated undertakings amount to £20,941,718, an increase of £1,668,186. The statement, compared with that of last year, shows a further strengthening of the financial soundness of your company's undertaking.

The board proposes to utilise the profit available in writing off the balance of discount in respect of the 3½ per cent. debenture stock issue, absorbing £41,250; in placing to reserve account £30,000, and in paying or providing for the balance of the preference dividends for the year, absorbing £31,211. We recommend that the balance of £237,477 should be utilised in paying a final dividend upon the ordinary shares of 5 per cent., making 9 per cent. for the year, which leaves to be carried forward to the next account £50,477.

The report and accounts were unanimously adopted and a resolution was passed authorising the conversion of the shares into stock.

CABLE AND WIRELESS (HOLDING) LIMITED

CAPITAL RECONSTRUCTION APPROVED

The eighth ordinary general meeting of Cable and Wireless (Holding), Limited, was held, on the 24th instant, in London.

Mr J. C. Denison-Pender (the Governor), after dealing with the accounts, said: I now come to the scheme which the directors have put forward for a capital reconstruction. At the outset, let me remind you of the conditions which have made such a scheme necessary. It is essential to appreciate that since the time of the merger the whole position as regards international communications has radically changed.

There are several factors which have produced changed conditions: Firstly, the opening of additional direct wireless services operated or subsidised in various cases by the Governments concerned solely with a view to national prestige and irrespective of profitable operation; secondly, the increase in competition resulting from the fast developing airmail services, and, thirdly, the unprecedented world depression which reduced international trade to a shadow of its former proportions.

The authorised capital of the holding company was originally £53,700,000. This was reduced in 1935 to £47,246,593 by the repayment of £6,453,407 of the 5½ per cent. preference stock. The dividends paid on the preference stock have been as follows: In 1930 and 1931, 5½ per cent.; in 1932, 1933 and 1934, 2½ per cent.; in 1935, 4½ per cent.; and in 1936, 5½ per cent. If you approve to-day the dividend of 5½ per cent. on this stock recommended by your directors, the dividend will still be twenty-one months in arrear, amounting to a gross sum of £1,613,784. The financial position of the company, unfortunately, has not permitted of the payment of any dividend whatsoever on the "A" and "B" ordinary stocks.

EFFECT OF THE PROPOSALS

It is clear that the original capitalisation, although reasonable in the light of conditions then prevailing, no longer represents the position to-day; the company's assets in respect of its earning power are over-valued and a reduction scheme appears inevitable, accompanied by the funding of the preference dividend arrears. The main effect of the directors' proposals can be summarised as follows: (a) The cancellation of the arrears of preference stock dividend to December 31st, 1936, and the issue in full compensation of 4 per cent. cumulative funded income stock; and (b) the reduction of the issued amount of "A" and "B" ordinary stocks by £22,588,077 10s. to £6,883,102 10s. and the amalgamation of those stocks into one class of ordinary stock. Of this new ordinary stock, each "A" stockholder will receive £30 in respect of each £100 of "A" stock now held. Similarly, each "B" stockholder will receive £7 10s. of the new stock in respect of each £100 of "B" stock now held.

In the event of the directors' scheme being approved, the preference stockholders will receive immediately in the new 4 per cent. funded stock the equivalent of the net amount of their arrears, while the "A" and "B" stockholders will receive a dividend on their reduced holdings in the company in respect of the year 1937. At the same time the company will be placed in a sound financial position. We consider that the proposals are in the best interests of the company and that they are fair and equitable as between the three classes of stockholders. Otherwise we should not have put them forward.

I think I can claim that there has been general approval of our action in submitting these proposals. They have been received with a marked absence of adverse criticism in the financial Press, which, on the contrary, has generally accepted the scheme—though drastic—as desirable in the stockholders' interests, and we have received a very substantial number of proxies. This clearly indicates that the directors have the stockholders behind them in this plan to liquidate the past and provide for the future. Moreover, although we have over 36,000 members on our register we have received very few letters objecting to the proposals.

The directors have taken expert opinion, and our advisers state that they agree with the view that the company's liability for National Defence Contribution will be unaffected by the proposals for the reduction of its capital. If we find it makes any material difference we shall not proceed with this scheme.

Once the scheme is approved, and the company is in a position to pay a dividend on all classes of its stock, it is the intention of the directors that interim half-yearly distributions on the preference stock will be resumed.

The report was adopted, the preference dividend was confirmed, and at a subsequent extraordinary general meeting and class meetings the reconstruction scheme was approved by overwhelming majorities.

INCORPORATED ACCOUNTANTS

N.D.C. AND AUDITORS

MR R. WILSON BARTLETT'S SPEECH

The fifty-second annual meeting of the Society of Incorporated Accountants and Auditors was held, on the 25th instant, at the Incorporated Accountants' Hall, London.

Mr R. Wilson Bartlett, J.P., the president, said that the analogy between the National Defence Contribution and the Excess Profits Duty was readily apparent, but the circumstances of the pre-war and the war periods were so different from those of the recent past, and the immediate future, that the complexities which would be encountered in the administration of the N.D.C. must be infinitely greater than those which occurred in connection with Excess Profits Duty. One notable difference was that the immediate pre-war years were, in general, years of relatively stable prosperity, while during the past 10 years the experience of various industries had been so diverse that the utmost difficulty would arise in ensuring to each industry a fair normal standard of profit-earning.

The accountant's task and responsibility were increased by the fact that under the National Defence Contribution computation of capital was necessary in every case, whereas under the Excess Profits Duty precise computation was only necessary as an exception.

INCORPORATED ACCOUNTANTS' PART IN FORMULATING SAFEGUARDS

Certain members of the council of the society had given the closest attention to this important matter from the time that the proposals were originally enunciated, and he recorded with pleasure that Mr Henry Morgan, a past president of the society, in his capacity as vice-president of the Association of British Chambers of Commerce and the chairman of the finance and taxation committee of that body, initiated the formation of a committee, comprising representatives of important organisations, which could speak on behalf of trade and industry throughout the country.

As a result of the collaboration of these varied interests a memorandum was prepared, and submitted to the Chancellor of the Exchequer, which was designed to reflect the considered views of members of that committee as to the safeguards which were necessary to ensure that the Contribution should operate as equitably as possible. Subsequently the Chancellor received a delegation which was headed by Mr Morgan. Among the delegates was Mr A. Stuart Allen, another member of the council who had taken an active part in the preparation of the committee's report. The report, which was recently published, made it clear that the difficulties inherent in the suggested contribution had been fully appreciated by the committee.

THE FINANCE BILL

The issue of the Finance Bill yesterday afternoon had left him time for but a cursory scrutiny of the complex provisions relating to the National Defence Contribution. A number of the suggestions put forward by the committee of which Mr Morgan was chairman had been adopted.

He deplored that the Bill did not contain a provision setting an overriding limit to liability in individual cases. This was one of the most important recommendations of the committee, and more than any other modification would have served to remove uncertainty.

As an accountant he found himself left in considerable doubt as to the precise significance of the references in the Bill to the standard years as the years 1933, 1934, 1935 and 1936. It was to be hoped that the standard years would be calendar years in all cases, so that, by splitting accounts where necessary, all businesses might have an equal right to include the whole of 1936 in the standard period.

He felt he must refer to one important aspect of the representations which had been made to the Chancellor. In certain quarters it was alleged that trade and industry had attempted to dictate to the Chancellor terms on which the National Defence Contribution would be accepted. With an intimate knowledge of the attitude of mind which inspired Mr Henry Morgan and his committee, he (the president) could assert that the sole desire of that committee was to represent to the Chancellor certain major difficulties and inequities inherent in his proposals, and to put forward helpful and constructive suggestions thereon.

The fact remained that the additional revenue which trade and industry must provide could only be secured with the unstinted collaboration of the accountancy profession, which must equip itself by every means in its power to discharge its responsibilities with that independence and efficiency which are its proudest traditions.

The report was unanimously adopted.

INDUSTRIAL AND GENERAL TRUST,
LIMITED

MR POOLE ON THE N.D.C.

The forty-ninth ordinary general meeting of the Industrial and General Trust, Limited, was held, on the 27th instant, in London.

Mr W. Sandford Poole (the chairman) said that since their meeting a year ago there had been little improvement in the international political outlook, but in spite of political anxieties, and it might be partly in consequence of those anxieties, industrial recovery at home had been progressive. It was gratifying to be able to report a further expansion of their revenue. The income amounted to £395,131, as compared with £329,152, and they were recommending a dividend on the ordinary shares of 11 per cent. for the year, as against 10 per cent.

Looking to the prospects for the coming year, one would ordinarily expect some considerable benefit to accrue following the rise in commodity prices and the recovery in trade during the past year but, apart from other factors, trading results would be affected by the burden of increased income tax and the National Defence Contribution in whatever form it was eventually passed into law. It was difficult to understand why the Chancellor had permitted himself to table such an ill-conceived measure, which, by the way, was rendered hardly more palatable by the suggested modifications.

In his opinion the N.D.C. was a thoroughly bad tax; it penalised the enterprising and let off those who lived by the enterprise of others. Surely it should be the policy of a government to encourage enterprise, not to damp it down. By the imposition of that tax he was likely to lose a great deal in Stamp Duties and Death Duties owing to the proposed tax having taken the heart out of the stock markets and seriously depressed values. The wise course for the Government to pursue would be to withdraw the proposal for the present year and set up a committee composed partly of business men to consider whether it should be re-introduced in next year's Finance Bill in some modified form, but so that in any case it would not call for a basis of assessment distinct from that of income tax. (Applause.) In its present form the N.D.C. would tend to stifle enterprise, and he would plead with the Chancellor to reconsider the proposal in the light of the many untoward results which it would surely bring about. (Applause.)

The report was adopted.

W. J. BUSH & COMPANY, LIMITED

BENEFITS OF CONSERVATIVE POLICY.

The fortieth annual general meeting of W. J. Bush and Company, Limited, was held, on the 27th instant, in London.

Mr J. M. Bush (chairman and managing director) said: Gentlemen, The net profit is the largest in the history of the company. This should not be surprising if we consider the large amount of profit which has been reinvested in the business for a period of years. For instance, a sum of over £400,000 of undivided profit has been retained in the business during the last 15 years, and it is only reasonable to expect that such an investment has caused the business to grow and account for the higher level in our profits. Incidentally, during this period, the number of our employees has increased from about 600 to over 1,000.

In view of the National Defence Contribution Tax, which was mentioned in the Budget, the details of which have not yet been finally decided, and the prospect of increased competition in some of our most important chemicals, we feel that the policy of increasing our reserves is desirable. The disturbed international political situation to which I referred last year continues to restrict business in a number of overseas markets, but, in spite of this and the practical cessation of business with Italy during the period of sanctions and with Spain since the commencement of the Civil War our export trade has shown a moderate increase.

After providing for the amount required for the dividends on the preference shares, income tax and exchange, there remains a balance of £198,326 rs. 11d. Your directors recommend that this balance be dealt with as follows:

By the payment of a final dividend of 8 per cent. on the ordinary shares, making with the interim dividend already paid 13 per cent. for the year ...	£32,500	0	0
By placing to general reserve ...	50,000	0	0
And carrying forward the balance ...	115,826	1	11
	£198,326	1	11

Our subsidiary companies have all made satisfactory profits, and possess substantial surpluses.

The report and accounts were adopted.

MID-EUROPEAN CORPORATION,
LIMITED

THE GOLD POSITION

The thirteenth annual general meeting of this company was held, on the 24th instant, in London.

Mr Norman Holden, chairman of the company, who presided, said:—Gentlemen,—The policy of the board has remained the same as outlined to you last year, that is, to reduce our interests of the Continent of Europe, and when that is not possible, to transfer from what appear to be the most vulnerable into what we consider the safest of such investments.

Their percentage in Germany is now 16.67 per cent., as against 18.94 per cent. last year and 33.84 per cent. in 1930; their percentage in the remainder of Europe is now 15.25 per cent., as against 19.18 per cent. last year and 29.36 per cent. in 1930.

The total depreciation in the combined companies, including losses written off in Lothbury Continental Company, is £290,024, as against £164,628 last year, and a comparable figure of about £1,050,000 in 1932. Our net revenue this year is £50,639, as against £48,704. We have earned 3.81 per cent. (gross) on the ordinary stock, as against 3.43 per cent. (gross) last year.

A further amount of £8,500 of the corporation's 5 per cent. debenture stock has been redeemed, and during the year £45,914 of 4 per cent. redeemable debenture stock has been issued.

You will, no doubt, wish me to say a few words about the future. This is only my own personal opinion, but I have no doubt at all that all prices are moving to a higher level owing to the increase in the amount of gold in the world and its higher currency value. So deeply, however, has the depression complex entered the soul of man that the perfectly natural rise in prices is regarded by many as unnatural and highly dangerous. When world trade keeps getting better and better they create a new spectre with which to frighten themselves, and "If Roosevelt refuses gold?" is now the bogey.

But if America refused to be paid in gold and maintained her objection to be paid in commodities or services, she could not be paid at all. Therefore she could export nothing. So that I do not think action by America is very probable. I feel that gold expansion will be allowed to cure the ills of the world.

The report and accounts were unanimously adopted.

KEPONG (MALAY) RUBBER ESTATES,
LIMITED

LARGE INCREASE IN PROFITS

The thirty-second annual general meeting of Kepong (Malay) Rubber Estates was held, on the 21st instant, at the Great Eastern Hotel, London.

Sir Francis Voules, C.B.E. (chairman and managing director), who presided, said that the crop produced last year was 6,397,552 lbs., as compared with 6,274,826 lbs. in 1935, and had realised a gross average price of 8.25d. per lb., London landed terms, against 6.21d. for 1935. The f.o.b. cost, exclusive of depreciation, of 3.93d. per lb., showed a reduction, when compared with that of 4.19d. for 1935, and fulfilled the prediction he made last year that costs would improve in 1937 owing to the better organisation of their new acquisitions in Johore. Their assessment for 1937 was 10,435,129 lbs., as compared with 9,655,000 lbs., and this gave them an exportable crop on the basis of current releases of some 8,379,000 lbs. Last November they sold forward for delivery out of 1937 crop just over 1,000 tons of rubber at an average price of 8.35d. per lb., c.i.f. This left them with 6,392,600 lbs. for free sale, so they should show, if all went well, a remarkable profit for the current year.

The year's profit, amounting to £81,011, was more than three times that earned in the previous year, and the directors now recommended a final dividend of 8 per cent., making 11½ per cent., less tax, for the year, which compared with 4 per cent. for 1935, and was payable on a capital increased from £622,052 to £684,257 during the year. He was sure all would agree that these results were satisfactory.

With regard to the new form of tax on profits, the Chancellor had promised amendments on his ill-considered Budget statement, and until these were known it was impossible to estimate the results to a company like theirs.

Since the issue of the report the directors had concluded the purchase of a further area of 697½ acres of planted rubber adjoining the Fraser Division, including 150 acres of young bud-grafted rubber. The new acquisition had an assessment of 240,000 lbs., which would give an addition of over 200,000 lbs. to the company's exportable crop.

The report and accounts were unanimously adopted.

BATANG CONSOLIDATED RUBBER
ESTATES, LIMITED

NET PROFIT TREBLED

The seventeenth ordinary general meeting of this company was held, on the 21st instant, at 19 Fenchurch Street, London.

Mr E. F. Slade, J.P. (the chairman) said:—From the balance sheet you will notice that for the year 1936 the net profit is more than three times as much as that for the year 1935. This has been brought about by an increase in the selling price of over 2d. per pound, and in spite of the fact that our output for the year was some 104,773 lb. less than the previous year. This reduced output was caused entirely by the incidence of restriction. The actual average selling price for the year 1936 was 8.014d. per pound, as against 5.888d. in 1935.

A systematic system of manuring was begun in 1935, when 200 acres were treated for the first time. Definite improvement in this area was soon apparent, and a regular system has been instituted over a larger area covering five years. There is no doubt that with rubber getting on in years a system of manuring is essential if the best results are to be obtained from estates.

When we met last year I intimated the wisdom of acquiring areas of young rubber as and when the opportunity occurred. In days gone by estates were free to plant up their own jungle land—that is no longer possible under restriction, and so the acquisition of new planted areas is the only way to safeguard the future. Nothing has been done with regard to such acquisitions during the past year, but your directors are fully alive to the necessity, and no good opportunity will be lost.

During the past year the care and wisdom with which the International Committee have from the commencement of restriction carried out their duties, has become more and more apparent, and there is no doubt that the welfare of the planting industry and the consumer is safe in their hands. You will have noticed that forward sales have been made from time to time. They cover rather less than one quarter of the probable output for the year 1937 and have made sure of a substantial profit on that portion of the output. For the year 1938, five tons per month have been sold at 11½d. per pound c.i.f. This forward sale could not be repeated under present conditions of the market.

The report was unanimously adopted.

KASINTOE RUBBER ESTATES,
LIMITED

IMPROVED RESULTS

The twenty-third ordinary general meeting of Kasintoe Rubber Estates, Limited, was held, on the 24th instant, at 1-4 Great Tower Street, London.

Mr Eric Macfadyen (the chairman) presided and, in moving the adoption of the report and accounts, said that since their last meeting market prospects had further improved, and in the absence of a setback to world recovery, and in particular to the prosperity of the United States, the outlook appeared promising. Kasintoes "standard" had been a rising one; for 1935 it was fixed at 971,721 lbs., for 1936 at 1,010,670 lbs., and for 1937 at 1,046,460 lbs. He was glad to know that the Rubber Growers' Association was engaged in representing the interests of their industry as a whole in the matter of N.D.C. Was it even now too late to express a hope that the necessary revenue might be raised by the tried and proved machinery of the income-tax system, which had been hammered out by long use and experience?

The profit earned by the Java Company was Fl. 58,255, against Fl. 24,667 for 1935. The board felt justified in recommending a 5 per cent. dividend, which would result in their having £211 more to carry forward than was brought in. At present they were spending substantial amounts on a programme of renovating such portions of their estates as might be classed as obsolescent. The 12 acres which figured in their area statement as immature rubber represented areas thus dealt with. A further 74 acres would be replanted this year. So long as they continued with this programme, without increasing their issued capital and without depleting on balance their liquid resources, they were disposed to regard that policy as an adequate alternative to providing for any form of fixed amortisation charge. Allowing for their interest in the Namoe Tongan Company, shareholders might regard their company's acreage as 2,835 acres, of which 467 acres were young modern rubber, and that proportion was being steadily increased. Kasintoe was, everything considered, a better investment in rubber planting than many more pretentious concerns.

The report was unanimously adopted.

SUNGEI BATU (MALAYA) RUBBER
ESTATES, LIMITED

PROFITS AND DIVIDENDS DOUBLED

The twenty-fourth annual general meeting of the Sungei Batu (Malaya) Rubber Estates, Limited, was held, on the 25th instant, at 149 Leadenhall Street, London.

Mr E. D. Hewan (the Chairman), in the course of his speech, said: You will be glad to see that we have rather more than doubled our profit, which in 1935 amounted to £4,077—against £8,542 in 1936. This satisfactory result enables your directors to recommend a final dividend of 7½ per cent., which, with the interim dividend of 2½ per cent. paid last December, makes 10 per cent. for the year, or just double what was paid in 1935. Your board also recommend £1,000 being transferred to general reserve and £11,103 being carried forward.

If the releases for the four quarters of the current year remain as announced, we shall be allowed to export 83½ per cent. of our assessment, or 755,726 lbs., and I have to report that your board, carrying out their usual practice of selling forward a portion of the crop when that policy appears to be advisable, have sold for shipment out of this crop 304,640 lbs. at an average price of the equivalent of 10½d. per pound London landed terms; out of the 1938 crop 123,200 lbs. have been sold at the equivalent of 1s. 0½d. per pound.

With regard to replanting, it is obvious that a rubber tree is a wasting asset. Your board are closely watching the position and propose to continue a policy of replanting areas as and when they show the necessity for renewal.

I shall not say much about the proposed National Defence Contribution. You will have seen from the Press that the Rubber Growers' Association have been watching your interests and have presented to the Chancellor of the Exchequer a very clear and comprehensive memorandum showing how unfair and inequitable the tax would be to the rubber industry if applied under the conditions mentioned by the Chancellor in his Budget speech. The amendments to the original proposals which the Government now put forward have been, as you know, published this morning, but your board have not yet had time to study their implications and it is therefore advisable to withhold further comment.

The report and accounts were unanimously adopted.

MALACCA RUBBER PLANTATIONS,
LIMITED

DIVIDEND OF 7½ PER CENT.

The thirty-first annual general meeting of this company was held, on the 24th instant, in London.

Mr Charles Emerson (chairman of the company), who presided, said: We record a profit on the year's working of £71,050 6s. 6d., which compares with the £44,842 8s. 2d. which we were able to report last year. To this must be added the net balance brought forward from 1935, which is £31,922 7s. 6d., and gives us an available amount of £102,972 14s. Our recommendation is that a dividend of 7½ per cent. on both preference and ordinary stocks be paid, which, if you approve it, will absorb £69,870 19s. 6d., and leave us with a carry-forward, subject to Eastern staff commissions, of £33,101 14s. 6d.

The company's exportable crop for the year under the Rubber Regulation Scheme was 4,912,277 lb., and the crop actually harvested amounted to 5,092,578 lb., the excess forming an addition to our stock, which is within the amount we are permitted to hold under the provisions of the scheme. Our assessment for the current year has been agreed at 7,976,434 lb., which is 71,473 lb. more than our assessment for 1936. The proportion of this assessment which we shall be permitted to export depends, of course, on the decisions of the International Committee, which are subject to revision, but at present for the first six months of the year we are allowed to export 77½ per cent. of our crop, while for the six months commencing July 1st the percentage will go up to 90.

As to costs of production, there is no striking change. For the year under review they are .13 of a penny in excess of those for 1935, but our estimates for the current year made some time ago anticipated a slight reduction.

In accordance with our usual policy, we have deemed it prudent on successive rises in the price of the commodity to make forward sales. The amount outstanding for 1937 is 2,614,080 lb., at an average of 9.22d. per lb., landed London equivalent, and for 1938, 1,079,600 lb., at an average of 10.79d. per lb., landed London equivalent.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended May 22, 1937, amounted to £11,316,000, against ordinary expenditure of £6,347,000. After allowing for an increase in Exchequer Balances of £199,074, the operations for the week, as shown below, decreased the gross National Debt by £4,770,000, to approximately £7,929 millions.†

(000's omitted)	
21% National Defence Bonds	£ 130
Public Department Advances	1,250
Treasury Bills	3,450
National Savings Certificates	200
.....	4,900

† Including £375 millions on Account of Exchange Equalisation Fund.

An analysis of the approximate position of the National Debt, as at March 31, 1937, appeared on page 47 of *The Economist* of April 3, 1937.

Revenue	Total Receipts into the Exchequer			
	April 1, 1936, to May 23, 1936	April 1, 1937, to May 22, 1937	Week ended May 23, 1936	Week ended May 22, 1937
ORDINARY REVENUE	£	£	£	£
Inland Revenue—				
Income Tax	9,742,000	11,573,000	3,000	4,000
Sur-tax	3,310,000	3,700,000	170,000	370,000
Estate, etc., Duties	12,130,000	13,270,000	1,750,000	1,500,000
Stamps	1,800,000	1,800,000	330,000	200,000
Other Inland Revenue Duties	60,000	70,000	...	...
Total Inland Revenue	27,042,000	30,473,000	2,550,000	2,074,000
Customs and Excise—				
Customs	29,727,000	30,985,000	4,219,000	3,342,000
Excise	15,900,000	17,300,000	5,200,000	5,900,000
Total Customs and Excise	45,627,000	48,285,000	9,419,000	9,242,000
Motor Vehicle Duties	4,004,000	4,151,000	...	...
Post Office (Net Receipt)	6,300,000	6,430,000	100,000	...
Crown Lands	250,000	160,000	90,000	...
Receipts from Sundry Loans	277,607	270,955	...	...
Miscellaneous Receipts	1,404,219	741,084	292	...
Total Ordinary Revenue	84,904,826	90,511,039	11,862,292	11,316,000
SELF-BALANCING REVENUE				
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	6,500,000	6,820,000	1,400,000	1,400,000
Total	91,404,826	97,331,039	13,262,292	12,716,000
Expenditure	Total Issues out of the Exchequer to meet Payments			
	April 1, 1936, to May 23, 1936	April 1, 1937, to May 22, 1937	Week ended May 23, 1936	Week ended May 22, 1937
ORDINARY EXPENDITURE	£	£	£	£
Interest and Management of National Debt	37,983,897	38,803,920	364,518	396,926
Payments to Northern Ireland Exchequer	490,786	496,929	...	...
Other Consolidated Fund Services	276,161	334,285	950	...
Post Office Fund	...	...	...	...
Total	38,720,844	39,635,134	365,468	396,926
Total Supply Services (excluding Post Office and Broadcasting)	172,142,000	69,625,850	16,618,000	5,950,000
Total Ordinary Expenditure	110,862,844	109,260,984	6,983,468	6,346,926
SELF-BALANCING EXPENDITURE				
Post Office Vote and Vote for Broadcasting	6,500,000	6,820,000	1,400,000	1,400,000
Total	117,362,844	116,080,984	8,383,468	7,746,926

† Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate revenue from April 1, 1937, to May 22, 1937, is shown below:—

(000's omitted)	
Expenditure	109,261
Revenue	90,511
Decrease in balances	55
Gross borrowing	19,459
Less—	
New Sinking Fund	755
Old S. Fund, 1907-08	9
Net borrowing	18,695
109,261	109,261

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1937 by borrowing.

POSITION OF THE FLOATING DEBT

Movement	
May 23, '36	Mar. 31, '37
Advances by Bank of England	1,250,000
Advances by Public Departments	23,535,000
Treasury Bills outstanding	671,010,000
Total Floating Debt	695,795,000
Advances by Bank of England	1,250,000
Advances by Public Departments	23,535,000
Treasury Bills outstanding	671,010,000
Total Floating Debt	695,795,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury Bills were opened on May 21, 1937. The amount applied for was £78,675,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 5d. about 60 per cent. and above in full; Saturday at £99 17s. 6d. and above in full. The average rate per cent. was 10s. 1-58d

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,580,000	27,500,000	£ s. d. 0 8 1-64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4-82
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1-27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 8-83
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10-88
May 14, 1937	35,000,000	72,425,000	35,000,000	0 10 2-24
May 21, 1937	40,000,000	78,675,000	40,000,000	0 10 1-58

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended May 1, 1937	645,765	£ 484,324
Week ended May 8, 1937	605,048	£ 453,786
February, 1916, to May 8, 1937	1,293,161,961	£ 1,016,309,310

At the end of March, 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,093,525.

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,

MAY 26, 1937

ISSUE DEPARTMENT

£		£	
Notes Issued:—		Government Debt	11,015,100
In Circulation	475,219,629	Other Government Securities	183,644,892
In Banking Department	46,041,737	Other Securities	5,330,723
		Silver Coin	9,285
		Amount of Fiduciary Issue	200,000,000
		Gold Coin and Bullion	321,261,366
			521,261,366

BANKING DEPARTMENT

£		£	
Proprietors' Capital	14,553,000	Government Securities	99,472,035
Reserve	3,236,203	Other Securities	...
Public Deposits	24,863,999	Discounts and Advances	£ 4,865,238
Other Deposits	...	Securities	£ 20,286,623
Bankers	£ 91,372,095	Notes	25,131,861
Other Accounts	£ 37,479,832	Gold and Silver Coin	46,041,737
			859,496
			171,505,129

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

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OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Spain appeared in *The Economist* for August 15. Argentina, in May 1. Denmark, International Settlements, in May 8. Lithuania, Czechoslovakia, Java, Norway, in May 15. Danzig, Hungary, Yugoslavia, Estonia, Greece, Latvia, New Zealand and Turkey, in May 22.

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

U.S.F.R. BANKS	May 27, 1936	May 6, 1937	May 13, 1937	May 20, 1937	May 27, 1937
Gold Certificates on hand and due from the Treasury	7,824,030	8,842,900	8,839,410	8,838,910	8,838,410
Total reserves	8,147,559	9,132,480	9,139,400	9,139,650	9,146,060
Total cash reserves	310,450	279,500	288,280	289,150	296,310
Total bills discounted	4,830	16,830	5,660	15,280	15,700
Bills bought in open market	4,300	3,740	4,530	4,480	6,260
Total bills on hand	9,130	20,570	20,190	19,760	21,960
Industrial advances	30,460	22,850	22,780	22,520	22,410
Total U.S. Govt. securities	2,430,250	2,526,290	2,526,290	2,526,290	2,526,290
Total bills and securities	2,470,020	2,569,720	2,569,260	2,568,570	2,570,650
Total resources	11,244,000	12,431,240	12,488,930	12,523,820	12,436,100
LIABILITIES					
Federal Reserve notes in actual circulation	3,758,970	4,207,720	4,193,870	4,184,420	4,184,040
Aggregate of excess member-bank reserves over requirements	2,900,000	890,000	940,000	910,000	940,000
Deposits—Member-bank reserve account	5,747,230	6,882,360	6,942,730	6,918,230	6,943,600
Government deposits	544,180	97,260	106,180	116,780	80,490
Total deposits	6,617,030	7,285,240	7,285,450	7,285,050	7,284,850
Capital paid in and surplus	302,810	305,540	305,540	305,540	305,550
Total liabilities	11,244,000	12,431,240	12,488,930	12,523,820	12,436,100
Ratio of total reserves to deposit and F.R. note liabilities combined	78.5%	79.6%	79.6%	79.7%	79.7%
U.S.F.R. BANKS AND TREASURY COMBINED					
Monetary Gold Stock	10,388,000	11,838,000	11,882,000	11,907,000	11,977,000
Treasury and National Bank Currency	2,494,000	2,547,000	2,545,000	2,547,000	2,546,000
LIABILITIES					
Money in Circulation	5,902,000	6,426,000	6,405,000	6,399,000	6,399,000
Treasury Cash and Deposits with Federal Reserve Banks	3,116,000	3,110,000	3,162,000	3,196,000	3,220,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

	May 27, 1936	May 6, 1937	May 13, 1937	May 20, 1937	May 27, 1937
Total gold reserves	3,229,510	3,385,500	3,392,880	3,432,580	3,462,110
Investments	2,950	7,350	8,230	7,250	8,090
Total bills discounted	2,950	7,350	8,230	7,250	8,090
Bills bought in open market	1,580	1,730	2,520	2,010	2,000
Total U.S. Govt. securities	729,360	725,030	725,030	725,030	725,030
Total bills and securities	741,310	740,060	741,750	740,210	741,020
Deposits—Member-bank reserve account	2,675,480	2,941,430	2,986,060	3,000,910	3,068,350
Ratio of total res. to dep. and Federal Res. note liabilities combined	82.9%	83.9%	83.9%	84.1%	84.2%

FEDERAL RESERVE REPORTING MEMBER BANKS. In \$'s (000,000's omitted)

	May 13, 1936	Apr. 14, 1937	Apr. 22, 1937	Apr. 28, 1937	May 5, 1937	May 13, 1937
Loans	13,462	12,899	12,866	12,774	12,707	12,665
Reserve with Federal Reserve Bank	4,537	5,381	5,378	5,425	5,307	5,359
Due from banks	2,250	2,018	1,962	1,964	1,797	1,783
Demand deposits	14,272	15,249	15,333	15,368	15,498	15,378
Time deposits	5,066	5,133	5,146	5,158	5,149	5,201
Government deposits	752	851	272	272	233	207
Due to banks	5,874	6,129	6,021	5,944	5,745	5,722

AUSTRALIAN COMMONWEALTH BANK In £'s (000's omitted)

	May 25, 1936	Apr. 26, 1937	May 3, 1937	May 10, 1937	May 17, 1937	May 24, 1937
ASSETS						
Gold and English sterling	16,003	16,011	16,011	16,011	16,011	16,011
Other coin, bullion and cash	6,327	5,096	5,271	4,988	4,967	4,884
Money at short call—London	20,644	29,829	28,602	29,514	33,184	33,276
Short-term loans	3,330	6,146	5,994	2,391	4,992	4,574
Securities	74,999	76,810	76,810	76,810	76,810	76,810
Discounts and advances	8,083	9,229	9,362	9,362	9,326	9,425
LIABILITIES						
Notes issued	47,044	47,038	47,038	47,038	47,038	47,038
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	65,900	79,940	79,546	76,725	83,126	83,130

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

	May 22, 1936	Apr. 23, 1937	Apr. 30, 1937	May 7, 1937	May 14, 1937	May 21, 1937
ASSETS						
Gold coin and bullion	22,926	26,316	26,331	26,074	25,776	25,777
Bills discounted: Foreign	1,737	1,730	1,730	1,729	1,729	1,729
Investments	12,181	13,289	13,949	13,802	13,411	12,799
Other assets						
LIABILITIES						
Notes in circulation	13,230	14,868	16,646	16,019	15,270	14,728
Deposits: Government	5,469	4,871	5,403	5,512	3,100	3,638
" "						

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

Assets	May 20, 1936	May 5, 1937	May 12, 1937	May 19, 1937
Reserve, of which	196,581	204,971	204,507	204,756
Gold coin and bullion	179,978	189,182	188,506	187,755
Domestic Government securities	112,171	149,708	149,679	148,464
LIABILITIES				
Note circulation	91,834	130,887	130,989	130,873
Deposits: Dominion Government	27,352	22,041	21,765	22,127
Chartered banks	186,462	197,023	194,180	191,045
Ratio of reserves to notes and deposit liabilities	64.1%	58.4%	58.8%	59.4%

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

Assets	May 22, 1936	May 7, 1937	May 14, 1937	May 21, 1937
Gold coin and bullion	44,421.7	41,511.56	41,511.56	41,511.56
Rupee coin and bullion	59,822.8	54,971.12	54,971.12	54,971.12
Reserve abroad	15,024.1	26,685.59	26,701.21	24,478.82
Indian Govt. rupee securities*	68,321.1	80,307.70	80,307.70	80,307.70
Investments	23,432.25	27,372.20	27,372.20	27,372.20
LIABILITIES				
Note circulation	1,68,09.99	1,95,37.21	1,95,64.29	1,92,28.73
Deposits: Government	6,51.83	9,98.77	10,69.99	9,31.29
Banks	32,79.92	26,22.43	25,23.85	26,82.79
Ratio of gold and sterling to liabilities	57.5%	60.2%	60.2%	60.3%

* Held against notes.

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

Assets	May 22, 1936	Apr. 30, 1937	May 7, 1937	May 14, 1937	May 21, 1937
Gold	57,459,028	57,358,894	57,358,823	57,358,827	57,358,884
Advances on Gold Coin	1,270,597	1,098,943	1,098,796	1,098,342	1,098,342
Commercial Bills	17,943,317	9,125,288	9,519,739	9,158,419	8,975,699
Bills bought abroad	1,923,307	1,083,020	1,083,020	1,083,020	1,069,616
Advances on securities	4,079,295	4,882,430	4,737,890	4,487,302	4,357,178
Loans to State without interest: (a) general (b) provisional	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Negotiable Bonds	19,991,307	19,991,307	19,991,307	19,991,307	19,991,307
Sinking Fund Debt	5,707,677	5,641,622	5,641,622	5,641,622	5,641,621
Other assets (excluding forward exch.)	3,628,021	4,969,622	4,009,947	3,910,182	3,883,891
LIABILITIES					
Notes in circulation	83,337,735	87,063,447	86,869,758	85,966,885	85,347,855
Public deposits	1,968,137	4,361,054	3,499,508	3,109,970	3,155,819
Private deposits	6,667,471	13,162,204	13,657,915	14,475,814	14,475,814
Other liabilities	2,586,897	2,610,420	2,614,062	2,696,006	2,597,731
Ratio of gold reserve to sight liabilities	62.4%	54.7%	55.1%	55.5%	55.7%

* The gold stock is based on the franc at 49 milligrams on and after Oct. 2, 1936.

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

Assets	May 22, 1936	May 7, 1937	May 14, 1937	May 21, 1937
Gold	71,950	68,432	68,485	68,535
Of which deposited abroad	21,560	19,359	19,359	19,359
Reserve in foreign currencies	5,363	5,827	5,764	5,960
Bills of exchange and cheques	4,084,232	4,973,196	4,718,429	4,497,856
Silver and other coin	223,019	147,865	191,715	250,011
Advances	35,406	48,251	31,681	33,519
Investments	538,603	415,334	415,227	414,483
Other assets	559,756	749,868	764,852	772,527
LIABILITIES				
Reserves	473,561	492,977	492,977	492,977
Notes in circulation	3,977,535	4,816,317	4,738,411	4,437,607
Other daily maturing obligations	747,441	775,737	766,340	778,891
Other liabilities	169,792	173,342	178,435	183,156
Cover of note circulation	1.94%	1.54%	1.60%	1.67%

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

Assets	May 20, 1936	Apr. 22, 1937	Apr. 29, 1937	May 5, 1937	May 13, 1937	May 20, 1937
Gold	3,544,751	3,571,584	3,579,343	3,585,299	3,588,108	3,587,490
Silver and other coin	62,436	53,329	51,076	49,246	48,734	50,644
Securities	1,301,971	1,321,368	1,330,707	1,329,016	1,336,936	1,333,287
Advances	76,288	38,166	38,263	39,879	35,557	36,742
LIABILITIES						
Notes in circulation	4,258,874	4,377,612	4,420,835	4,426,359	4,410,213	4,383,976
Deposits: Govt.	28,864	112,324	143,198	157,954	112,472	130,241
Other	889,962	681,015	621,847	605,418	671,118	680,437

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

Assets	May 25, 1936	Apr. 26, 1937	May 3, 1937	May 10, 1937	May 18, 1937	May 24, 1937
Gold	1,506,879	2,622,972	2,623,061	2,623,185	2,623,408	2,623,540
Silver	680,807	984,550	1,034,897	1,055,080	1,105,069	1,130,067
Home bills discounted	20,549	18,137	17,078	17,165	17,759	18,953
Loans and advances	27,960	20,642	19,775	19,098	18,701	18,433
LIABILITIES						
Notes in circulation	130,725	177,952	181,083	181,599	181,809	179,088
Deposits	763,212	785,771	858,868	825,577	811,775	808,572
Other	431,599	1,352,948	1,298,100	1,345,807	1,345,807	1,355,967

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

Assets	May 23, 1936	Apr. 23, 1937	Apr. 30, 1937	May 7, 1937	May 15, 1937	May 22, 1937
Gold	1,506,879	2,622,972	2,623,061	2,623,185	2,623,408	2,623,540
Of which held abroad	287,106	334,469	334,469	334,469	334,469	334,469
Discounts	74,128	13,219	14,031	14,230	12,868	12,580
Confederation Bills	60,010	14,550	14,550	14,550	13,500	13,500
Advances	62,788	34,391	32,318	31,487	30,107	30,091
Securities	46,621	18,892	19,405	19,893	16,968	15,893
LIABILITIES						
Notes in circulation	1,250,299	1,333,680	1,386,331	1,358,488	1,332,499	1,319,114
Deposits	431,599	1,352,948	1,298,100	1,345,807	1,345,807	1,355,967

† Gold revalued from Oct. 7, 1936. N.B.—Exchange Equalisation Fund and assets included in returns Dec. 31, 1936, onwards at 538,583,653 fcs.

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

Assets	May 15, 1936	Apr. 23, 1937	Apr. 30, 1937	May 7, 1937	May 15, 1937
Cash reserve—Gold coin and bullion	242,582	242,870	242,882	242,892	242,904
Other foreign exchange	81,253	96,404	97,225	98,543	96,195
Bills discounted	217,650	194,429	194,008	194,571	194,581
Federal debt	624,444	620,152	620,152	620,152	620,152
LIABILITIES					
Notes in circulation	897,187	803,768	805,318	851,467	845,515
Deposits	263,012	328,287	228,123	285,138	288,824

† 5.876-26 schillings = 1 kg. fine gold, Dec. 31, 1936, and after.

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

Assets	May 23, 1936	Apr. 30, 1937	May 7, 1937	May 15, 1937	May 22, 1937
Gold reserve	431,091	462,613	462,946	463,164	463,224
Government securities:					
Swedish	28,500	28,500	28,500	28,500	28,500
Foreign	72,000	30,666	30,871	31,282	31,384
Gold abroad not included in the gold reserve	48,419	69,301	69,251	69,218	69,209
Bills payable in Sweden	10,528	11,504	11,617	11,811	12,136
Bills payable abroad	241,574	558,524	558,421	558,421	558,421
Balance abroad	188,331	237,491	240,712	245,845	269,371
Advances	24,614	22,987	24,920	27,053	26,210
LIABILITIES					
Notes in circulation	703,325	861,598	798,990	794,584	768,681
Government deposits	285,021	135,032	194,552	232,300	226,968
Private deposits	155,789	600,488	594,676	570,884	624,185

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

Assets	May 18, 1936	Mar. 3, 1937	Mar. 10, 1937	Mar. 17, 1937	Mar. 24, 1937	Mar. 31, 1937
Gold	910,142	913,056	913,521	913,365	913,397	913,417
Reserves abroad	481,042	593,795	590,984	599,184	604,107	617,487
Discounts	363,621	322,741	320,797	316,809	318,074	320,760
Securities	71,564	124,454	124,454	124,454	124,454	124,454
Government loans	1,046,163	1,043,543	1,043,543	1,043,543	1,043,543	1,043,543
LIABILITIES						
Notes in circulation	2,003,889	2,105,886	2,068,886	2,003,269	2,021,628	2,058,919
Government deposits	634,839	509,420	523,963	560,740	550,055	532,159
Bankers' deposits	286,131	457,161	484,930	513,525	518,880	524,307
Other deposits	58,929	105,676	100,562	94,497	94,638	94,489
Foreign commitments	32,020	42,292	42,181	42,883	42,883	43,527

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

Assets	May 2, 1936	Apr. 10, 1937	Apr. 17, 1937	Apr. 24, 1937	May 1, 1937
Gold and gold exchange	10,970,887	15,739,434	15,771,857	15,796,732	15,796,736
Commercial bills	5,311,798	6,254,918	6,262,944	6,241,233	6,331,502
Agricultural and urban advances	2,469,500	2,104,981	2,103,208	2,077,111	2,079,939
Treasury bills issued against losses on credit	5,159,744	6,110,038	6,113,556	6,115,623	6,117,080
State debt and advances to Treasury	5,638,745	4,624,386	4,624,386	4,624,386	4,624,386
LIABILITIES					
Notes in circulation	22,143,521	25,966,445	25,776,402	26,130,699	26,752,155
Other sight liabilities	8,851,395	12,140,646	12,758,304	12,685,619	12,363,270
Long-term liabilities	4,560,643	3,536,464	3,524,477	3,518,170	3,529,881

† First return after decree of November 7, 1936, was November 14th.

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

Assets	May 7, 1936	April 15, 1937	April 23, 1937	April 30, 1937	May 7, 1937
Gold holdings	1,590,555	1,754,500	1,754,500	1,754,500	1,754,000
Reserves abroad and foreign currencies	503,019	563,012	539,806	545,904	562,008
Discounts and advances	1,352,844	921,300	917,588	979,200	967,734
Advances to the Treasury	2,671,279	3,551,453	3,551,463	3,551,463	3,551,463
LIABILITIES					
Reserves	1,248,898	1,242,909	1,242,168	1,241,835	1,241,835
Bank notes in circulation	2,206,864	2,423,206	2,500,380	2,635,787	2,518,645
Sight liabilities	2,149,302	3,050,358	2,919,491	2,792,913	2,874,877
Deposits	123,844	106,589	106,369	106,342	105,264

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

Assets	May 20, 1936	Apr. 20, 1937	Apr. 27, 1937	May 4, 1937	May 11, 1937
Gold	381,590	407,514	408,768	409,557	410,971
Foreign exch. and balances	6,895	35,791	38,925	40,154	40,154
Bills discounted	656,653	538,570	560,664	553,287	528,880
Loans against securities	106,844	29,242	50,539	32,563	29,205
Treasury bonds discounted	54,085	656	3,162	16,064	23,027
Securities	91,339	134,473	134,469	134,500	134,559
LIABILITIES					
Notes in circulation	1,000,752	919,312	995,695	969,667	935,053
Sight liabilities	175,234	249,721	245,457	267,318	239,796

BANK OF FINLAND.—In F. Marks (000's omitted)

	May 15, 1936	Apr. 23, 1937	Apr. 30, 1937	May 8, 1937	May 1937
Gold reserve	501,333	603,078	603,068	603,062	603,045
Gold abroad not included in the gold reserve		213,193	213,193	213,193	213,193
Foreign correspondents	1,340,978	1,803,039	1,789,192	1,787,843	1,776,616
Foreign bills, bank notes, and coupons	84,894	91,166	91,238	91,624	94,384
Inland bills and other home loans	1,013,509	1,155,997	1,129,512	1,123,338	1,121,211
Finnish and foreign bonds	399,617	427,998	452,042	439,026	439,026
LIABILITIES					
Notes in circulation	1,471,740	1,893,043	2,007,918	1,944,153	1,913,819
Government deposits at sight	124,006	141,635	141,589	141,589	141,589
Other deposits at sight	609,317	658,747	494,670	602,482	618,616
Ratio of ordinary cover to liabilities at sight	79 47	74 70	74 22	73 69	73 68

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British India	£ 15,574	£	British India	£ 134,759	£
Netherlands	5,200	76	Denmark	1,900	...
Belgium	400	79	Switzerland	2,989	...
France	9,485	...	Egypt	1,660	...
Japan	158,230	...	Saudi Arabia	5,000	...
Mexico	...	...	U.S.A.	18,380	...
			Other countries	1,172	21
					451
Total	188,889	155	Total	161,051	21
					5,451

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

No gold movements were reported at the Bank of England between May 21st and 27th. Details of previous movements appeared in last week's issue.

GOLD MARKET

Messrs Samuel Montagu and Company write on May 26, 1937:—The Bank of England gold reserve against notes amounted to £321,261,366 on May 19th, as compared with £318,661,810 on May 12th. The open market continued to be active and the amount of bar gold disposed of at the daily fixing during the week was about £3,000,000, which included some gold from holdings; the main proportion of offerings was taken for shipment to New York, but purchases were also made for an undisclosed destination. Prices continued to rule below dollar parity, but the discount tended to decrease towards the end of the week. The s.s. "Narkunda," which sailed from Bombay on May 22nd, carries gold to the value of about £141,000.

SILVER MARKET

The market continued to be narrow, and only 1d. separated the highest and lowest prices of the week under review. Conditions were quiet, buying by the Indian Bazaars and selling on China account again having been the main features. The tone is steady, and there are as yet no indications of any factor likely to cause a wide movement from the present level.

Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce -999 fine
			Cash	Two Months	
May 20	s. d. 140 6½	s. d. 12 1-07	d. 20 ½	d. 20 ½	May 19 45½
" 21	140 6	12 1-12	20 ½	20 ½	" 19 45½
" 22	140 6	12 1-12	20 ½	20 ½	" 19 45½
" 23	140 6	12 1-12	20 ½	20 ½	" 19 45½
" 24	140 5½	12 1-16	20 ½	20 ½	" 19 45½
" 25	140 7	12 1-03	20 ½	20 ½	" 19 45½
Average	140 6-17	12 1-10	20 3/32	20 3/32	" 19 45½
May 27	140 7	12 1-03	20 ½	20 ½	" 19 45½

The highest rate of exchange on New York recorded during the period from May 20th to 26th was \$4.94½, and the lowest \$4.94.

OTHER STATISTICS

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended May 21, 1937.	(c) Week ended May 22, 1937.	Miles Open	Gross Receipts, week ended May 23, 1937 (£'000)					Aggregate Gross Receipts, compared with 1936 (20 weeks) (£'000)				
			Passenger, etc.	Merchandise, etc.	Coal and coke	Total	Total Receipts	Passenger, etc.	Merchandise, etc.	Coal and coke	Total	Total Receipts
Great Western { 1937 3,738	1936 3,746	230	164	70	234	464	3,651	3,885	2,252	6,137	9,788	9,788
(c) L. & N. { 1937 6,320	1936 6,333	367	312	215	527	894	5,739	6,706	5,104	11,810	17,549	17,549
L. M. & Scottish { 1937 6,877	1936 6,898	447	494	206	700	1,417	8,201	9,534	5,169	14,703	22,904	22,904
Southern { 1937 2,153	1936 2,154	381	56	23	79	480	5,640	1,176	640	1,816	7,456	7,456
Total		19088	1553	972	519	3,044	23,801	21,451	13,470	34,921	58,722	58,722
(b) Belfast & Co. Down { 1937 80	1936 80	2-1	...	...	...	...	38-5	...	...	10-1	48-6	48-6
(b) Great Northern { 1937 543	1936 543	10-8	...	...	...	...	188-8	...	...	360-8	360-8	360-8
(b) Great Southern { 1937 2,078	1936 2,124	37-3	...	...	...	...	32-8	70-1	601-7	...	1415-3	1415-3
		32-1	...	...	...	...	587-3	...	...	853-4	1440-7	1440-7

COMPARISONS WITH CORRESPONDING PERIODS, 1935 and 1936

	(000's omitted)			
	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year, 1936, compared with first half-year, 1935: Gross increase or decrease	+ 263	+ 937	+ 534	+ 85
Second half-year, 1936, compared with second half-year, 1935: Gross increase or decrease	+ 491	+ 1,575	+ 751	+ 378
First half-year, 1937, compared with first half-year, 1936: 20 weeks to May 22, 1937	+ 452	+ 1,025	+ 741	+ 330
Weekly average first half 1937 latest week 1937 compared with 1936	+ 22½	+ 51½	+ 37½	+ 16½
	- 15	+ 79	+ 53	+ 80

LONDON TRANSPORT

	Takings (before pooling)	Compared with corresponding period of last year
Week ending May 22, 1937	£453,500	- £116,800
Aggregate 47 weeks to May 22, 1937	£25,967,400	+ £353,600

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1937	+ or -	1937	+ or -
INDIAN							
Assam Bengal	4	Apr. 30	1,330	Rs. 15,21,200	+ 3,547	Rs. 14,70,700	+ 85,039
Barsi Lt. Ry.	4	Apr. 30	202	150,400	+ 600	1,77,900	+ 22,500
Bengal & N. Western	3	May 10	2,107	112,59,675	+ 86,235	24,09,930	+ 87,884
Bengal-Nagpur.....	6	May 10	3,268	126,91,000	+ 1,84,182	1,10,68,000	+ 10,31,146
Bombay, Bar. & C.I.	7	May 10	3,072	136,62,000	+ 2,67,000	1,89,50,000	+ 7,45,000
Bombay & S. Mahr.	4	Apr. 30	3,229	123,25,000	+ 2,67,000	1,89,50,000	+ 7,45,000
Rohilk'd & Kumaon	3	May 10	572	12,56,841	+ 6,339	68,06,000	+ 75,873
South Indian	4	Apr. 30	2,532	15,97,235	+ 53,880	46,75,471	+ 8,687
				\$ 10 days.			

CANADIAN

Canadian National	20	May 21	23566	\$ 3,862,173	+ 438,540	\$ 73,686,345	+ 7,858,499
Canadian Pacific	20	May 21	17228	2,627,000	+ 35,000	51,608,000	+ 3,902,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia)	21	May 23	834	\$ 14,070	+ 1,210	\$ 354,550	+ 75,940
Argentine N.E.	47	May 22	753	170,700	+ 5,800	6,844,100	+ 508,500
B.A. and Pacific	47	May 22	2,806	1,183,000	+ 288,000	74,145,300	+ 5,988,300
B.A. Central	46	May 15	...	113,648	+ 22,931	4,498,492	+ 494,457
B.A. Gt. Southern ...	47	May 22	5,084	1,185,546	+ 325,000	116,073,000	+ 11,878,000
B.A. Western	47	May 22	1,930	1,185,546	+ 26,263	7,050,142	+ 929,070
Central Argentine ...	47	May 22	3,700	1,185,546	+ 11,906	38,882,000	+ 2,378,000
Central Uruguayana ..	46	May 15	273	1,185,546	+ 1,837	601,337	+ 97,854
C. Urg. (East Ext.) ...	46	May 15	311	1,185,546	+ 994	114,182	+ 18,644
C. Urg. (N. Ext.) ...	46	May 15	185	1,185,546	+ 713	80,820	+ 12,776
C. Urg. (W. Ext.) ...	46	May 15	211	1,185,546	+ 113	45,536	+ 5,022
Cordoba Central	47	May 22	1,218	1,185,546	+ 103,000	24,836,000	+ 2,597,000
Entre Rios	47	May 22	810	1,185,546	+ 7,860	1,497,390	+ 190,900
G. Westn. of Brazil ..	21	May 22	1,082	1,185,546	+ 19,509	9,986,400	+ 1,395,600
Leopoldina	21	May 22	1,918	1,185,546	+ 600	159,000	+ 17,600
Leopoldina Termml. ...	21	May 22	26	1,185,546	+ 2,000	7,277,000	+ 382,000
Nitrate	19	May 15	397	1,185,546	+ 7,700	70,975	+ 12,946
Paraguay Central ...	47	May 22	274	1,185,546	+ 685,000	138,923,000	+ 2,772,500
Salvador	47	May 22	100	1,185,546	+ 7,700	1,143,258	+ 222,812
San Paulo	20	May 15	153½	1,185,546	+ 102,000	50,400,000	+ 3,750,000
United de Havana ...	47	May 22	1,353	1,185,546	+ 2,039	814,250	+ 58,920

* Converted at average official rate during week ended May 22, 1937. † Receipts in Argentine pesos. ‡ Fortnight.
 § Free market rate. ¶ Receipts in Argentine pesos. ¶ Fortnight.
 * Converted at official rate. * Converted at "contingent" rate.
 † Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta Light Railways	6	May 10	621	£ 16,142	+ £ 529	£ 44,895	+ £ 2,569
Egyptian Markets ...	20	May 22	...	1,431	- 30	37,384	+ 298
Gr. Southn. of Spain	34	Aug. 29	104	Ps. 14,208	- 62,843	840,732	- 724,569
Mexican Railway ...	20	May 21	483	\$ 344,500	+ 37,000	6,310,060	+ 972,500

SUEZ CANAL RECEIPTS

Suez Canal	19	May 10	...	£ 253,500	- £ 69,600	£ 4,289,800	+ £ 1,000
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TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine	20	May 20	32½	\$ 647,095	- 17,463	12,832,679	+ 243,190
B. Aires Letroze	46	May 16	...	601,076	- 2,911	3,141,402	- 131,662
Burnley, Colne and Nelson Jt. Trapt.	20	May 22	80	£ 5,683	+ 687	19,12,153	+ 1,05,359
Calcutta Tramways ..	20	May 22	...	1,17,559	+ 4,854	35,851	+ 1,023
Isle of Thanet Elec. ...	12	Mar. 24	...	2,683	- 91	...	...
Liverpool Corp.	7	May 19	...	33,688	+ 4,690	219,788	+ 17,780
Madras Electric.	19	May 15	...	33,951	+ 1,201	4,65,116	+ 15,241

† Fortnight.

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month		Receipts to Date	
				1937	+ or -	1937	+ or -
Brazilian Traction	4	April 30	Gross Net	\$ 3,108,668	+ 593,331	11,763,010	+ 1,841,056
Burna Electric Supply	1	April 30	Gross	Rs. 51,357	+ 2,663	...	...
Mexican Light and Power	3	Mar. 31	Gross Net	Can. \$ 730,272	+ 49,440	2,187,166	+ 151,908
Rangoon Electric Trams	1	April 30	Gross	Rs. 1,52,637	+ 3,842	...	...
Rhodesia Rlys.*	6	Mar. 31	Gross	£ 409,930	+ 129,028	2,109,905	+ 383,759
Santa Fe	1	April 30	Gross	£ 124,841	+ 2,286	...	...

* Includes lines taken over from Mashonaland Railway Co. (in liquidation).

RAILWAYS

THE CENTRAL URUGUAY RAILWAY COMPANY OF MONTE VIDEO, LTD.—The result of the polling on May 24th on the scheme of arrangement was an overwhelming majority in all cases in favour of the scheme, which was dealt with in our issue of May 15th, pages 413 and 433, and which has now to await the approval of the court.

ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY.—Net revenue for 1936 £138,391 compared with £159,000. It is proposed to pay 2½ per cent. on the preference stock, being balance for 1933. Carry forward £136,000.

MISCELLANEOUS

SOCIETY OF INCORPORATED ACCOUNTS AND AUDITORS.—The fifty-second annual meeting was held on May 25th. Mr. R. Wilson Bartlett, J.P., the President, in his address dealt extensively with the National Defence Contribution. The country as a whole had recognised that re-armament expenditure would involve substantial increases in taxation, but the President declared that the complexities of administration of the N.D.C. would be infinitely greater than the excess profits duty.

CROSSES AND WINKWORTH CONSOLIDATED MILLS.—Trading profit for 53 weeks to March 31, 1937, £44,478, compared with a loss of £6,734. After all charges except depreciation and debenture interest (no provision), profit £20,872 against a loss of £31,651, reducing debit balance to £245,431.

GOODYEAR TYRE AND RUBBER COMPANY (GREAT BRITAIN).—Profits for 1936, £215,121 against £175,858 for 1935. Tax free ordinary dividend, 17½ per cent., against 12 per cent. Carry-forward increased by £13,702 to £243,845.

PEASE AND PARTNERS, LTD.—Trading profit for year to March 1937, £278,192, against £236,590 for previous year and £193,427 for year to March 31, 1935. To depreciation, £65,000 against £89,320. Debenture and loan charges, £20,702 against £18,181. Preference dividend, £29,264 against nil. Ordinary dividend, 5 per cent., absorbing £60,459 against nil. Carry-forward raised from £85,446 to £185,479.

ABDULLA AND COMPANY, LTD.—Profit in 1936 of £71,550, compared with £70,961. Ordinary dividend raised from 10 per cent. to 12½ per cent., requiring £37,500. Carry-forward raised from £6,458 to £20,959. No addition to reserve.

SENA SUGAR ESTATES.—Profit for 1936, £133,009 (against £49,032), after expenses and debenture service. Ordinary dividends resumed after thirteen years, with 6 per cent. To debenture conversion expenses, etc., £19,968; depreciation, £20,000; general stock reserve, £36,000. Carry-forward reduced from £16,065 to £8,606.

MADELEY COLLIERIES.—Profit for year to March 31, 1937, was £12,169, compared with £15,333. To depreciation, etc., £5,000. Carry-forward, £684.

BOOTS PURE DRUG COMPANY, LTD.—Net profit for year to March 31, 1937, £799,889 against £770,889. Ordinary dividend, 24 per cent., less tax, plus 5 per cent. tax free bonus, as before, absorbing £464,000. To reserves: General, £100,000 as before; freehold property, £20,251 against £17,948; contingency, £50,000 against £54,193; overseas development fund, £50,000 against nil. Carry-forward increased from £298,089 to £316,987.

WHITEHALL ELECTRIC INVESTMENTS.—Net revenue increased in year to March 31, 1937, by £39,847 to £231,614. After preference dividend £187,500, £44,114 added to the sum brought in, making £316,873 to carry forward.

WARING AND GILLOW.—Profits for the year to January 31, 1937, £45,032 (or £4,485 more), after depreciation, etc. Debenture interest, £32,813, and redemption reserve £6,887. After fees £2,750, sundry remuneration £1,400, and crediting £7,764 brought in, £8,946 is carried forward.

ILLUSTRATED NEWSPAPERS.—At separate class meetings on May 26, and at the extra-ordinary meeting, the scheme of arrangement was passed at all meetings by an overwhelming majority.

METAL TRADERS.—Increase in cash bonus of 7½ per cent. to 17½ per cent. This, with usual 12½ per cent. dividend, will make a total distribution of 30 per cent., less tax (against 22½ per cent.) for year to March 31, 1937. Profit for year, £129,449 after tax, an increase of £46,831. To reserve, £50,000 (against £25,000). £9,290 added to the amount brought in, making £65,916 to go forward.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation				Balance Forward	Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc		Net Profit	Divi- dend
					Prefe- Amount	Ordinary Amount	Rate				
Banks		£	£	£	£	£	%	£	£	£	%
Anglo-Palestine Bank	Dec. 31	10,617	95,964	106,581	11,250	64,756	8½	20,000	10,575	130,196	8½
Breweries											
Gartsides (Brookside Brewery)	Mar. 31	27,158	18,771	45,929	6,669	11,344	10	...	27,916	14,360	10
Financial, Land, etc.											
Aboukir Company	Mar. 31	Dr. 8,479	5,038	Dr. 3,411	...	...	...	2,000	Dr. 5,411	895	Nil
City & West End Properties	Mar. 25	23,700	61,463	85,163	15,356	37,117	7½	8,977	23,713	66,026	7½
City of London Real Property	Apr. 12	213,613	317,612	531,225	37,439	242,000	4	40,000	211,786	302,640	4
Hesketh Estates	Feb. 28	21,747	42,112	63,859	13,344	12,009	7	17,000	21,566	44,488	7
House Property and Invest- ment	Mar. 31	20,720	49,733	70,453	22,652	11,344	10	18,000	18,457	41,013	10
N.Z.M.T. Agency, etc.	Feb. 28	2,452	11,096	13,548	...	8,000	8	5,000	548	12,138	8
Telephone Properties	Dec. 31	13,395	38,735	52,130	17,600	15,410	5	...	19,120	35,688	5
Whitehall Elec. Invests. ...	Mar. 31	272,759	231,614	504,373	187,500	...	...	...	316,873	191,767	Nil
Gas											
Imperial, Continental, Gas	Mar. 31	496,045	427,038	923,083	...	422,800	10	...	500,283	437,770	10
Iron, Coal and Steel											
Darwins, Ltd.	Mar. 31	13,603	13,040	26,643	...	...	...	26,643	...	1,346	Nil
Pease and Partners	Mar. 31	85,446	254,757	340,203	29,264	60,459	5	65,000	185,480	145,294	Nil
Wilson and Clyde Coal	Feb. 28	28,489	75,809	104,298	2,669	30,353	6	41,500	29,776	65,514	5
Oil											
British-Borneo Petroleum...	Mar. 31	42,107	68,589	110,696	...	45,938	17½	20,000	44,758	71,597	17½
Rubber											
Allied Sumatra	Dec. 31	45,105	78,393	123,498	...	70,000	5	...	53,498	38,227	2½
Glenshiel	Dec. 31	8,462	6,529	14,991	...	5,600	8	7,000	2,391	2,393	1½
Golden Hope	Feb. 28	2,857	35,333	38,190	...	21,869	6	9,000	7,321	11,890	3
Kimanis	Dec. 31	5,176	5,482	10,658	...	5,490	3	...	5,168	3,156	2½
Sialang	Jan. 31	43,865	26,580	70,445	...	21,000	7	4,100	45,344	13,083	4
United Patani (Malaya).....	Dec. 31	29,674	41,671	71,345	...	40,000	8	...	31,345	24,753	5
Shops and Stores											
Kennards, Ltd.	Feb. 10	23,375	60,395	83,770	13,125	39,250	22	4,000	27,395	58,535	22
Tea											
Bargang	Dec. 31	164	579	743	...	...	...	...	743	3,417	Nil
Bordubi	Dec. 31	12,694	11,308	24,002	...	11,250	12½	...	12,752	15,887	15
Borelli	Dec. 31	6,779	12,941	19,720	384	11,725	15	1,000	6,611	17,851	20
Borjan	Dec. 31	2,821	3,520	6,341	560	2,475	10	...	3,306	6,854	12
Deamoolie	Dec. 31	31,563	7,272	38,835	...	7,500	12½	22	31,335	9,522	20
Derby	Dec. 31	12,514	8,263	20,777	726	4,781	15	4,000	11,270	8,150	15
Dhendai	Dec. 31	6,814	3,336	10,150	...	3,200	10	500	6,350	5,231	15
East India and Ceylon	Dec. 31	3,250	12,407	15,657	6,000	5,000	4	...	4,657	11,702	Nil
Galaha (Ceylon)	Dec. 31	4,468	27,539	32,007	3,600	18,980	6½	5,003	4,424	30,880	7½
Haydella	Dec. 31	348	765	1,113	...	700	3½	250	163	557	2½
Isa Bheel	Dec. 31	4,206	9,078	13,284	510	6,724	20	...	6,050	12,815	15
Kacharigaon	Dec. 31	635	3,401	3,046	576	2,105	5	...	365	2,308	Nil
Koomsong	Dec. 31	3,538	8,354	11,892	...	7,500	10	...	4,392	8,345	10
Majuli	Dec. 31	2,296	7,909	10,205	1,200	2,750	24	3,300	2,955	14,402	Nil
Mayfield (Dimbula)	Dec. 31	9,007	5,922	14,929	1,980	3,065	10	1,000	8,884	5,019	10
Pabbojan	Dec. 31	28,850	17,287	46,137	...	18,750	15	Dr. 1,387	28,774	29,974	20
Romai	Dec. 31	9,071	4,479	13,550	...	4,802	30	...	8,748	5,404	30
Rupai	Dec. 31	21,990	6,072	28,062	...	6,000	10	77	21,985	(a)	(a)
Tara	Dec. 31	41,220	6,710	47,930	600	7,875	15	138	39,317	20,268	25
Yatiantota	Dec. 31	1,994	7,887	9,881	9,450	...	...	...	431	2,325	Nil
Textiles											
Armitage (Sir Elkanah)	Apr. 3	2,515	14,186	16,701	...	9,375	3½	...	7,326	1,807	Nil
Trusts											
Bankers' Investment Trust	Apr. 30	48,356	93,368	141,724	30,839	47,832	7	12,000	51,053	86,515	6
Nineteen Twenty Eight In- vestments	Mar. 31	15,783	44,967	60,750	29,036	11,470	3	10,000	10,244	37,942	2
Nineteen Twenty Nine In- vestments	Mar. 31	4,258	42,252	46,510	22,947	12,108	4	6,996	4,459	32,513	3
Second Mercantile	May 5	54,110	52,475	106,585	18,906	26,375	7	5,000	56,304	50,716	6½
Other Companies											
Abdulla and Company	Dec. 31	6,458	71,550	78,008	20,000	37,500	12½	...	20,508	70,960	10
Banister Walton and Co. ...	Mar. 31	9,883	50,045	59,928	...	16,969	22½	25,000	17,959	(a)	(a)
British Alkaloids	Mar. 31	682	37,766	38,448	4,446	10,577	30	20,625	2,800	28,360	22
British Bedaux	Mar. 31	...	32,911	32,911	...	27,150	12	4,000	1,761	(a)	(a)
Broadcast Relay Service ...	Mar. 31	7,041	82,010	89,051	...	38,145	10	44,209	6,697	79,923	10½
Bush (W. J.) and Company	Dec. 31	102,133	102,443	204,576	6,250	32,500	13	50,000	115,826	86,259	13
Cork Manufacturing	Apr. 30	2,462	27,571	30,033	2,269	8,470	15	15,861	3,433	21,025	13½
Glenfield and Kennedy	Mar. 31	66,467	95,817	162,284	10,171	45,957	15	40,982	65,174	84,443	10
Goodyear Tyre and Rubber	Dec. 31	230,143	203,448	433,591	7,500	141,500	17½	40,746	243,845	151,595	12½
Hill (R. and J.)	Mar. 31	Dr. 16,707	2,843	Dr. 15,864	...	...	...	...	Dr. 15,864	4,369	Nil
Inglis and Company	May 1	24,778	40,710	65,488	2,042	27,800	20½	10,586	25,060	41,149	20½
Lex Garages	Dec. 31	8,103	13,185	21,288	...	8,250	6	...	13,038	10,606	5
Mason and Burns	Mar. 31	...	4,932	4,932	...	4,500	12	...	43	(a)	(a)
Sena Sugar Estates	May 31	16,065	133,009	149,074	22,500	42,000	6	75,968	8,606	49,032	Nil
Stephany (Furniture Trades)	Mar. 31	...	21,418	21,418	6,354	9,050	15	5,000	1,014	(a)	(a)
Swan (John) and Sons	Apr. 30	14,473	10,631	25,104	...	5,500	10½	5,000	14,604	7,658	10½
Symons (S.) and Company...	Mar. 31	15,093	12,658	27,751	...	7,550	12½	15,018	5,183	13,870	7½
Telegraph Condenser	Dec. 31	10,170	22,556	32,726	7,800	9,397	10	8,141	7,368	35,834	20
Titanine, Ltd.	Mar. 31	...	(c) 18,144	18,144	...	14,000	17½	3,000	1,144	(a)	(a)
Triplex Foundry	Mar. 31	...	(v) 7,757	7,757	1,311	3,516	7½	350	2,580	(a)	(a)
Uganda Company	Oct. 31	...	8,491	8,491	...	...	...	...	8,491	Dr. 4,899	Nil
Verellen, Ltd.	Dec. 31	Dr. 362,203	5,625	Dr. 356,578	...	...	...	...	Dr. 356,578	Dr. 1,345	Nil
Waxed-Papers	Dec. 31	3,070	25,729	28,799	4,688	7,553	10	5,610	10,948	17,052	Nil

† Free of income tax. (a) No comparable figure. (c) May 27, 1936, to March 31, 1937. (v) October 20, 1936, to March 31, 1937.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

BUSINESS continues very quiet on the majority of markets and there are no important developments to record. The forced liquidations and speculative sales of the last few weeks are over, and consumers' purchases have not yet been sufficient to cause a resumption of the rising trend of prices.

Base metals have moved in somewhat diverse directions. Lead and spelter have risen slightly, though in the case of the former the expected renewal of Spanish exports will probably cause a setback. Copper and tin prices have fallen slightly, but supplies are low, and an increased flow of purchases might give rise to some sharp advances. Rubber is unchanged, but vegetable oils have moved a little upwards. There is no change in the position in the coal and iron and steel industries, and quotations for gas coal have advanced. With the exception of Egyptian, which has advanced a trifle, cotton prices are unaltered, but a fairly general decline has been noticeable in wool.

Wheat, beef, lamb, bacon and tea prices have all fallen, the latter in consequence of the increase in the tea export quota. Dairy produce and sugar have moved in the opposite direction. Other food prices are stationary.

In the United States, Moody's daily index of staple commodity prices (December 31, 1931 = 100) was 206.4 on Wednesday, against 211.1 a week ago, 210.6 last month, and 165.2 a year ago.

COAL

SHEFFIELD.—The general position in the coal market is strong, the holidays having curtailed available supplies. In the export market small coal is rather scarce, due largely to the fact that the coke works are taking enormous quantities. Prices of bunker coal are firm and supplies are short. Industrial needs are still heavy on the inland market and difficulty is being experienced in arranging adequate deliveries of furnace coke. House coal demand has quietened, now that the likelihood of a strike has receded. Prices all round remain firm. The Central Council of Colliery Owners announced that supplementary allocations for the current quarter have been granted in full to all districts making application. Allocations in the aggregate are nearly three and a half million tons.

WORKINGTON.—The coal trade is very brisk. The falling off in house coal requirements has been offset by the greater needs of industrial fuel. For one of the by-product coke oven plants, making 6,000 tons weekly, round coal is being crushed. Stocking for fear of a strike has slowed down. Nevertheless there is less than 2,000 tons of coal weekly to spare for Ulster and the Free State. Prices are steady. Best round coal costs 23s. 6d.; washed doubles, 22s.; washed singles, 21s., all f.o.b., per ton. Smalls are 15s. 6d.; best house coal, 35s. 8d.; house nuts, 34s., per ton at station. Gas coal costs 27s. and local coke from 15s. 6d. to 16s. 6d., per ton.

NEWCASTLE-ON-TYNE.—At this time of the year domestic consumption falls off rather sharply, but under the present conditions of the North-East coal market, foreign consumers are ready to take up any surplus. It is many years since collieries have held such full order books. Northumberland steam collieries are working regularly and have little or no coal for sale this year, whilst in Durham, home trade continues so heavy that many inquiries from abroad cannot be dealt with. Patent oven coke is a steady market at late figures.

GLASGOW.—Scottish collieries are well booked for some time ahead, and prices remain firm. Scarcity of tonnage on occasion brings an odd parcel on to the prompt shipping market, but in the main current output is moving under contract and coalmasters are not greatly disposed to accept further business meantime. Home industrial and public utility needs continue on a large scale, and even the seasonal slowing-down in house coal business is less pronounced than usual, the labour position and good buying from Ireland being helpful influences.

CARDIFF.—The Cardiff coal market remains firm. For the June quarter the original output allocation was 10 per cent. higher than in the corresponding period last year, but actual demand has shown a proportionately higher rate of increase, and at a meeting of the Executive Board on Monday it was decided to apply to the Central Council for more additional quotas. The normal contraction in inland requirements is more than balanced by the expanding demand for industrial coals, while exports continue to increase. Foreign and coastwise shipments at the South Wales docks last week totalled 239,600 tons for a three-day colliery working week compared with 191,000 tons in the corresponding holiday week last year. Prices are generally maintained at the recently improved levels. Coke quotations are also strong with those of patent fuel steady. Owing to a temporary scarcity of pitwood, prices for Portuguese supplies have jumped from about 27s. to 30s., ex ship.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that markets have settled down following the Whitsun holidays and that demand in all departments is as strong as before the break. The recent advance in quotations has not affected the situation and consumers continue to experience considerable difficulty in finding producers able to continue to experience considerable difficulty in finding producers able to accept orders for reasonably near delivery. Most of the new business negotiated is for delivery over the second half of the year, and in some cases steelmakers are unable to promise delivery before October. In some departments, however, an impression seems to have been made upon accumulated arrears.

In the pig iron market expectations of an increase in the price of foundry iron have held up business as producers are reluctant to accept orders until the prices which will rule in the second half of the year are known. There is still a shortage of basic iron for the steelworks, but the scrap position has become slightly easier.

A little relief has been experienced from the stringency in supplies of semi-finished steel, but operations at the consuming works are restricted by

the scarcity of certain classes of material. Imports of Continental billets against the quota have increased lately, but there remain heavy arrears to be made up.

In the finished steel department there is unrelieved pressure on the part of consumers to obtain material and a heavy tonnage of business is offered. Export demand is sustained, but a considerable amount of this business has had to be declined owing to the extent of home requirements.

SHEFFIELD.—The inadequacy of supplies continues to cause considerable anxiety in the iron and steel market and there appears to be little hope of easier conditions for some time. Makers of forge and foundry pig iron are fully booked, and the only material users can secure are odd parcels here and there. Nothing was done about prices at the meeting of the Central Pig Iron Producers' Association last week and they are evidently awaiting the decision of the Federation. The shortage of supplies is causing consumers far more trouble than the question of prices. In East Coast hematite the position is a little easier and there is some forward buying. In finished iron, the demand for crown bars is growing and a large volume of business is being done in common and marked bars.

Requirements of special steels are fast increasing. Makers of basic billets have little or nothing for disposal and there is a constantly expanding call for acid qualities. The scrap market is firm and the price control scheme, which applies to most iron and steel sections, is working satisfactorily.

It is reported that a new steel works, using the electric melting method, is to be built at Rotherham.

WORKINGTON.—After the lighting next month of the relined furnace at Workington and the changing over of the two furnaces at Ulverston from basic to hematite iron, there can be

exceeded those of last year by more than 30 per cent., the greatest increase having taken place in those products in which there is no material scarcity. A similar situation that is rising exports in spite of high domestic requirements prevails in other countries. Apart from an increase in her exports of rolled steel products, the United States has recently shipped very large quantities of steel scrap, but it is doubted whether shipments can be maintained at the present level.

OTHER METALS

COPPER.—Although prices fluctuated considerably, the basic position of the market showed little alteration. While forced selling has now practically disappeared, buying remains on a rather restricted scale and prices consequently fail to advance. Actually, the cash price showed a net loss on the week at the close on Wednesday, while the forward quotation was slightly higher. The "backwardation" has therefore narrowed—which indicates an improvement in the technical position of the market; but in view of the smallness of home warehouse stocks, the position still appears far from sound. A sudden wave of buying would immediately find the market in short supply, and prices would probably fluctuate sharply. But in view of the near approach of the period of seasonal quietude and the chastening experience of the recent slump, consumers may continue their hand-to-mouth policy and thus prevent undue excitement in the market. Representatives of the leading copper producers of the world have been in London during the past few days; but there is no news of any meetings or of the taking of any important decisions.

Sales on the London Metal Exchange: 2,500 tons on Monday, against nil last week; 3,100 tons on Tuesday, against 2,300 tons last week; 2,200 tons on Wednesday, against 2,400 tons last week. Domestic spot was quoted at 14.45 cents per lb. in New York on Wednesday, against 14.35 cents a week ago and 13.92 cents a month ago. Wednesday's official closing price for standard cash in London was £61 10s. to £61 12s. 6d. per ton, compared with £63 15s. to £64 a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 12,081 tons, showed a decrease of 1,530 tons, while stocks of rough copper, at 4,105 tons, were 977 tons larger.

LEAD AND SPELTER.—Both metals, although closing on Wednesday below the week's best, scored a net gain this week; an improved demand was the factor mainly responsible. It is reported that Spain is again producing lead at a fairly high rate. An early reappearance of Spanish lead on the market might cause some price reaction, for the general supply position of this metal is now better than for many months past.

Sales of lead on the London Metal Exchange: 2,250 tons on Monday, against nil last week; 1,650 tons on Tuesday, against 1,400 tons last week; 1,700 tons on Wednesday, against 1,600 tons last week. The New York quotation on Wednesday was 6.00 cents per lb., against 6.00 cents a week ago and 6.00 cents a month ago. Wednesday's official closing quotation in London for soft foreign for shipment during the current month was £24 7s. 6d. per ton, compared with £23 11s. 3d. last week.

Sales of spelter on the London Metal Exchange: 1,850 tons on Monday, against nil last week; 1,400 tons on Tuesday, against 1,050 tons last week; 1,200 tons on Wednesday, against 1,600 tons last week. Wednesday's quotation in East St. Louis was 6.75 cents per lb., against 6.75 cents the week before and 6.75 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £23 7s. 6d. per ton, against £22 18s. 9d. last week.

TIN.—As in the case of copper, the cash price declined, while the forward quotation advanced this week. But the basic position of the market shows little alteration. In the absence of a revival of buying interest, the market is likely to remain fairly quiet. For the first time for

six weeks, home warehouse stocks showed a substantial rise last week. The movement has caused market sentiment to deteriorate slightly, and if it should make headway an easier price tendency would be likely.

Sales of tin on the London Metal Exchange: 225 tons on Monday, against nil last week; 330 tons on Tuesday, against 175 tons last week; 300 tons on Wednesday, against 325 tons last week. The New York quotation on Wednesday was 56.00 cents per lb., against 56.25 cents a week ago and 56.25 cents a month ago. Wednesday's official closing quotation in London for standard cash was £252 to £252 5s. per ton, compared with £254 to £255 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,937 tons, an increase of 441 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was quoted at £15 12s. to £15 12s. 6d. per flask of 78 lb., the same as last week. Chinese antimony was quoted at £72 to £73 per ton, ex warehouse, as against £72 to £73 last week. Chinese wolfram for "May-June" shipment was quoted at 57s. to 58s. per unit, c.i.f., compared with 57s. to 59s. last week. Refined platinum was quoted on Wednesday at £11 5s. an ounce, the same as last week.

TEXTILES

COTTON.—Manchester.—Traders have been rather slow at getting to work again after the Whitsuntide holidays, and the business done during the week has not been important. Recently there has been a tendency for order lists of spinners and manufacturers to run down, but producers have still plenty of work to go on with. Fluctuations have occurred in raw cotton prices, but there has not been any marked alteration in the level of quotations. Increasing interest is being taken in the weather reports from the American belt and the prospects for the new crop may be described as encouraging. It is recognised, however, that many things may happen before the crop is harvested. Outside factors are believed to be slightly bullish.

The tone of the American yarn market has continued very firm. There has again been much pressure for the delivery of twists, especially ring beams. New business, however, has not been of any weight. Irregular operations have occurred in Egyptian qualities.

Manufacturers of cloth have reported a generally quiet demand. Some buyers have shown a tendency to distrust current prices, but there have been no indications of makers being more prepared to grant concessions when business has been offering. Not more than miscellaneous transactions have been put through for the several outlets of India. A certain amount of business has been done in fancies and specialities for the smaller markets of the Far East. Although less support has been met with from South America and West Africa, some moderate lines have been secured. A few contracts have been obtained in standard makes for the Dominions and the home trade. Makers with wide looms remain very busy.

COTTON PRICES

	1937				Corresponding Date	
	May 5	May 11	May 19	May 26	1935	1936
Raw Cotton—Mid. American per lb.	7.41	7.30	7.26	7.26	6.98	6.59
.. Sakellaridis Fully Good Fair						
.. Egyptian per lb.	11.32	11.35	11.13	11.43	8.18	8.74
Yarns—32's twist per lb.	14	14	14	14	10	10
.. 40's twist per lb.	19	19	19	19	10	10
.. 60's twist (Egyptian) per lb.	20	20	19	19	15	15
32-in. Printers, 118 yds., 16 by 16, 32's and 40's per lb.	20 10	20 9	20 8	20 6	17 9	17 2
36-in. Shirtings, 75 yds., 16 by 16, 32's and 40's per lb.	28 8	28 5	28 2	28 2	24 3	24 3
36-in. ditto, 38 yds., 18 by 18, 10 lb. per lb.	11 7	11 6	11 5	11 5	10 5	10 1
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb. per lb.	10 7	10 6	10 5	10 5	9 3	9 1

WOOL.—Bradford.—The past fortnight has produced nothing outstanding in the wool textile industry, and markets everywhere are quiet. There is a feeling in the market that an increase in Australia's clip this year may bring about a reduction in prices. Supplies, however, are so limited that requirements should be equal to absorbing every bale that is available, but somehow the Bradford market remains quiet, and spinners are only operating when compelled to do so.

West Riding spinners and manufacturers are feeling the need of larger exports, and many fear that the present move for shorter working hours, with no decrease in wages, cannot possibly help that section of the industry. The continuous export of textile machinery to countries which in the past have done very little manufacturing, is expected to involve a decreased call for British textiles. In former years, between seasons, many firms have been able to rely upon export requirements to keep machinery running full time till home trade clothiers began to place orders for the ensuing spring and summer season, whereas now it looks as if spinners and manufacturers are going to remain quiet until next August, when there could be a general buying of clothing materials for the spring of 1938. Prices for merino tops are slightly easier than a fortnight ago.

GRAIN MARKETS

WHEAT.—Business has been small throughout the week, and as usual at this time of year, the market is paying much attention to crop estimates. Prices fell sharply on Wednesday following reports of favourable weather conditions in Canada and the United States.

On Wednesday last, "May" futures were quoted in Chicago at 120 cents per bushel, against 133 cents the week before and 129 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 51s. 6d. per 496 lbs., as against 53s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 51s., as against 52s. 6d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week amounted to 1,617,000 quarters, against 1,580,000 quarters in the previous week and 1,378,000 quarters in the corresponding week a year ago.

FLOUR.—Business is confined to the immediate needs of bakers, and prices have shown a slight downward tendency. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 52s. per 280 lbs., as against 42s. a week ago; delivered Inner London, 41s. 6d., as against 41s. 6d. a week ago. Manitoba patents, ex stores, 67s. 6d. to 39s., as against 38s. 6d. to 40s. a week ago. Australian, ex store, 39s. to 34s., as against 33s. 6d. to 34s. 6d. a week ago.

BARLEY.—Business on this market remains very quiet. "May" futures were quoted at 69 1/2 cents per bushel in Winnipeg on Wednesday,

as against 72 1/2 cents last week. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 35s. to 36s., as against 35s. to 36s. a week ago; "English malting" at farm, 38s. to 45s., against 38s. to 45s. last week. California (new), ex ship, 53s. 6d., as against 53s. 6d. a week ago. Chilean, brewing (new), ex ship, 44s. 9d. to 50s., as against 44s. 9d. to 50s. a week ago.

OATS.—On Wednesday, "May" futures were quoted at 56 1/2 cents a bushel in Chicago, against 52 1/2 cents a week ago and 50 cents last month. Quotations in London, Wednesday: "English black," at farm, 26s. to 27s. per 336 lbs. a week ago, as against 26s. to 27s. a week ago; "English White" at farm, 26s. to 27s., as against 26s. to 27s. a week ago; mixed Canadian feed (Vancouver), landed, 26s. per 320 lbs., as against 26s. 3d. a week ago.

MAIZE.—There is still little activity in maize, but the Continent and United States have resumed buying on a considerable scale. "May" futures were quoted on Wednesday at 139 1/2 cents per bushel in Chicago, against 133 1/2 cents a week ago and 129 1/2 cents last month. Quotations in London, Wednesday: "Plate," landed, 28s. 9d. per 480 lbs. as against 28s. a week ago; "Plate" ex ship, 27s. 9d., as against 27s. 3d. a week ago; "Plate" May, 27s. 9d., as against 27s. a week ago; yellow maize meal, ex wharf, was quoted at £7 2s. 6d. to £7 5s. per ton, as against £7 2s. 6d. last week.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-37:—

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	May 27, 1936	Dec. 30, 1936	May 19, 1937	May 26, 1937
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	82 1/2	84 1/2	74 1/2	129	137 1/2	130 1/2
Chicago (No. 2, Winter) —Cents per 60 lb.	98 1/2	101 1/2	83 1/2	135 1/2	133 1/2	120

The visible supply of wheat in Canada amounts to 60,689,000 bushels, against 64,151,000 bushels last week, and 90,085,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1933-34 to 1936-37.

	1933-1934	1934-1935	1935-1936	1936-1937
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to May 22	87,106	188,578	193,215	143,967
38 weeks to May 22	9,883,408	12,454,531	12,472,292	9,825,808
Average price of English wheat per cwt.	s. d. 4 9	s. d. 5 6	s. d. 6 10	s. d. 9 9

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding weeks in each of the years from 1933 to 1936:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
May 20, 1933	Cwts. 132,073	Cwts. 48,505	Cwts. 18,811	s. d. 5 9	s. d. 6 7	s. d. 5 9
May 19, 1934	132,073	48,505	18,811	5 9	6 7	5 9
May 25, 1935	188,578	25,052	24,840	5 6	7 0	6 1
May 22, 1936	193,215	17,683	42,816	6 10	6 10	6 2
May 15, 1937	115,070	17,849	17,144	9 10	10 7	8 10
May 22, 1937	143,967	14,960	36,817	9 9	9 11	9 1

OTHER FOODS

BACON.—Business remains small, and prices have been somewhat weak in several sections of the market. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 88s. to 92s.; Canadian, 82s.; Danish, 95s., against 90s. to 96s., 87s. and 95s. last week. Arrivals in London last week included: Danish, 13,802 bales; Canadian, 7,933; Dutch, 2,436; Lithuanian, 1,467; and Polish, 3,346; as against 14,062, 7,660, 2,490, 1,510 and 2,590 bales, respectively, in the previous week.

BUTTER.—Butter prices have remained firm throughout the week. Quotations (per cwt.) on the London Provision Exchange on Monday were: New Zealand, finest salted, 109s.; Australian, choicest salted, 108s.; Danish, 114s. to 115s.; compared with 108s. 6d. to 109s., 108s., and 108s. to 109s., respectively, a week ago.

CHEESE.—Nothing of any note has occurred in this market during the week, but prices are firm. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: Canadian, finest coloured, 76s. to 78s.; and New Zealand, finest coloured, 74s.; against 76s. to 78s. and 72s. 6d., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 7 1/2 cents per lb., as against 7 1/2 cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "October-December," was quoted at 36s. per 50 kilos., c.i.f. Continent, against 36s. to 36s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 2,983 bags; delivered, for home consumption, 7,353 bags; exported, 30 bags; stocks, 299,787 bags, against 159,378 bags a year ago.

COFFEE.—On Wednesday, Rio No. 7 (cash) was quoted at 9 1/2 cents per lb. in New York, unchanged from a week ago and 1 cent less than last month. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered, for home consumption, 21 cwt.; exports, nil; stocks, 2,140 cwt., against 11,093 a year ago. Central and other South American: Landed, 588 cwt.; delivered, for home consumption, 1,849 cwt.; exported, 257 cwt.; stocks, 114,583 cwt., against 126,468 last year. Other kinds: Landed, 2,695 cwt.; delivered, for home consumption, 2,161 cwt.; exported, 290 cwt.; stocks, 121,292 cwt., against 180,088 last year.

EGGS.—Foreign eggs remain unchanged, but quotations are rising for English grades. A Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15 1/2 lb.) realised 10s. 3d. to 10s. 6d. per 120, against 9s. 9d. to 10s. last week; while Danish (15 1/2 lb.) made 8s. 6d. to 8s. 9d., as against 8s. 6d. to 8s. 9d. last week.

FRUIT.—Trade remains good at Covent Garden, sales are still large and prices for the most part well maintained. Apple prices have fallen generally after the large arrivals from Australia and Tasmania in the last week or so; but English lines are firm. English Bramleys are selling at 8s. to 10s. a box, and New Zealand Cox's at 14s. to 18s. The quality of most of the oranges coming on to the market is distinctly poor, but the exceptions are fetching excellent prices. Pears are doing quite well; but grapes of all kinds have moved slightly downwards. English forced strawberries sell well at prices varying between 2s. 6d. and 6s. per lb.; and peaches and nectarines can be sold at any price up to 30s. per dozen and 36s. per dozen, respectively.

MEAT.—At Smithfield Market on Wednesday last, Argentine chilled hindquarters were quoted at 4s. to 4s. 4d. per 8 lbs., as compared with 4s. 6d. to 4s. 10d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,637 tons, an increase of 130 tons on the corresponding week last year. Beef and veal accounted for 4,669 tons, mutton and lamb 2,760, and pork and bacon 759, as compared with 4,665, 2,706 and 714 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, Singapore white Muntok, spot, was quoted at 6d. per lb. in bond, against 6d. per lb. a week earlier. Black Lampong, spot, in bond, was quoted at 3d. per lb. sellers, compared with 3d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, 45 tons; delivered, 2 tons; stocks, 1,910, against 1,766 last year. White, landed, 18 tons; delivered, 24 tons; stocks, 11,963 tons, compared with 12,260 a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 10s. per cwt. ex warehouse, on Wednesday, as compared with 10s. per cwt. a week ago. "May-June," in singles to Continent and U.K., was quoted at 9s. per cwt., against 9s. last week. Movements in London last week were as follows: Landed, 19 tons; delivered, 62 tons; stocks, 998 tons, against 1,642 a year ago.

SUGAR.—Prices are steady, but futures have advanced slightly. The New York spot quotation was 3.35 cents on Wednesday, as compared with 3.35 cents per lb. last week and 3.45 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August" delivery at 6s. 5 1/2d. to 6s. 6d., against 6s. 2 1/2d. to 6s. 3 1/2d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 42,362 tons, against 13,309 in the previous week and 1,127 in the same week of 1936; deliveries, 23,867 tons, against 13,090 and 17,758 tons, respectively; stocks, 200,338 tons, against 181,843 and 171,110 tons, respectively.

TEA.—At this week's public auctions in Mincing Lane, 37,926 packages of Indian and 25,168 packages of Ceylon tea came up for disposal. This was the first series held since the announcement of the increase in the export quotas for the current season, and prices were irregular and generally easier.

VEGETABLES.—According to *The Fruitgrower*, cabbages and spring greens are in good request and their prices are firm. Cucumber are selling at 8s. to 10s. per box of 18 to 24. Asparagus supplies are large, and the best can be bought from 2s. to 2s. 6d. per bundle. The supplies of tomatoes are rising, but demand is good and prices have shown no decline. New potatoes are doing excellently. Jerseys are selling at 32s. and 34s. per cwt., and Mataro about 8s. less. Good quality old potatoes have suffered no decline of price, but poor qualities are being cleared off. Best siltland King Edwards went at 10s. and 11s. per cwt. at the Borough on Tuesday, showing no change on the week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Markets continue very quiet, with very little disposition on the part of anybody to anticipate requirements. Demand for linseed is negligible, but prices remain quite steady. Crushers are using up the heavy supplies recently acquired and, meantime, are awaiting developments in the American crop situation. Sowing of linseed in the United States appears to be progressing satisfactorily, but a smaller area is expected. Meanwhile, demand for the Plate surplus is restricted, but as the unsold surplus is comparatively small, shippers are not pressing sales. So far this year, Argentina has exported in round figures a million tons of linseed and has about 650,000 tons yet to be marketed, against 900,000 tons actually shipped in the remainder of last year. The Indian new crop continues to move off very slowly, growers apparently awaiting the turn in the market which will determine how much of the 300,000 tons available for export will be offered. America's takings this year exceed 400,000 tons—all drawn from Argentina. Trade in linseed oil is slow and prices show very little change on the week and are steadily maintained around £29 10s. per ton for raw oil ex Hull for delivery to the end of the year. Cotton seed is weak. No demand is reported and prices of both seed and oil have declined further. Demand for oilcakes is only moderate, but normal for the time of year.

RUBBER.—The market has had a dull tone and prices are unchanged on the week. Selling pressure has now disappeared but, on the other hand, consumers show little disposition to enter the market. The International Committee met this week, but was occupied only with routine business. The spot price in New York on Wednesday was 20 1/2 cents per lb., compared with 20 1/2 cents per lb. a week ago and 20 1/2 cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 10 1/4d. per lb., as against 10 1/4d. on the corresponding day last week. In forward positions, business has been done at 10 1/4d. for "July" shipment, as against 10 1/4d. a week ago. Stocks in London and Liverpool at the end of last week totalled 46,835 tons, against 47,199 tons a week earlier. A year ago stocks amounted to 132,745 tons.

THE FINANCIAL NEWS

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

MONDAY, MAY 31.—N.D.C.—ITS FUTILITY AND ITS PERILS. From the night of Mr Chamberlain's Budget Speech onwards *The Financial News* has spared no effort to expose the futility, injustices, anomalies and cumbersome inefficiency of the proposed N.D.C. Because we have received every indication that our efforts in this respect have been warmly appreciated by industry and finance, and because the Chancellor has made only insignificant and derisory concessions to the united demand of industry for revision, we feel that it is right and proper that at the beginning of the week which will see N.D.C. debated in Parliament, we should recapitulate the many unanswerable objections to the scheme.

TUESDAY, JUNE 1.—PROSPECTS IN THE BUILDING MATERIALS INDUSTRY. This article examines the changing nature of the Building boom and suggests what its effect may be on companies engaged in supplying the major classes of building materials.

WEDNESDAY, JUNE 2.—COMPANIES AND THEIR PROFIT-EARNING CAPACITY, No. 44.—DE BEERS. This article deserves a special note. Readers may appreciate that the series of articles under the above heading has been somewhat interrupted by Mr Neville Chamberlain. When even a Company's own accountants do not know what its earnings after N.D.C. are at present, it is likely to be in the future. It was, indeed, a somewhat bitter coincidence that the article for this series, which happened to be completed the day before the Budget, concerned of all companies—RHOKANA.

De Beers, however, being registered and controlled in South Africa, is one of the taxpayers' havens of rest.

THURSDAY AND FRIDAY, JUNE 3 AND 4.—MORE ABOUT FOREIGN BONDS. Last week the whole of the South American Bond Field was surveyed in THE FINANCIAL NEWS in a series of four articles. This week we come nearer home.

THURSDAY'S ARTICLE will examine investment opportunities amongst the bonds of the Balkan and other Central European countries.

FRIDAY'S ARTICLE will raise the question which of the German bonds (if any) are worth the bold investor's while at present prices.

For the benefit of those interested it may be mentioned that further articles in this series will follow, dealing, inter alia, with the Chinese and Japanese bonds and with the Foreign Government Bond Trust.

THE FINANCIAL NEWS

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WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, May 26th.

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, Etc.—				English King Edward				English Southdown, greasy, per lb.			
Wheat—	s. d.	s. d.	s. d.	per cwt.	10	0	11	0	18	0	6
No. 2, N. Man. 498 lb.	51	0						Lincoln hog, washed	17	1	
Eng. Gaz. av., per cwt.	9	9						Queensland, s.d. super cmbg.	31		
Barley, Eng. Gaz. av.	9	11						N.S.W. greasy, super cmbg.	19		
Oats—								N.Z., grey, half bred 50-56	18		
Maize, La Plata, landed	28	9						Crossbred 40-44	15		
480 lb. stan. ex mill.	40	3						Top—			
280 lb. stan. ex mill.	40	3						Merino 70's average	40		
Rice, No. 2 Burma, per cwt.	9	0						" 64's "	36		
								Crossbred 48's	25		
								" 46's "	24		
MEAT—				SPICES—				MINERALS			
Beef, per 8 lbs.—				Pepper, per lb.—	0	3		COAL—	s. d.	s. d.	
English long sides	5	0	5	Black Lampung	0	8		Welsh, best Ad'ly. ton	19	6	22
Argentine chilled hinds	4	0	4	White Muntok	0	8		Durban, best gas, f.o.b.	23	0	24
Mutton, per 8 lbs.—				Cinnamon, 1st sort, per lb.	0	8		Tyne	23	0	24
English wethers	3	4	4	Claves, Zanzibar, per lb.	0	10		Sheffield, best house, at	23	0	25
N.Z. frozen	3	4	4	Ginger, per cwt.—				pits	23	0	25
Lamb, per 8 lbs.—				African	65	0		IRON AND STEEL—			
N.Z. frozen	4	6	5	Jamaica, ord. to good	65	0	90	Pig, Cleveland No. 3, d/d.			
Pork, English, per 8 lbs.	4	8	5	Mace, 65's	1	9	2	ton			
				Nutmegs, 65's	0	11		Bars, M'brough	237	6	
OTHER FOODS				SUGAR—				Steel rails, heavy	202	6	
BACON—				(Duty, 11/8 per cwt.)				Tin plates, per box	24	0	
English, per cwt.	88	0	92	Centrifugals, 96%, prpt.	6	6		Standard	64/10/0	68	10
Irish	90	0	98	shipp. C.I.F. U.K./Cont.	17	3	19	METALS—	s. d.	s. d.	
Danish	95	0		N.W.L. crystallised	17	3	19	Copper, Electrolytic, ton	64/10/0	68	10
Dutch	92	0		Java, white, c. & f. India				Sheets (strong)	67/0/0	61/12	6
				Oct. Dec.				Lead, Eng. pig., per ton	26/5/0	24/7	6
BUTTER—								Soft foreign	24	5/0	24/7
Australian	108	0						Spelter G.O.B.	23/7/6	23/12/6	
New Zealand	109	0						Tin—English ingots	252	0/0	252
Danish	114	0	115					Standard cash	252	0/0	252
English	76	0	78								
Dutch	74	0									
CHEESE—											
Canadian, per cwt.	76	0	78								
New Zealand	74	0									
English Cheddars	51	0	54								
Dutch	51	0	54								
COCOA—											
(Duty, British grown,											
11/8; foreign, 14/- cwt.)											
Acacia, f.f. per cwt.	35	6	36								
Triadad	78	0	82								
Grenada	67	0	80								
COFFEE—											
(Duty, British grown,											
4/8; foreign, 14/- cwt.)											
Santos sup. c. & f. cwt.	54	0									
Colombian, good	58	0	65								
Costa Rica, med. to good	64	0	90								
East Indian	70	0	90								
Kenya, medium	58	0	72								
EGGS—											
English, per 120	10	3	10								
Danish	8	6	8								
FRUIT—Oranges—											
Valencia	13	0	20								
Brazilian	13	0	20								
Lemons, Malaga	20	0	27								
Sicilian	20	0	27								
Apples: Amer. (var.) bbls.											
(var.) boxes											
Australian	8	0	13								
ONIONS—											
Valencia, case	6	0	6								
Egyptian, bags	6	0	6								
Grapes, Almeria barrels	9	0	14								
Grapefruit, Jaffa	9	0	14								
LARD—											
Irish finest bladders	72	0	80								
U.S.	68	6	70								

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

UNITED STATES

New York quotations unless otherwise stated

	May 27, 1936	Apr. 28, 1937	May 19, 1937	May 26, 1937		May 27, 1936	Apr. 28, 1937	May 19, 1937	May 26, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	83½(c)	129	133½	120	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-72	3-45	3-35	3-35
Maize, nearest future, Chicago, per bushel	60½(c)	129½	133½	139½	Cotton, middling, spot, per lb.	11-74	13-55	13-27	13-16
Oats, nearest future, Chicago, per bushel	24½(c)	50	52½	56½	Rubber, smoked sheet, spot, per lb.	15½	20½	20½	20½
Rye, nearest future, Chicago, per bushel	53(c)	110½	118½	117½	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	104	116	116	116
Barley, nearest future, Chicago, per bushel	(a)	77½	73½	68	Copper, "Electrolytic," Domestic, spot, per lb.	8-92½	13-92½	14-35	14-45
Coffee, Rio No. 7, cash, per lb.	6½	9	9½	9½	Copper, "Electrolytic," Export prompt, per lb.	9-15	14-15	14-57½	14-67½
Cocoa, Santos No. 4, cash, per lb.	8½	11	11½	11½	Spelter, East St. Louis, spot, per lb.	4-90	6-75	6-75	6-75
Cocoa, Accra, nearest future, per lb.	5-33	8-99	7-37	7-20	Lead, spot, per lb.	4-60	6-00	6-00	6-00
					Tin, "Straits," spot, per lb.	45-87½	55-75	56-25	56-00

(a) Nominal. (c) July futures.

THE ECONOMIST

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Decline and Fall of N.D.C.

THE resignation of one Prime Minister and the peaceful accession of another have involved quite a considerable re-shuffling of posts. Of the twenty-two offices whose holders sat in the last Cabinet, exactly half have changed hands in the past week. But of this Cabinet it can be said that the more it changes the more it is the same. The only real difference produced by last week's changes is the disappearance of the statesman whom, for a short time, we shall know as SIR STANLEY BALDWIN, K.G. How great a difference that is, it is far too early to say. But that some of the colour has gone out of British politics a glance at the list of the new Cabinet shows only too clearly. So obtrusive is this particular lacuna that even the retirement of two such experienced servants of the State as MR RAMSAY MACDONALD and MR WALTER RUNCIMAN has passed almost unnoticed. The recruits to the Cabinet are worthy of high office, but they are no replacements for losses such as these. The burden which MR NEVILLE CHAMBERLAIN has assumed is not lightened by the presence in his Cabinet of any colleagues of outstanding brilliance.

Among the specific changes of post, most attention has been directed to those at the Admiralty. SIR SAMUEL HOARE has gone to the Home Office and both his junior Ministers have been transferred. Thus an entirely new team, headed by MR DUFF COOPER, takes charge of the Navy in the middle of the re-armament programme—a circumstance which has naturally excited much comment and not a little criticism. The vacancy

at the War Office has been filled by MR HORE-BELISHA, who is to apply to recruiting the energy hitherto applied to the problem of the roads. Another appointment which has aroused hopes has been that of MR OLIVER STANLEY, son of the most prominent of the old Conservative Free Traders, as President of the Board of Trade. MR RUNCIMAN did valuable service in the earlier years of the National Government in moderating the Protectionist fervour of his colleagues. But more recently a positive inspiration has seemed to be lacking in British commercial policy, and a new President may prove readier to grasp the opportunity which circumstances now present for a decisive advance towards the reconstruction of world trade.

Next to the Premiership itself, the post of Chancellor of the Exchequer is the greatest prize which a political career can bestow. On this occasion, however, SIR JOHN SIMON has received condolences as well as congratulations, for he succeeded to the onerous task of being Parliamentary pilot for the Finance Bill, including the highly unpopular National Defence Contribution. The hostility to that tax showed itself on the first day that the new Cabinet met Parliament. In the debate on the second reading of the Finance Bill which took place on Monday and Tuesday, speakers of every party attacked the tax in the strongest terms. On Monday the new CHANCELLOR OF THE EXCHEQUER defended it with all his usual skill. But on Tuesday the storm continued and the clamour against N.D.C. received powerful support from a brilliant speech by MR WINSTON

CHURCHILL. The PRIME MINISTER was compelled to bow to the storm and his first speech in his new office was a retreat, no less precipitate for being skilfully executed. The National Defence Contribution was withdrawn in its entirety.

Beyond doubt, this was a wise decision. MR CHAMBERLAIN had previously claimed that the principle of his new tax was almost universally accepted. This was certainly true; but the accepted principle was that of a tax levied on profits—on the profits of re-armament, if possible, but in any case on profits. What little approval there was at first for the particular manner of taxing profits enshrined in the N.D.C. vanished as its details were examined. A tax on the increment of profits would, in present circumstances, inevitably suffer from the difficulty of finding a base period from which the growth of profits could be calculated. If the base period were put as far back as the years 1933-35, as was originally proposed, the incremental profits to be taxed would be those, not of re-armament, but of ordinary recovery. On the other hand, if 1936 by itself were taken as the base year, as many of the critics proposed, the corpus of profits to be taxed would be so small that the rates of tax would need to be very heavy to produce a worthwhile yield. This was the fundamental dilemma which brought N.D.C. down; for concessions sufficiently large to make it equitable would destroy its yield. As it was, the concessions made between the Budget and the Finance Bill reduced the gross yield expected for next year from the original total of £20,000,000 or £25,000,000 to £15,000,000, without fully meeting any of the main objections brought against the tax. MR CHAMBERLAIN was right in saying that the business world had shown "a certain amount of hysteria" over N.D.C. But the fact remains that the levy was most ineptly conceived for the purpose the Chancellor had in mind.

Some of the more extreme critics of N.D.C. have made no secret of their disapproval of any tax levied specifically on profits and of their preference for an increase in the standard rate of income tax. But the PRIME MINISTER undoubtedly has the country with him in refusing to be deflected from his main purpose of raising part of the emergency cost of re-armament from the profits of industry. In withdrawing N.D.C., he promised to find a "simpler tax upon the profits of industry . . . which is estimated to produce not less than £25 millions a year." In view of the short time available, it is unlikely that any of the more fancy suggestions that have been made will be adopted. The two leading can-

didates are a revival of the Corporation Profits Duty and an additional levy on Schedule "D" of the income tax. Both methods have their advantages and defects. Against the Corporation Profits Duty it can be urged that it would exempt the profits of unincorporated businesses and, since it would be levied on profits before distribution, would fall (like N.D.C.) entirely on the equity shareholder; but, on the other hand, it could be graduated, and it would be possible to vary the rate between industries, if such variation should be thought desirable. An addition to Schedule "D" would have the advantages of bringing in all profits, and of taxing the industrial debenture holder and preference shareholder as well as the equity owner; but it would also include the professions, which were to have been exempt from N.D.C.

These comparisons, however, are relevant to the discussions of the next few weeks before the new tax is produced; they will need to be very carefully elaborated before the choice is made. For the present, it is appropriate to draw the morals from the sudden demise of N.D.C. From all the morals which could be pointed two stand out. The first is the apparently growing power of Parliamentary and public criticism over even a strong Executive. This is the third time in little more than two years that a Government with a large majority has been compelled to retract a major element of its policy—and the retraction this time concerned the Budget, which has long been regarded as the peculiar prerogative of the Executive. In the constant flux of British constitutional practice, the House of Commons is clearly retaining its authority.

The second moral concerns the circumstances in which a tax, which proved so disastrously subject to criticism, could have found its way into the Budget. The "leakage" of last year unfortunately increased the tendency towards maintaining the utmost secrecy for the Budget, just in that year when discreet preliminary consultation was most needed. As the precedents cited by MR CHURCHILL show, Budget secrecy has not in the past prevented the most searching preparatory examination by Cabinet committees of novel proposals. Had N.D.C. been given such an examination, it is doubtful whether it would ever have seen the light of day. There has been a tendency in recent years for the Treasury to assume, within the circle of the Government service, an undue measure of power buttressed by secrecy. The fate of N.D.C. may prove to be a salutary check to a process which, if continued, might lead to a dangerous degree of bureaucratic irresponsibility.

Bombs on a Battleship

THE explosion of the four bombs which Spanish Government aeroplanes dropped on the German battleship "Deutschland" last Saturday afternoon has caused rapid and widespread reverberations. A European crisis has arisen which might only too easily, in the high tension of European politics, have started a war. Happily, such a disastrous outcome has been averted; but we have received one more warning of the perilously delicate adjustment by which the peace is being maintained.

This latest incident illustrates in a startling manner the consequences of the division of ideological sympathies among the Great Powers in Europe, and the unprecedented international conduct to which that division has given rise. The two Fascist dictatorships, Germany and Italy, have recognised GENERAL FRANCO's forces as the Government of Spain, but have recognised neither the constitutional Spanish Government nor the insurgents

as belligerents; for to do this would have conferred on the Spanish Government advantageous rights under international law, while detracting from the status of the insurgents. On the other hand, the democratic Great Powers, France and Britain, together with Russia and all other States (save only Portugal) on the London Non-intervention Committee, have continued to recognise the Spanish Government, while withholding all recognition of the insurgents as belligerents.

By itself, such a division of sympathies, aggravated by material aid to both sides in Spain, would have been grave enough. The situation, however, has been made more enigmatic and more serious by the unprecedented introduction of the concept of "non-intervention" into established international law and behaviour.

Ordinarily—that is, without that concept—there would merely have been a conflict of laws over the Spanish conflict. Germany and Italy, perhaps also Portugal,

would, under their own law, have been warranted in aiding GENERAL FRANCO, whom they designate the Government of Spain, to suppress other Spaniards whom they designate as rebels. The other Powers, the great majority, would not only have been warranted in aiding the Government they recognise to suppress GENERAL FRANCO's forces, but—in default of the new concept of non-intervention—might have been expected, by established international law and custom, to carry aid to a friendly Government if so requested.

Instead, the London Non-intervention Committee took to its bosom the representatives of both groups of States, and, after months of palaver in which neither group correctly observed international law and custom, the new doctrine of non-intervention was inaugurated and supervised by a *cordon sanitaire* round the land and sea frontiers of Spain. Accordingly, both groups of European States have retained their conflicting sympathies and rights, while at the same time they are officially preventing each other from lending any more material aid to the Spanish contestants. From such an unprecedented diplomatic situation, anomalies were bound to arise. If we may assume that non-intervention was desirable, even from the standpoints of both contestants, it would have been reasonable of the non-interventionist Powers to ask for the use of ports for their patrolling warships, as well as for safety zones. The British Government asked GENERAL FRANCO—though they refused to recognise him as any more than a rebel—to guarantee a safety zone at Barcelona. After passing an Act to prevent British ships from carrying prohibited goods for the Spanish antagonists, they were compelled, by British public opinion as well as by the exigencies of the rights they continued to claim, to convoy British ships proceeding to Bilbao with cargoes *not* prohibited by the Non-intervention agreement. The Italians lost a number of naval officers in the Balears, before supervision of non-intervention was set up, in an aerial bombardment of rebel strongholds by the Spanish Government's aircraft. The British lost eight members of the Navy in an explosion, officially said to have been caused by a floating mine, on H.M.S. "Hunter" a few weeks ago. A French commercial air line a fortnight ago had one of its machines, carrying passengers, shot down by German fighters in the service of GENERAL FRANCO. And both the Spanish Government and impartial foreign observers have long reported the suspicious movements of German and Italian warships along the Mediterranean coasts of Spain, especially while the insurgents were pushing along that coast to capture Malaga.

It was to be expected that German and Italian warships, though they might have refuelled or watered at Barcelona, Marseilles, Valencia, or Gibraltar, would prefer to do so at some port in the hands of GENERAL FRANCO's supporters. Italian and German warships had made the Balears their base almost from the outset of the rising in Spain. From this circumstance arose the risk that their warships might be hit in an aerial or naval attack on insurgent strongholds by the Spanish Government's forces. They had, as was pointed out above, a certain licence to be there. But, in the anomalous circumstances evoked by non-intervention, which partly overrode the sovereign rights of third parties *de facto* without overriding them *de jure* some things which were lawful were most inexpedient. And the presence of foreign warships in the Balears, known to be a base for operations against Barcelona and Valencia, was one of these things. For it was an embarrassment to the Government side in Spain, hampering their freedom of action.

The Spanish Government aeroplanes naturally did not desist from their operations in the Balears; and the self-styled "Chief of the German Forces in Spanish Waters" was technically in the wrong when he warned the Spanish Government last Saturday morning that

their aircraft would be fired upon if they flew over his ships. In whatever formation they elected to fly, they had the right to do so as long as they did not attack his craft. It would have been wiser if Germany had followed the British example and demanded a guaranteed zone of immunity *before* threatening warlike measures. What actually happened at Iviza last Saturday afternoon is still not established. The Germans say the "Deutschland" was wantonly bombed, hit by four bombs out of twelve, which killed twenty-six men and wounded seventy-three. The Spanish Government reiterate their earlier reply to the German Admiral's threat, saying that the German warship, though engaged on patrol work, was at an insurgents' base in waters which French warships had the duty to patrol. As we observed above, the "Deutschland" had a kind of tacit concession to put in for water or fuel at any port, either in insurgent or Government hands; but it would have been wiser for German, and Italian, warships to go to Gibraltar, Marseilles, or even Valencia or Barcelona, than to lie up in rebel strongholds. In any case, the damage done to the Germans called for compensation. It did not call for the sanguinary reprisal of last Monday, when six German warships shelled the town of Almeria, killing many Spanish civilians who were in no way concerned with the bombing last Saturday. Though Germany has declared herself satisfied with this dose of blood-letting, and though the shelling of Almeria is better than a European war, no civilised person can applaud a diplomacy which reverts to the *lex talionis* as a model of conduct.

Germany has done more than this; and Italy has seconded her. On Monday afternoon both Powers retired from the London Non-Intervention Committee and from the supervision system, while Portugal supported their demands for effective guarantees from the Committee that such events will not recur. While their retirement leaves Spanish Government coasts open for supplies, the possibility remains that their warships may be used for less pacific purposes than guaranteeing non-intervention. German warships have been instructed to fire on Spanish Government aircraft or warships immediately at their "onset" on German vessels. In such grave circumstances, the news that the British and French Governments are securing from Valencia guarantees against any repetition of the affray last Saturday, and that both Germany and Italy wish to return to the London Committee and the supervision scheme, is doubly welcome. At the same time, however, it should be made clear that vessels engaged on patrol duties must not afford, directly or indirectly, a cloak for warlike operations by either side in Spain, and *a fortiori* that they must not lend either side assistance.

The lesson to be learned from this crisis is that the doctrine and agreed practice of "non-intervention" by the European Powers—themselves divided into two powerful groups whose positions in international law are anomalously at variance—is only an experimental makeshift. It is even dangerous. It would appear more advantageous to extend the scope of non-intervention itself from the passive to the active mood. Both combatants, together with their backers, are tiring of an indecisive campaign which bids fair to become a guerilla of attrition ending in dust and ashes for victor and vanquished alike. Prestige, not profit or power, is now alone at stake. If the British initiative for an agreed truce, now being discussed in Paris, Rome, Moscow and Berlin, is urged energetically enough, it should not be impossible to save both sides in Spain from their friends, and the friends from the consequences of their own preoccupation with prestige. Intervention of that kind would be a fine thing, worth many non-intervention agreements. Their object is to keep the ring. The object of pacific intervention would be to stop the fight.

Who Owns Britain's Capital?

IN these progressive days it is frequently remarked that Great Britain is becoming a nation of small capitalists, in which inequality in the distribution of wealth is being rapidly reduced. High taxation is making the rich poorer, and the steady improvement of wages and salaries is making the poor richer. The scale of wealth is higher than before the War; and more people own property than ever.

Up to a point, available facts and figures support these optimistic generalisations. There has been, for example, a remarkable increase in the deposits of savings banks and building societies. It has been recently estimated* that 5 million people in England and Wales possess more than one hundred pounds each—or double the number over the hundred pound limit in 1913. The total includes small property holders who own the houses they live in or have savings in gilt-edged or other fixed-interest securities. It would be a mistake, however, to press the conclusion too far. Five million people, with or without dependants, are decidedly a minority of the total population, and £100 is not a very large sum. The number of people with over £1,000 is less than 1½ millions; and no more than 400,000 have over £5,000-worth of property.

Moreover, although there are now more people with capital than there used to be, the reduction of the inequality in its distribution has been going on very much more slowly than is commonly supposed. Inequality is less, but not notably less than before the War. PROFESSOR DANIELS and MR CAMPION have collected the latest available figures. They show that, to-day, of the persons over twenty-five years of age in England and Wales, 1 per cent. own 60 per cent. of the country's capital; whereas in 1913, 1 per cent. owned 70 per cent. of the capital. Five per cent. of all persons now over twenty-five own 80 per cent. of the total capital. In 1913, 5 per cent. of the population owned between 85 and 90 per cent. of the capital. There has been a change, but not a marked change, and the upshot is that the personal distribution of capital in this country is still very unequal.

No measurement of this kind can, of course, be wholly satisfactory. The authorities do not take a census of the number of persons possessing capital or of the amount of capital they possess. The authors whose conclusions we have cited derived their estimates from an examination of the value of estates assessed for estate duties. Nevertheless, the broad fact of persistent inequality in the distribution of capital is indisputable. Moreover, the common argument that high rates of direct taxation on large incomes and on estates passing at death exert a strong influence towards the diffusion of wealth must be accepted with caution. The scale of estate duties has been raised from a graduation between 1 per cent. and 15 per cent. to a graduation of 1 per cent. to 50 per cent. (on estates of more than £2,000,000). This change has certainly struck a powerful blow at large estates. During the last few years the Chancellor of the Exchequer has collected more than £80 millions each year from this source; and in 1936-37 estate duties realised £87,990,000. High taxation does tend in this way to redistribute existing capital; and the apparently slow reduction of inequality which we have noticed may be due in part to the fact that the fortunes made during the War are only gradually becoming liable to death duties. On the other hand, the present high rates of taxation have encouraged skilful evasions

of liability. Gifts *inter vivos*, changes of legal residence, and the formation of trust companies have lessened the effect of higher taxation in the diffusion of capital. Such devices increasingly tax the ingenuity of successive Chancellors of the Exchequer.

Popular belief and political platitude, in fact, have exaggerated the pace of the process whereby capital becomes more evenly distributed among the whole population. The broad features of the distribution of British capital remain very much as they were nearly a quarter of a century ago, in spite of high taxation, the multiplication of house ownership, and increased deposits in savings banks and building societies.

One change, however, has taken place which may alter somewhat the meaning of the figures compared with those of a generation ago. It used to be said that a family progressed "from clogs to clogs in three generations." Undoubtedly, there was in the past a considerable movement, not only from the lower to the higher capital groups, but also back again. The personnel of the various capital-owning groups was constantly changing. Nowadays it is appreciably less fluid. The growth of joint stock companies and of other facilities for investment during the last fifty years has enabled owners of capital to invest with a higher safety margin, without themselves engaging directly in business. The estate duty figures show that most people with more than £100,000 have their capital mainly invested in stocks and shares and real property. Those with less than £1,000 invest in house-property or in gilt-edged securities, while building societies and savings banks attract the bulk of small savings. More people own Government securities than own land; and those with less than £1,000 hold a relatively large share of their capital in the form of insurance policies. The recent building boom has considerably extended the already widespread ownership of houses.

The position has probably been altered also by lower rates of interest since 1932. But SIR JOSIAH STAMP's recent paper on "The Influence of the Price Level on the Higher Incomes" suggests that any change in distribution which may have taken place during the latest period can hardly have been considerable.

We cannot therefore speak with any certainty about the redistribution of wealth. The common belief that the tendency of modern civilisation and government is to produce an increasingly equalitarian society by a rising standard of life and high rates of taxation may be soundly based, but available data do not suggest that the movement has gone very far as yet. It may, however, be reasonably maintained that the figures, as they stand, give too narrow an impression of the progress actually achieved in ameliorating the position of the least wealthy citizens of this country. The post-war increase in public property and the wider provision of social services have enabled large numbers of people to enjoy many benefits which, in earlier times, were the prerogative of capital owners alone. Thus pensions for old age, for widows and for orphans—to cite but a few of the many apt examples—have provided a measure of social security and spread the benefits of property over a much wider field than its separate ownership. A life annuity equal to an old age pension of 10s. a week from the age of 65 would cost between £250 and £350 if it were purchased by an individual at that age from an insurance company. It is by such means that a more equal distribution of wealth has been achieved since the war, and the more honour is due to those who, in the face of determined and vocal opposition, laid the foundation of our social insurance system in pre-war days.

* G. W. Daniels and H. Campion. "The Distribution of National Capital." Manchester University Press. (Publications of the Economics Research Section, University of Manchester.)

Dundee's Jute Trade

THE jute trade of Dundee is not least among the many Scottish industries which rose to fame during the nineteenth century by their initiative and enterprise. Jute had long been the basis of a small native industry in Eastern Bengal, where it was made into cordage and cloth for the manufacture of gunny bags. Elsewhere, sacks and packing canvas were made chiefly from hemp and flax until about a hundred years ago. Then, as the story goes, a consignment of jute from India found its way to Dundee and was acquired by an enterprising flax spinner, who discovered means of spinning the fibre into heavy yarn. Actually, the foundation of the industry dates from 1832, when practical experiments with jute were carried out at the Chapelshade Works in Dundee. Some years elapsed, however, before manufacturing was perfected and the possibilities of the new textile fibre gained general recognition.

The rapid growth of the Dundee jute trade began almost precisely a hundred years ago, when the Dutch Government was persuaded to substitute jute for flax yarns in the manufacture of coffee bags. It was stimulated, on the one hand, by the expansion of international trade and the consequent increase in requirements of sacks and packing materials, and on the other by a plentiful supply of raw material at prices below those of competing fibres. The establishment of the industry in Dundee, however, was largely accidental, and was due, first, to the existence of a highly developed textile trade there, and, secondly, to the fact that the only important source of raw jute happened to be India—an industrially backward British territory. The course of the Dundee jute trade during the past hundred years was shaped by these three factors, whose combined influence is revealed in the following table:—

WORLD CONSUMPTION OF JUTE *
(In thousands of tons)

Year	United Kingdom	India		Continental Europe	United States and other Countries	Total Jute Crop
		Mills	Native Industry			
1874	179	82	89	54	54	457
1884	214	161	89	116	89	670
1894	214	268	89	196	89	857
1904	214	518	89	321	89	1,232
1914	231	893	89	466	107	1,787
1924	158	894	100	393	128	1,673
1929-30 ...	168	1,076	100	500	134	1,978

* Estimated by A. Wigglesworth.

India's annual jute crop increased more than fourfold during the period shown in the table. Over one million ryots are engaged in its cultivation.

During the hundred years of its existence the jute trade of Dundee has passed through two complete and distinct phases, and has recently entered a third. Scotland, first in the field, maintained her lead for many years. Indeed, Dundee had for many years almost a monopoly of jute manufacture. After about 1850, however, jute mills began to be established in other industrial countries, as well as in India itself. The growth of manufacture outside this country was facilitated by the expanding demand for jute goods and by the comparatively simple technique of production. As practically all raw jute came from India, it was natural that attempts should be made to establish a manufacturing centre there. In 1855, one George Acland introduced jute spinning machinery to the Hooghly. But progress was slow at first, and only four mills run by power had been established in the Calcutta district by 1872. According to the statistics of consumption, Dundee was still by far the most important centre of jute manufacture in 1874, though its aggregate consumption was already equalled by the aggregate of other countries. Between 1874 and the Great War, however, the manufacture of jute goods

outside Scotland grew much more rapidly than in Dundee itself. The quantity of raw jute consumed by mills in India increased more than tenfold during this period, against an increase of only about 30 per cent. in Dundee. During this second phase, consequently, the relative importance of Dundee declined, and Britain's share of world jute consumption fell from 39 per cent. in 1874 to 13 per cent. in 1914. In 1894 consumption of raw jute by Indian mills was already bigger than in Dundee, and by the close of the century Calcutta had established a dominating position in the industry.

The third phase began after the Great War, when a further expansion of world demand for jute goods was accompanied by an absolute, and not merely a relative, decline in the output of the Scottish jute trade. British consumption of raw jute fell from 231,000 tons in 1914 to 168,000 tons in 1929-30, and Britain's share of world consumption from 13 per cent. to 8½ per cent.

The Dundee jute manufacturers made valiant efforts to stem the tide. Approximately one-third of the capacity of the industry was absorbed into a great public combine, Jute Industries, Ltd., which has striven hard to meet growing competition from India by exploiting new uses for jute and increasing its technical efficiency by the installation of the latest machinery. The company, however, has been unable to pay dividends on its ordinary shares or even to maintain the regular service of its preference capital. During the depression, when the world demand for jute goods declined sharply with the shrinkage of international trade, the difficulties of the Dundee jute trade were seriously aggravated. British imports of raw jute fell from 202,000 tons in 1929 to 129,000 tons in 1932. Since then, recovery of world trade and the development of new uses for jute have brought some improvement, but last year's imports of 166,000 tons of raw jute remained below those of the years before the depression. The shrinkage of the industry during the past ten years is reflected also in the decline of the number of insured workers, from 41,600 in July, 1926, to 30,500 in 1936, of whom 21.7 per cent. were unemployed in April, 1937.

Immediate prospects in Dundee are now fairly encouraging, for production and exports are again on the up-grade. But the scope of expansion is severely limited by competition from India, whose products are not only displacing British goods on the world markets but even in Dundee's own territory. British imports of jute piece-goods from India rose from 61 million square yards in 1934 to 141 millions in 1936, and imports of empty sacks and bags from 671,000 cwts. to 999,000 cwts. The tendency has continued this year; for imports of Indian piece-goods during the first four months of 1937 totalled 63 million square yards, against 47 millions a year ago, and purchases of empty sacks and bags rose from 308,000 cwts. to 387,000 cwts. Our current imports of Indian jute goods exceed even our own exports. British shipments of piece-goods between January and April, 1937, were 49 million square yards, against 39 millions in 1936; and exports of empty sacks and bags were 362,000 cwts., against 247,000 cwts. a year ago.

The Dundee jute trade, therefore, will celebrate its centenary with small cause for jubilation. In 1838 the industry was at the beginning of a period of rapid expansion, as a result of which it dominated the world's trade in jute goods for many years. To-day, circumstances beyond its control have affected the position of Dundee manufacturers in international markets, increased their difficulty in maintaining their share of home demand, and compelled them to apply for protection against Indian manufactures. This by itself will do nothing to improve the prospects of an expansion in the industry. The key to the position is in India rather than in Scotland; and the future depends on forces which no one country can control.

Blue Books for All

FREEDOM to buy Blue Books would probably altogether escape the count in any popular evaluation of British liberties. Though Government publications afford indispensable raw material for statesmen, administrators, industrialists, traders, sociologists and economists, they fall into the category of blessings which most men are content to take for granted. Yet the undisputed access of every free-born Briton to a copy of the report of the Select Committee on Fat Stock Prices has existed, as a right, for less than a century; and among the many centenaries now being celebrated, not the least significant, for all who value knowledge of public affairs, is that of the initiation of the case of *Stockdale v. Hansard*. In this action was involved, in the words of the then Attorney-General, the question "whether the representatives of the people may with impunity communicate to their constituents the information which they deem essential to the public welfare."

On May 18, 1837, John Joseph Stockdale issued a summons against the firm of Hansard, then printers to the House of Commons, for publishing a reference, in an official report of the Inspectors of Prisons, to "one of Stockdale's obscene books." Although in 1835 a Resolution of the House of Commons had ordered that Parliamentary papers and reports "should be rendered accessible to the public, at the lowest price at which they can be purchased," Stockdale won his case. It was necessary to pass an Act of Parliament in 1840 before the practice of selling Parliamentary papers was legally established, and an end was finally put to a system under which the ordinary citizen's only opportunity to obtain a copy of a Parliamentary paper was by the influence of an M.P. or through the chance that the porters or doorkeepers in the House of Commons might have some perquisite copies to sell. Readers had even longer to wait for official reports of Parliamentary debates, as distinct from Parliamentary papers. Although the Government began to subsidise Hansard in 1855, and to make more formal arrangements for a report in 1888, there was no verbatim official report until 1909.

For many years after *Stockdale v. Hansard*, readers of Blue Books secured advantages which in some ways exceed those of their present-day descendants. Government papers were not only made available, but were sold very cheaply because the original resolution of the House was interpreted to mean that no part of the cost of setting up the type should be included in the selling price. After the middle of the nineteenth century paper prices fell, and with the turn of the century mechanical composition added still further to the technical efficiency and cheapness of printing. Thus, the prices of Blue Books were successively reduced, and even the payment of these low prices was not always and rigorously insisted on. The free distribution of official literature in this country has never grown to the dimensions which it reached very early in the administrative history of the United States; but British Government publications were made available free of charge to many interested inquirers until the axe fell in 1921.

From that year onwards part of the cost of setting up the type has been included in the price charged to the public for the finished article. The sale of most official reports is small in relation to the size of circulation necessary to ensure low unit selling prices, and the new arrangements consequently have made Government publications appreciably more expensive. Some of the asperity which the decision evoked has since been mitigated, partly by the passage of time, but mainly by the introduction of new pricing scales. These relate the cost of each publication directly to the amount of printed matter it contains, instead of the probable unit cost if an estimated number is sold. And even if prices are higher than in pre-war days, it is probably true that at no time has the price of official publications been as high

as the average price of any comparable works published commercially. For one thing, royalty payments and authors' fees do not enter into the economics of State publishing. Another factor which reduces costs is the use for State publications of the paper or manilla covers which are characteristic of Continental publishing but are rarely used by private publishers in this country.

In the decade ended March 31, 1935, the public expended some £1,369,000 on Government publications. The amounts for separate years are shown below:—

SALES OF GOVERNMENT PUBLICATIONS			
Years ended March 31st			
1926.....	£ 139,418	1931.....	£ 150,830
1927.....	132,470	1932.....	134,664
1928.....	133,200	1933.....	129,190
1929.....	133,700	1934.....	142,965
1930.....	137,343	1935.....	135,378

Some of this revenue is of a monopoly nature, e.g. the proceeds of the sale of Customs and Excise forms, factory and mines forms and the like, which are prescribed by statutory authority. Much of it represents sales of essential material to local authorities and other professional bodies. The figures suggest, nevertheless, that the State may claim a high place among publishers of best sellers.

What has been the influence of this new source of information and opinion on the public mind? That influence is not confined to those who buy and study Blue Books and White Papers; thousands more learn something of the contents of all the more important publications, indirectly through the Press, and through the leaders of thought and action over wide ranges of public life. A student of almost any branch of the social sciences ignores Government publications at his peril. So wide is the range of Government activity to-day that there are few contemporary problems of any magnitude or importance which have not received some consideration in the literature of State.

A vast quarry of facts and figures is available in the reports on the decennial census and in the annual reviews by the Registrars General of Births, Deaths and Marriages. For what figures we have of national production and employment we are mainly indebted to Government publications. In certain industries regulated by Statute (Mines, Gas, Electricity) the information is given in even greater detail. Industrial organisation and labour conditions are illuminated by many official returns. External trade and commerce has for many years been weighed, measured and valued. Hopes of parallel knowledge of internal trade, however, remain unsatisfied. Transport, which, in the American phrase, is "affected with the public interest," has been subject to special regulation, and the result is a steady flow of Government reports and statistical returns upon most of its phases.

The phenomenal development of the social services has provided a new source of official material. Problems of Poverty, Public Health, Incapacity, Education and Unemployment have all a large official literature of their own and many sub-sections and allied subjects which may be grouped with them. Betting and alcoholism are outstanding examples of old problems; the noise nuisance of the new. The traditional functions of State:—Law and Order, Police and Justice, Public Administration and Public Finance, Imperial and Foreign Affairs have an even lengthier official bibliography, and were among the earliest topics on which Government reports were issued.

Much water has, indeed, flowed under the bridges since *Stockdale v. Hansard*, but the general conclusion suggested by the Parliamentary outcome of that case remains valid. Along many lines of thought, Government publications have contributed to the enrichment of practical experience. The decision reached approximately a hundred years ago deserves to rank as an intellectual and social Magna Charta.

Notes of the Week

The Duke and Duchess of Windsor.—On Thursday the ex-King Edward VIII, now Duke of Windsor, was married at Monts in France to Mrs Wallis Warfield, formerly Mrs Simpson. This ceremony, the sequel to the ex-king's abdication last November, was performed according to the civil French law by the Mayor of Monts; but it also received a certain religious sanction in the form of the marriage service of the Church of England, voluntarily performed by the Rev. R. Anderson Jardine, Vicar of St. Paul's, Darlington. Both the Bishop of Durham, in whose diocese the Vicar alone has power to officiate (apart from special permission of the bishops of other localities), and the Bishop of Fulham, in whose diocese the Anglican Church of France falls, have announced that they have not given—indeed, would not give—permission to the Rev. Anderson Jardine so to officiate. He therefore conducted the service as an individual cleric, without the sanction of the Anglican Church.

The great majority of the British people will be glad that this unique episode in history is thus closed by the marriage of the Duke of Windsor. They will wish the Duke good luck in the life of a private citizen which he has chosen for himself, and will most sincerely hope that he and his wife will find happiness and peace. These good wishes are in no way a derogation from the sentiments which they feel towards the new King and Queen, nor is there any reason to suppose that the Duke and his bride will ever be a rival to them in public esteem. Some quarters may regret that the ecclesiastical authorities should have thought fit to attempt to deny to the Duke and Duchess the benefit of any religious ceremonial at their wedding. This is a matter which the Church leaders must be left to decide for themselves. We can only say that the action which may have the appearance of pursuing a vendetta to the bitter end can only have the effect of creating that cleavage in opinion which the path of wisdom seeks to avoid.

The Imperial Conference.—Hopes of vigorous and decisive results from the Imperial Conference have latterly receded. Apart from Mr Lyons' proposal for a Pacific pact of non-aggression, the Conference has not, apparently, applied itself to seek an agreement on anything precise in the field of foreign policy. The new crisis over Spain, of which the overseas delegates sought more than one full analysis from Mr Eden, has inevitably prolonged the merely expository phase of the debate. Despite rumours to the contrary, which attributed to Mr Eden and Mr Mackenzie King a subtle conspiracy to wean other Commonwealth Governments from support for a sanctions-armed League, the Conference seems not yet to have considered separately and explicitly the problem of general collective security and League reform. The regional approach to problems of foreign policy has been tacitly accepted by everyone. In both the economic and constitutional parts of its agenda, the work of the Conference appears to be hanging fire. The technicalities of the nationality problem, among others, are probably causing some difficulty. And the economic discussions, which have crystallised round the problem of an Anglo-American trade pact, have exposed certain conflicts of interest which can be overcome only by a vigorous determination to gain an objective of principle. Whether such a determination will inspire the remaining ten days' work of the Conference is an unanswered question on which a great deal turns for the future of world peace and prosperity.

Two notable reminders, recalling the Conference to a sense of the importance of the decisions involved, were issued in *The Times* on Thursday. The first was a special article by Sir George Schuster on the auspicious attitude of Americans to an Anglo-American Trade Agreement. He emphasised the unique and urgent nature of the opportunity thus afforded to this country, the British Commonwealth, and the world; warned his readers that time was of the essence of the contract, if ever a contract was to be made; and went on to note the consonance of many factors—e.g., the upward movement of prices, over-supply of gold, etc., on which we comment on page 572—making agreement between the United States and Britain imperative. The second reminder came in a leading article in *The Times* on the same day. There is no doubt that if the United Kingdom and other British Governments do not forthwith seize the opportunities held out to them by the democratic and sympathetic Governments of the United States, France, Belgium, Holland, and the Scandinavian Powers, they will be doing both themselves and the world a possibly irreparable economic injury, which will assuredly have dire political consequences.

Coal Agreement.—The coal strike threatened for May 29th was averted by the negotiation of an agreement between the employers and the leaders of the rival Nottinghamshire unions, which was ratified over a week ago by a delegate conference of the Mineworkers' Federation and is unlikely to be rejected by the rank and file of the Industrial Union. The new union under the agreement will amalgamate the Industrial Union and the Nottinghamshire Miners' Association, which is affiliated to the Federation. It will be called the Nottinghamshire and District Miners' Federated Union, and its permanent officers will be divided between the amalgamated bodies: Mr Spencer (president) and Mr Cooper (treasurer) from the Industrial Union will be balanced by Mr Coleman (secretary) from the Association; for five years Mr Spencer will represent the new union on the Federation executive, and from that time onwards the representative will be elected. There will be equal representation on district committees and in district appointments. The outstanding problem of re-engagement at Harworth Colliery has been met by the undertaking of Mr Spencer and the owners that the Association men who have been on strike shall be offered employment whenever possible. Honour has been satisfied. The "Spencer" unionists in Nottinghamshire have not been coerced. The majority in the country have successfully supported the principles of independent

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unionism and miners' solidarity. It will remain a mystery why this sensible solution was not agreed upon weeks ago. It differs very little from the agreement which the delegate conference of the Federation torpedoed two months ago. With the strike prevented and improved wage agreements peaceably negotiated in Wales and Durham, prospects seem, for the present, set fair. It is unfortunate, therefore, that the Government has seen fit to postpone its legislation for the projected unification of coal royalties. Parliamentary time is precious; and a preliminary Bill dealing with separate ownership, associated rights and working leases, is to be introduced this session. But postponement has too long been the only consistent mark of official policy.

* * *

Railway Wages.—The claims of the three railway unions for improved wages and conditions have been rejected by representatives of the main-line companies. Although no official statement has been made of the cost to the companies involved by the claims, it has been estimated at over £15 millions annually. The next step will be to bring the claims before the Railway Staff National Council which represents equally employers and men. Meanwhile, a mass meeting of railwaymen at Edinburgh has voted in favour of strike action should the claims be finally refused. Actually, the issue is complicated because the claims which have been rejected were composite, and varied from union to union. All three unions are asking for the restoration of the outstanding quarter of the cut made in wages in 1931. In January the Railway Staff National Tribunal suggested that this concession might be possible in August and laid down logically that "if the present improvement continues, railway employees should obtain a share in the improvement." Since then the railways have applied to the Rates Tribunal for authority to increase fares and charges by approximately 5 per cent., which we have estimated (see *The Economist*, May 22, page 446) would increase their receipts by about £8 millions per annum. The other claims for the restoration of the 1931 overtime, night, and Sunday rates, for holidays with pay, for a minimum wage, and for reduced hours, which are variously made by the three unions, are symptomatic of the determination of organised labour to take prosperity at the flood. A similar programme was adumbrated at the annual meeting of the National Committee of the Amalgamated Engineering Union when the demands of the re-armament programme upon engineering labour were discussed; and the refusal of the Engineering Employers' Federation to grant the aircraft workers' claim for an increase of 2d. an hour was reported. Strike action was, however, deprecated and here, as among the railway and transport workers, there is an official determination to press their claims in a peaceable way. The urgent task before employers and union leaders on the railways and in the engineering industry is to contrive an equitable relation between revenue and wages, in view of rising costs of production and the increased cost of living.

* * *

The Government's Agricultural Policy.—Mr W. S. Morrison took six months, after his appointment as Minister of Agriculture, to think out the main lines of post-Elliot agricultural policy. The result, as revealed in the long statement issued on Thursday of last week, and briefly mentioned in last week's *Economist*, has received no more than a tepid welcome from the agrarian interests. They were hoping for more, and since the statement expressly reserved the milk and pig industries for further consideration, they may obtain more. Last week's statement, in fact, dealt with little but grassland and cereals. There was a strong undertone throughout the statement of preparation for war. But the broad question of how such preparedness could best be achieved was not argued; and, in any case, the Government have, fortunately, resisted the temptation to put British agriculture entirely on a war basis in peace time. The most novel feature of the new policy is the provision to

be made for increasing the fertility of grassland. The prices of lime and basic slag are to be reduced, by subsidy, by 50 per cent. and 25 per cent. respectively; an Exchequer grant of £450,000 per annum is to be allocated for land drainage; and experiments are to be conducted in the potentialities of grass drying. These measures would have considerable value in wartime, but they are also worth while in peace. If a case can be made out for further subsidies to an industry already generously treated, this is undoubtedly the best method of dispensing the money, since it will go towards an increase of productivity, and not merely line the pockets of individuals. The same comment can be made of the supplementary measures for assisting the eradication of animal diseases.

* * *

The wisdom of the second part of the new policy—the encouragement of cereal growing—is more questionable. In peacetime, there are many forms of agriculture which would better repay nurture than the cultivation of cereals, for which other parts of the world have decided differential advantages. Even as a defence precaution, it is doubtful whether larger production at home is preferable to a scheme of storage of imported corn. The Government, however, have decided to encourage a substantial increase in domestic production. The quantity of wheat on which the guaranteed price will be paid is to be increased by one-third from 27,000,000 cwt. to 36,000,000 cwt., at a correspondingly increased (though concealed) cost to the consumer who pays the Wheat Levy. Oats and barley are to benefit from a similar scheme should the prices for these crops fall below the present levels. Standard prices will be guaranteed, being distributed on an acreage rather than a production basis. The new scheme has the advantage, compared with the wheat scheme, that the necessary funds are to be raised out of the Budget and not by a special levy. The cost is not to exceed £1 per acre or £1,750,000 per annum in all, and this sum ought, in justice, to be debited to re-armament rather than to agricultural policy, since its merits are strategic rather than economic. The Ministry of Agriculture are apparently profiting by the many criticisms of their earlier schemes. If the principle of encouraging cereal production be once admitted, the methods now adopted achieve the purpose with the minimum of disturbance or inequity. Unfortunately, the representatives of the farmer show no signs of having learned that, in a country where agriculture occupies less than a tenth of the population, the only lasting touchstone of agricultural policy can be the interest of the whole community. In milk, and some other sections of the industry, the farmers are still attempting to assert a right to constitute themselves unbridled monopolies, with complete power of control over prices and production.

* * *

Empire Press Conference.—The annual Conference of the Empire Press Union last week produced addresses and debates of wide public interest. The main theme of the Conference was technical advance—modern methods in editorship, news and picture transmission, typography, advertising—but the background against which these specialised topics were discussed was summed up in the question, posed by Mr J. A. Spender in the course of his address on the status of journalism and the journalist, whether the enormous increase in mechanical efficiency had been accompanied by a corresponding advance in moral and mental equipment. That many members of the public think not was suggested by a remark in another Conference paper. "I do not remember feeling so strongly as I do to-day," declared Mr Tom Clarke, "that I belong to an unpopular profession." The danger of this, as Mr Spender showed, is not merely that the journalist may find his prestige debased and his work handicapped, but that a handle is given to those who would like to curtail the freedom of the press. Conversely it is that freedom that gives the journalist his responsibility and the status that derives from it. Sir John Reith, in an address on the

relations between broadcasting and the press, suggested that in these essentials the interests of the B.B.C. were identical with those of the newspapers. Both were jealous of their freedom, but freedom must be conditioned by responsibility. In this, he believed, broadcasting was an ally of the press, because it was the enemy of irresponsibility, unscrupulousness, and the suppression of news. In the defence of freedom, internecine jealousy is as dangerous as the assaults of hostile forces; and one of the most satisfactory features of the Conference was the fresh evidence it afforded of the good relations that subsist between broadcasting authorities and the press of the Empire.

* * *

M. van Zeeland Wins Again.—To please the Flemish Nationalist Party, who with the Catholics and Socialists are the third pillar of M. van Zeeland's Government, the Belgian Prime Minister introduced a motion into the Chamber at the end of last year proposing an amnesty for the 300 Belgians, mainly Flemings, who, because they worked under the German occupation during the war for an independent Flemish Belgium, were afterwards convicted of high treason and deprived of civil rights. Against this liberal proposal by a Catholic, Liberal, and Flemish Prime Minister, the Liberals and Walloon Catholics reacted violently, threatening to drive out the Government they constituted. The motion was shelved until M. van Zeeland's striking successes over the Defence Bill, the defeat of the Rexists led by M. Degrelle, the notable improvement in Belgium's economy, and the Anglo-French guarantee of Belgium's new international status emboldened him to try again. His warranty was simple. Belgian unity had made great successes possible during the last three years. Why not begin to remove the remaining obstacles between the two nations within the nation: Walloons and Flemings? Yet, strangely enough, the Walloons of both Catholic and Liberal persuasion, together with Flemings who were Catholics and Liberals, showed more opposition to M. van Zeeland in Wednesday's debate than if he had been introducing a Communist Constitution. Finally, with sixteen abstentions, the Amnesty Bill was passed by ninety-five votes to seventy-five. With one more laurel on his brow, the Belgian Prime Minister can leave for Washington next week to pursue his discussions with President Roosevelt on the first steps to freer trade and economic appeasement.

* * *

The Oslo Powers Agree.—On Friday of last week the Oslo Powers—Norway, Denmark, Sweden, Finland, Belgium-Luxemburg and Holland—signed a Trade Convention after their latest meeting at The Hague. It was stated that the seven Governments are agreed on the necessity to secure freer trading by reducing tariffs and abolishing crisis measures. Holland and Belgium-Luxemburg have agreed to admit goods from all the other Oslo Powers without any hindrance save that of a tariff, i.e. no quotas will apply, and if import permits are required for certain goods, they will be accorded. These two important States have also agreed to impose no new barriers on the mutual trade of the Oslo States. Denmark, Norway, the Dutch East Indies, Sweden and Finland have agreed not to raise tariffs or introduce new restrictions against the trade of the group; and express provision has been made for joint consultation before any new measure restricting trade is imposed by any member-State. On Dr Colijn's suggestion, it has been agreed to examine proposals for the elimination of "abnormal competitive practices" in foreign trade; and this is expected to lead to the modification of the most-favoured-nation clause, so far as countries practising "dumping" attempt to claim all its benefits. The Convention comes into force on July 1st; and any State can withdraw on 14 days' notice; but an express provision for joint action to remove differences between any two States renders it unlikely that such differences will break the Convention. The amount of trade among themselves is not over-large, but the seven States have shown that it is possible to "call a halt to the upward trend of tariffs and to make a move in the opposite direction."

To the extent that they reduce tariffs for each other, they will *ipso facto* reduce them to all non-Oslo States which have treaties with the Oslo States embodying the most-favoured-nation clause. To this extent, Britain and other countries will benefit without lifting a finger or reducing one import duty. On the other hand, should the movement for freer trade, so energetically begun and conducted by the Oslo Powers, result in the smaller States making all the sacrifices, they may denounce the most-favoured-nation clause altogether, and even, perhaps, the onerous bilateral treaties such as those with this country, which evade the spirit of the M.F.N. clause by introducing quotas into the agreement.

* * *

The Spanish Deadlock.—No military decision of any kind has been reported from Spain this week; and Bilbao is still holding General Franco's forces at a distance from the city. Indeed, the Basques seem to have regained ground. The week has been quiet at Madrid, save for a successful sally on the Guadarrama front by the Government forces, which carried their line still farther over the sierra and away from the road between Barcelona and Madrid. The insurgents and their foreign helpers subjected Valencia to a severe aerial bombardment on Friday of last week in which over 100 lives were lost, and Bilbao has been constantly bombed. A modern Spanish cargo and passenger ship was sunk by unknown submarines in the early hours of Monday morning with the loss of about fifty lives.

* * *

Meanwhile in London the deputy-chairman of the Non-Intervention Committee (in Lord Plymouth's absence on a visit to the Baltic States) and Mr Eden have been busy trying to secure guarantees from both sides in Spain of certain defined zones of immunity for foreign shipping, both warships and merchantmen. Señor del Vayo, Foreign Minister of Spain, handed in at Geneva a strongly worded protest at the German bombardment of Almeria, which disclaimed responsibility for the bombing of the "Deutschland," charged the "Deutschland" with first firing on the Government aeroplanes, and virtually accused German and Italian warships of perpetrating acts of wanton aggression on the high seas as well as covering the activities of the insurgents along coasts where the Government exercised authority. The only bright spot in a critical week was the Spanish Government's indication that they would be willing to entertain any proposals for the complete evacuation of all foreign supporters from Spain. As we go to press we learn that the British Government have sent definite proposals to the Spanish, Italian and German Governments, and that much progress has been made towards the securing of guarantees for zones of immunity.

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Another Cabinet in Japan.—On April 30th, General Hayashi, who had held the Cabinet together in Japan on a colourless policy for nearly three months, held a General Election in order to thin the ranks of the two big parties who threatened him with a vote of no-confidence. The result of the election was to return the Minseito and Seiyukai parties in virtually undiminished strength, and to double the poll of the Labour Party. General Hayashi's ruse had failed; and on Monday of this week he had to resign. The weakness of his Government from the outset was his attempt to placate the extremist military chiefs while conforming to all the parliamentary conventions. The crisis really came over the military estimates in the Budget, which the Army refused to curtail, though the Navy and other services were prepared to do so. The new Cabinet, headed by the moderate-minded Prince Konoe, who was a former adjutant to the Emperor, contains representatives of the Seiyukai and Minseito parties in minor posts, but the three Ministers for War, Marine and Justice remain as before. The new Minister for Home Affairs is a former Finance Minister, Mr Baba; but the new Finance Minister is not yet known. It is a key post, for it is the bone of contention between the Army and big business. Count Konoe has taken on a difficult and unenviable—perhaps, by all precedent for liberal-minded men, a perilous—task. But recent political and economic developments, both inside Japan and throughout the Far East, are now exerting moderating pressure upon the militarists, as they are on militarists in European countries. All whose chief concern is peace and prosperity will wish Prince Konoe, and Japan, well.

Gold and Silver Prices Since 1737.—In view of the controversy surrounding the price of gold we have prepared a chart showing changes in the average annual sterling value per fine ounce of the yellow metal during the past two hundred years. The figures for the period from 1790 to 1818 are based on the table given on page 215 of Mr A. E. Feavearyear's book "The Pound Sterling," published by the Oxford University Press in 1931. They represent the mean between the highest and lowest annual quotations and have been converted from standard to fine ounces. No quotations are available for the year 1800-03 and 1806-09. The remaining data, from 1737 to 1789 and from 1819 to 1936 represent annual averages and are taken from our own records. The second chart shows variations in the value of silver in terms of gold. The data showing the number of ounces of silver equivalent to one ounce of gold are taken from Dr A. Soetbeer for 1737-1832, from the

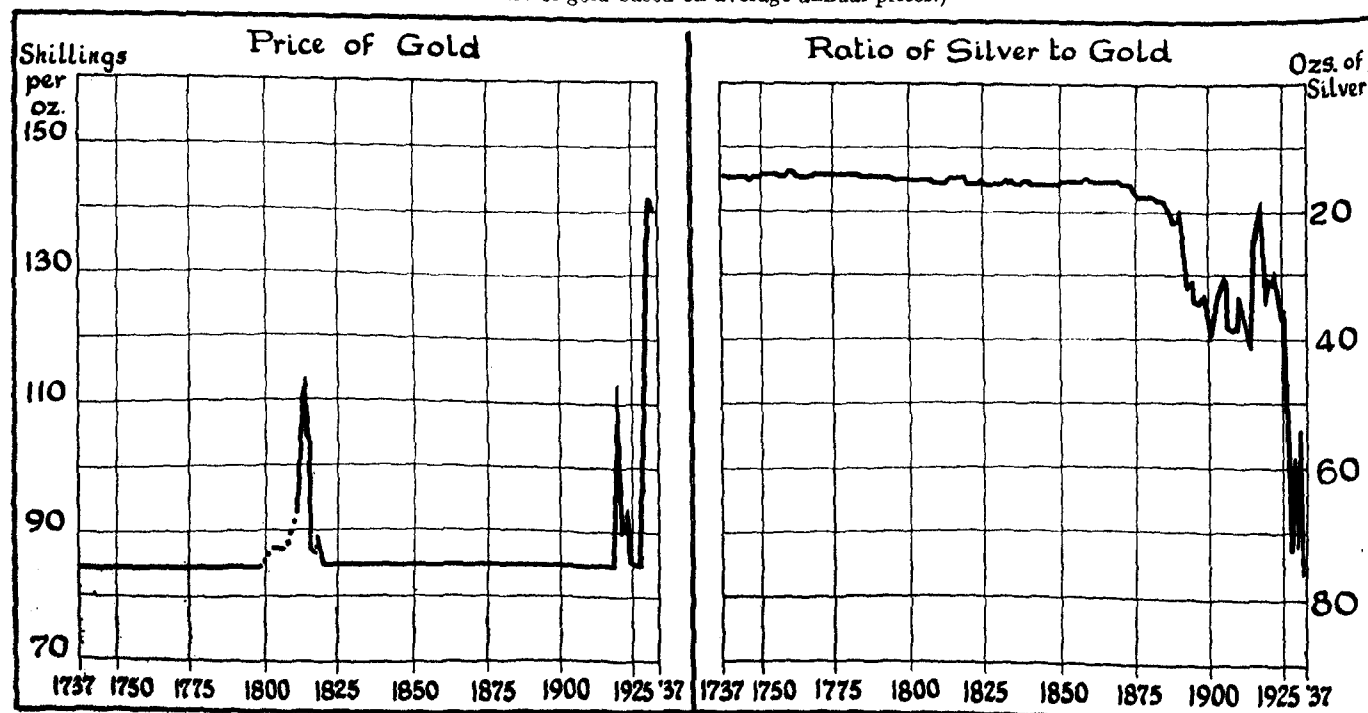
tables of Messrs Pixley and Abell for 1833-78, from daily cabled prices from London to the Bureau of the United States Mint for 1879-96, from daily London quotations for 1897-1914, and from daily New York quotations for 1915-34. A record of these ratios from 1737 to 1934 is given in the annual report of the Director of the United States Mint. The figures for 1935-36, based on New York quotations, are taken from our own sources. The number of ounces of silver equivalent to one ounce of gold showed surprisingly little variation until about 1870. Since then, however, the price of silver has steadily fallen in terms of gold, partly because an increasing number of countries substituted the yellow for the white metal as their standards of value. But for the brief interruption during the Napoleonic wars, the sterling price of gold has remained practically unchanged throughout the years shown in the chart until the Great War. Subsequently, the sterling price of gold has been subject to wide variations. Whether it will settle, and at what level, is still unsure.

A Successor to N.D.C.—The withdrawal of the National Defence Contribution from the Finance Bill on Tuesday evening (in circumstances described on page 553) was not wholly unexpected by the market. Many members of the Stock Exchange kept their annual appointment on Epsom Downs next day, but the tone of the House was firm, and the *Financial News* ordinary share index rose nearly two points. The chief beneficiaries were iron and steel, motor, aircraft, electrical equipment, shipping and, particularly, copper and other primary shares. The Prime Minister's statement discloses no more than the broadest outlines of N.D.C.'s successor, which will be "a simple tax upon the profits of industry, which is estimated to produce not less than £25,000,000." This description best fits the precedent of the Corporation Profits Tax, and it is generally assumed that as N.D.C. Mark I followed E.P.D. so closely, N.D.C. Mark II will borrow its main features from C.P.T. Whether, however, the words "profits of industry" are restricted to the profits of limited companies in industry is not yet clear; some suggestions contemplate the inclusion of firms and professional partnerships within the scope of the new tax.

At an earlier stage in his speech, the Prime Minister referred to "the profits of industry" being "something between £600 and £700 millions." The latest official figures of Schedule D assessments for profits from

GOLD AND SILVER PRICES FROM 1737 TO 1936.

(Gold prices are annual averages in shillings per fine ounce; ratio of silver to gold shows the number of ounces of silver equivalent to one ounce of gold based on average annual prices.)



businesses and professions, and "other interest" refer to 1934-35. The actual incomes chargeable amounted to £829 millions for that year, but the total included interest on securities (£175 millions), railway earnings (£26½ millions) and profits of finance and professions (£184 millions). If precedent were followed, the first two items would be excluded, and some part of the third item represents the income of firms and not companies. We may take £525-550 millions as the relevant total for the "profits of industry," applying the precedents of the Corporation Profits Tax. Since 1934-35, however, the general level of industrial profits, as shown by the chain index based on our most recent analysis, has risen by 27 per cent. On this showing, the current level of "profits of industry" may be put at something like £665-£700 millions. A tax of slightly over 3½ per cent. on these profits would produce £25 millions; but if payments under the new tax are to be allowed as a set-off for income tax purposes, a rate of 4½ per cent. would be necessary to produce a clear £25 millions for the Exchequer. These rates, incidentally, could be reduced, in proportion to any further increase in profits, during the current year, if the new tax, like its predecessor, is not expected to make any serious contribution to the revenue before 1938-39.

Corporation Profits Tax Recalled.—Our estimates bring us suggestively near the original rate of 5 per cent. laid down when Sir Austen Chamberlain introduced the Corporation Profits Tax in April 1920. The rate was reduced to 2½ per cent. from June 1923, and the tax was abolished by Mr Snowden in 1924. C.P.T., however, had an upper limit of 10 per cent. of the balance of profits, after deducting interest on debentures and preference capital. In other words, the highly-g geared equity share was protected from any unduly harsh incidence of the tax, arising solely through the capital structure of the company concerned. After allowing the abatement of the first £500 of profits, the taxable profits for C.P.T. amounted to £512 millions in 1921-22 and £459 millions in 1922-23, on which tax was levied at 1s. in the £. The limitation of the total duty to 2s. in the £ on residual equity earnings cost £256,587 and £350,368 in the two years respectively, leaving net assessments at £25,352,000 in 1921-22 and £22,582,000 in 1922-23. It will be seen that out of the total profits for the two years a relatively small proportion ranked for the 10 per cent. limitation. The amounts actually received by the Exchequer in the two years were £17,516,000 and £18,977,000 respectively, the shortfall being due to arrears and appeals, some of which were still outstanding as late as 1929. C.P.T. did not apply to individuals or unlimited firms, though foreign companies carrying on business in this country were liable. Public utility concerns operating under statutory restrictions upon charges or dividends were exempted from C.P.T. until the end of 1925; but this date was itself anticipated by the repeal of C.P.T. in the Finance Act of 1924. Profits were determined on the same principles as for Schedule D, and were assessed upon company accounting periods.

Industrial News.—The last few days have seen a still further increase in the congestion in the coal and iron and steel industries. Bank holidays have restricted the expansion in colliery output and prices of current supplies have risen substantially. In the iron and steel markets very little business is being done, since manufacturers can supply nothing before the fourth quarter of the year. Consumers are still rationed on the crude basis of their purchases in 1936, mainly because no better criterion has yet been devised. There are, however, a few signs that arrears are being gradually worked off. In the textile industries the lull that has been felt since the Coronation shows no signs of ending.

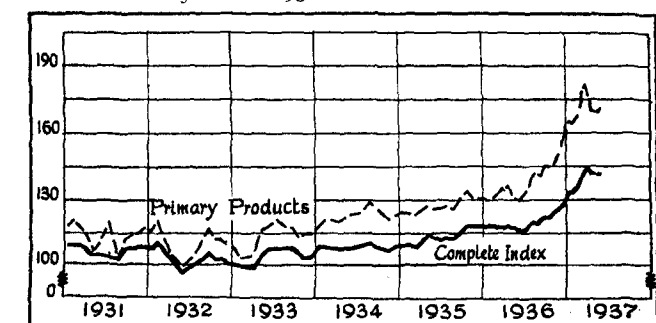
Divergent Price Movements.—During the past fortnight there was a further small recovery in British wholesale prices. The *Economist's* complete British index number rose by 0.9 per cent. In the United States, on the other hand, there was a fresh reaction.

SEPTEMBER 18, 1931 = 100

Date	The Economist Indices		Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)					
1932 July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5
1933 July 27th	108.1	120.6	124.7	145.7	100.9	89.7	86.2
1934 July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2
1935 July 31st	112.7	126.7	146.2	165.6	120.2	75.9	98.2
1936 July 22nd	118.7	140.4	157.2	169.4	120.6	86.6	111.4†
Aug. 19th	119.4	141.9	163.2	162.7	121.9	88.8	111.4†
Sept. 30th	121.8	144.5	159.6	165.0	121.8	96.4	112.5†
Oct. 28th	123.6	145.7	161.1	167.1	122.5	102.1	114.8†
Nov. 25th	126.3	150.9	172.0	167.2	124.8	106.9	...
Dec. 30th	131.3	163.9	187.3	168.7	125.2	113.0	...
1937 Jan. 27th	134.2	164.2	184.5	167.0	131.0	115.9	...
Feb. 24th	136.3	168.2	185.5	167.4	131.8	116.8	124.3
Mar. 31st	144.3	181.9	199.7	167.4	137.3	121.8	128.2
Apr. 28th	142.0	169.9	183.5	165.4	135.6	120.5	...
May 19th	142.4	168.7	184.4	165.3	135.6	120.2	131.3
June 2nd	142.7	170.2	178.9	165.6	135.2	119.6	...

* These figures refer to May 26th.
† Monthly averages.

We publish below a chart showing the course of *The Economist's* complete index of British wholesale prices, as well as of our index of the prices of primary products in this country from 1931 onwards:—



The chart illustrates the reaction in primary products since the earlier part of the year. The complete index number has not lost much ground. During the past fortnight there was a fall in cereals and meat and textiles and a rise in minerals:—

	The Economist INDEX (1927 = 100)			
	Sept. 18, 1931	Apr. 28, 1937	May 19, 1937	June 2, 1937
Cereals and meat	64.5	92.2	94.6	93.6
Other foods	62.2	69.7	68.4	68.6
Textiles	43.7	74.3	73.8	73.2
Minerals	67.4	105.5	107.1	110.0
Miscellaneous	65.8	87.1	86.7	86.7
Complete index	60.4	85.7	86.0	86.2
1913 = 100	83.1	118.0	118.4	118.5
1924 = 100	52.2	74.1	74.3	74.5

There was a reaction in wheat and barley, but maize and oats are firmer. Bacon is slightly cheaper. Among other foods, tea was cheaper and butter dearer.

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From Our Special Correspondents

United States

American Co-operation in Europe

WASHINGTON, May 21.—The talk of a coming American initiative in Europe has not been unwarranted, based as it is on President Roosevelt's continued search for an open avenue of approach. But as the months pass, progress has been slow, and it becomes increasingly apparent that it will continue to be slow. The President has been served from three sources of information in Europe: Mr Norman Davis while he was in London; Mr Bullitt, the ambassador in Paris; and Mr Gibson while he was on a visit to Brussels. These three acted independently, in the loose way of American diplomatic enterprise; that is to say, they have not been part of a co-ordinated campaign preparatory to American action. Mr Bullitt stands close to the Blum regime and is credited with seeing the ultimate European solution through the eyes of the French Left. Mr Gibson, though no longer ambassador to Belgium, has been reviving old associations there, and is responsible for arranging the visit of Premier Van Zeeland to Washington. That visit, moreover, is attracting attention here as opening a by-pass to Europe never before used by the United States, through the Oslo States. Hitherto, Washington's most important European contact has always been London. But now it is seen that Washington has even more in common with the smaller democracies than with Great Britain, and might collaborate with them without incurring the heavier responsibilities of the British fellowship. The former neutrals are more directly in sympathy with disarmament and with the Hull approach of peace-via-trade, even though they are regionally minded when it comes to tariff arrangements.

The Oslo road began to look tempting when news was trickling in that the Davis mission in London was making slow headway. Before Mr Davis left for London, opinion in Washington was something like this: Roosevelt would like to bring American influence to bear in Europe in the interest of peace and recovery; to be successful any American action would have to be taken in co-operation with Great Britain, since their joint prestige would be needed to overcome the enormous difficulties; preliminary to joint action in Europe, Anglo-American problems needed settlement; the first of these was an Anglo-American trade treaty on the most-favoured-nation principle; and after that there would have to be a debt settlement sufficiently substantial to appease American public opinion. It was well understood that a trade agreement would not be easy to negotiate, and in any case would have to wait until after the Imperial Conference. But Washington was so imbued with the logic of this argument that it expected Mr Davis to receive as cordial and expressive a welcome in London as, say, Lord Tweedsmuir and Mr Mackenzie King received in Washington. It came as a distinct surprise that Mr Davis found a cooler temperature in London, and not

until his return to the United States did it become clear that the London weather was not as unfriendly as it seemed. At any rate, Mr Davis was able to leave behind a clear picture of the American attitude, and to bring home a sense that the trade agreement would be negotiated in due season. But his first impression seems to have been that the British were anxious to talk immediately about American loans to Europe and debt cancellation, without seeing that these subjects could only be taken up some time after a satisfactory trade agreement.

The Conditions of Peace

Washington opinion can be said to remain as it was about co-operation with Great Britain. About Europe as a whole, it amplifies into something like this: the maintenance of peace depends on three postulates; a political understanding, in which the United States can have no part; economic stability, the basis of which must be Anglo-American co-operation; and disarmament. The three, as Washington sees them, are interlocking. If Germany is to join a stabilised European monetary system, loans must be advanced to form a German equalisation fund. If these are to come from the United States it must be clear that they do not lighten the task of financing German re-armament. Hence disarmament is essential. Americans cannot be expected to resume lending in Europe unless something is done to correct the record on war debts. Hence a substantial settlement of debts is imperative. Germany cannot transform her present war-economy to a peace economy without revival of trade. Hence trade barriers must be torn down. The start must therefore be made by Britain and the United States, the two greatest trading nations. It is well understood here that Britain does not care to go in for reduction of armaments just yet, which sets the time factor for realising the full programme. But this also gives the necessary time to proceed with an Anglo-American settlement.

A few weeks ago it appeared as though this were going to be unreasonably difficult. One noted here and in New York, among many who by tradition were well-disposed to Britain, a growing resentment over the delay. They were beginning to say that the obstacle to American co-operation in Europe was Britain, and that along with the rest of Europe, the British wanted from America only the familiar concessions of debt cancellation and loans. It was new to hear Britain described as a barrier, after years of serving as a bridge. Talk of this sort still is to be heard in responsible quarters; but, fortunately, it is being corrected by news from London that Mr Chamberlain, far from being indifferent to American co-operation, is determined to establish it and understands its implications.

The Status of the Union

NEW YORK, May 25.—The historical cavalier who mounted his horse and galloped rapidly in all directions might serve as the exemplar of current constitutional developments in the United States. There are four distinct issues involved. First there is the traditional idea of a federal union of sovereign States. This was the concept of the founding fathers, and time has done hardly with it. The development of rapid transportation has removed the geographical reason for local self-government and local economic self-sufficiency. The combination of rapid transportation with the corporate form of enterprise has profoundly modified what in the Constitution is termed inter-State commerce.

Nevertheless, in some respects, the changes are more superficial than real. One hundred and fifty years ago,

even within the limits of the thirteen Colonies, and apart from difficulties of transportation, there were profound differences between, say, the New England States and the South Atlantic States; differences in some ways as wide and as difficult to reconcile as those between the Colonies and the Mother Country.

On paper, the relation of the central Government to the States, and to the people and of the State Governments to each other and to the citizens is just what it was when the Constitution was adopted. In fact, the scope of the central Government has continuously widened, and that of the State continuously narrowed; and in recent years this trend has become more rapid. The issue has been joined rather sharply in the proposals for the national control of agriculture and of the relations between employers and employees.

While the general trend towards nationalism is well defined, there are strong currents in the opposite direction. The States assert their sovereignty in surprising ways. No State has yet erected custom houses along its frontiers; but several States have imposed restrictions upon the movement of persons across their boundaries. Other States have imposed ingenious excises which are in the nature of export taxes on commodities of which they possess a monopoly. The idea that the United States is a free trade area, or an area in which goods and persons move freely across State boundaries, is by no means true without qualifications, and not so true as it was twenty years ago.

The latest and greatest manifestation of this particularist tendency is to be found in the taxes on chain stores. Many of these multiple distributing systems are nation-wide; but some thirty-two States have passed legislation which in effect makes it more difficult for them to conduct this business. Some of the anti-branch-banking legislation falls into the same category, as many States permit intra-State branch-banking, while excluding branches of banks chartered in other States. In short, just when there is a tendency to erase State lines, there are other evidences of a disposition to convert State lines into actual barriers. While there are tendencies towards the conversion of a federal union of sovereign States into a nation with a sovereign Government, there are other tendencies towards assertions of State sovereignty in manifest contradiction to the spirit not only of nationalism but of federalism also.

While the concept of the American system as a federal union of States is waning, there is a clear drift toward the creation of local and integrated groups of States. For example, there are the 12 Federal Reserve Districts and the nine Army Corps Areas. The Soil Conservation Act contemplates five agricultural regions, and the water-power and flood-control schemes suggest eight such regions. Any one of these groupings would create agglomerations of States climatically similar, socially homogeneous, and economically integrated, forming what might be described as natural components of a federal union, contrasted with the factitious or accidental delimitation of the States.

At the present time, legislative tendencies are quite irreconcilable. Congressional legislation is increasingly nationalistic in character and less federal in ideology; state legislation is increasingly particularist in character but similarly less federal in ideology. The courts are bound to interpret legislation in terms of a written constitution which, although devised with astonishing prescience, did not anticipate the projection of the industrial revolution or the development of transportation.

Apprehensive Prosperity

The second quarter of the year is two-thirds completed, and the evidence is that the average of production will exceed the first quarter. While sensitive commodities have reacted from the levels reached in March, the drift of prices in general still appears to be upward as increased costs, especially of labour, are gradually transmitted to the price structure. By this date, there are usually evidences of a seasonal recession in production; none has yet appeared. On the contrary, recent weeks have brought an increase in building after the somewhat disappointing showing of the past six or eight months.

Employment, production, prices, and earnings are all higher than a year ago and, generally speaking, substantially higher; yet equity prices are no higher. This paradox is obviously the measure of some distrust of the future, which may or may not be justified.

Concern is commonly expressed about four matters: taxation, labour relations, rising prices, and consumer credit. It has become customary in this country to introduce new forms of taxation every year. No new tax legislation has yet been introduced at this session of Congress, but it is awaited with apprehension. The rapid organisation of labour, the continuance of strikes after settlements have been reached, and the difficulties of calculating labour costs are not stimulating to the spirit of enterprise. Retail prices continue to rise, and so far there is no tangible evidence of consumer resistance. Nevertheless, it is still doubtful whether consumer income is rising as fast as retail prices. It is commonly agreed that consumer credit has expanded rapidly since the bottom of the depression, and that a part of the long sellers' market in consumer goods represents not merely earned income, but rising family and individual debt. The analogy is often made between the growth of consumer credit in recent months and the expansion of stock market credit before 1929. This comparison may or may not be warranted, as there are absolutely no comprehensive data on the subject.

France

The Government's Choice

PARIS, June 3.—Fiscal receipts in April were disappointing and realised only 2,639 million francs, which was 252 million francs below the estimated figure, and 183 millions below the receipts of April, 1936. This may be due to various causes such as the general adoption of the 40-hour week, and fiscal reform. The yield of the turnover tax fell from 539 million francs in April, 1936, to 397 millions in April, 1937, and the proceeds of indirect taxes fell from 205 million francs to 139 millions.

This decline when added to the difficulties of the Treasury will make necessary in the near future a series of increases in taxation and tariffs which indeed has already been announced by M. Blum. It may also provoke new protectionist measures in order to maintain economic activity, and the Government has laid before Parliament a bill for plenary powers to modify tariffs and quotas.

For the third time in twelve months, the Government is faced with the choice between liberty and autarky. The first occasion was after September, 1936, when the franc was devalued, and the second after March, 1937, when the breathing space was begun. The latest speeches of M. Blum and M. Jouhaux, the leader of the trade unions, emphasise that "syndicalism is not a doctrine of idleness . . . but a doctrine of activity, and that the triumph of syndicalism must depend equally upon an increase in the virtues of the individual and in production"; and show that the Popular Front Government remains attached to its former policy both at home and abroad. In order to prevent any misunderstanding,

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however, the Committee for Customs proposed to include in the plenary powers Bill a guarantee that these powers would never be used to limit the liberty of the exchange market.

No doubt these measures, which will be as lenient as possible to secure Popular Front endorsement, will have some favourable effect on the markets. The activity engendered by the Exhibition will also be helpful and there has been a slight increase in exports shown in the latest statistics of foreign trade. The revision of tariffs may perhaps ease the situation. But the size of the budget deficit and the difficulties of production are so considerable that none of these steps can afford anything but a temporary relief.

The Coal Problem

Coal production was 3,991,159 tons in April, 1937, for 22.8 working days, against 4,179,765 tons in March for 23.8 working days and 4,134,124 tons in April, 1936, for 22.9 working days. Average daily production was 175,000 tons in April, 1937, against 175,600 tons in March and 180,500 tons in April, 1936. The number of men employed was 237,187 at the end of April, 1937, against 222,686 at the end of April, 1936. The production of coke in the coke plants of the collieries was 362,245 tons in April, against 367,847 tons in March and 336,489 tons in April, 1936. Coal consumption was 6,400,000 tons an increase of 400,000 tons compared with April, 1936. Imports were 2,555,000 tons, which was some 680,000 tons more than in April, 1936. The average price of imported coal was 132.60 francs per ton, and the value of coal imports was 327 million francs in April; if this continues in future months the yearly total will be 3,500 million francs, twice as much as the annual value in 1935.

In the last six months, production has declined by 1,170,000 tons, roughly 5 per cent., while consumption has risen by 3 million tons so that the taking of 865,000 tons from stocks (against 700,000 in the same period of 1935-36) was not sufficient to cover the deficit. The labour force in the mines has been increased by 15,000, and average daily production is about 175,000 tons, against 171,000 tons in November, 1936, the first month of the 38 to 40 hour week in the mines. Imports of foreign coal increased by 3,800,000 tons or 35 per cent. to 14,800,000 tons or 2,466,000 tons monthly. The value of these imports has nearly doubled, reaching 1,821 million francs.

The following table shows the movement of wholesale prices since May 31, 1936:—

	WHOLESALE PRICES			
	May 30, 1936	April 10, 1937	May 22, 1937	May 29, 1937
General index	377	542	532	529
National products	421	561	555	552
Imported products	299	507	490	486
Foodstuffs	405	533	516	515
Raw materials	354	550	546	541

Thus wholesale prices remain comparatively steady at a level slightly below that of April, but more than 40 per cent. above the level of a year ago, before the devaluation took place. Unemployment improved further last week, the number falling to 351,846 against 355,792 on May 15th.

Roumania

Internal Politics and Foreign Policy

BUCHAREST, May 29.—According to a statement made by the Minister for Foreign Affairs in a recent press conference, the internal situation in Roumania is quiet. From the time, in mid-February, when the Prime Minister, Mr Tatarescu, declared his intention to prosecute with extreme severity any illegal action by either of the extreme parties, the Iron Guard has retired into the background. The danger of a forthcoming extreme Right action has been much overestimated both in Roumania and in a certain part of the foreign press. The communal elections in all districts furnish a further proof of the strong position of the constitutional parties and the surprisingly small support won by those which support dictatorship. On the average about two-thirds of the votes have been cast for the two big constitutional parties, and the remainder was divided among several parties of the Right wing. The general elections are to be held not later than next autumn, and it is fairly certain that the people will vote for the continuation of a constitutional form of State. This trend in public opinion will probably be welcomed by King Carol, since any veering towards dictatorial systems would necessarily be followed by complications in foreign politics. Indeed, after the recent visit of Colonel Beck to Bucharest, France has abandoned her previously passive attitude towards the wayward foreign policies of some of her eastern allies. The attitude displayed by the Roumanian Ministry of Foreign Affairs after the French *démarche* has clearly shown that Roumania does not want to risk the loss of her powerful western friends.

The economic situation continues to improve. The Government has recently started a campaign against the increase in the cost of living, obviously with an eye on the approaching general elections. The price level in Roumania is still very low and, although wages are also low, even the less well paid classes can make both ends meet. In January the index of Roumanian wholesale prices, published by the League of Nations, stood at 72.6 (1929=100) compared with 66.4 a year ago. The upward trend of the price level is very moderate, the movement during the last sixteen months having been only 7 per cent. Economic activity is proceeding at full speed, and the peak figures of last year may even be exceeded. Accordingly, there is practically no unemployment among the working classes; but on the other hand in the middle classes it is becoming increasingly difficult for those belonging to any of the ethnical or religious minorities to find a job. This is the combined result of the nationalistic wave which is sweeping over Roumania and the marked tendency of the rural population to send their children to high schools and, in ever-increasing number, even to universities.

Freer Trade Forces

The exchange situation is still improving and the Minister of Industry and Commerce has declared in a recent interview that the restrictions on foreign trade will be further reduced. The export surplus for the first three months of the current year was valued at 1,995 million Lei, compared with 1,177 and 799 million Lei, respectively, for the corresponding period of the two previous years. Several commodities, but only raw materials, such as metals, and semi-finished goods, such as cotton and wool yarns, have been already freed from quota restrictions, but roughly three-quarters of the total of imports are still subject to these cumbersome restrictions. On the other hand, no thoroughgoing improvement in the exchange situation of the Roumanian National Bank is possible until the existing clearing arrangements are adjusted to the present economic situation. Nor can the exchange control be even gradually abolished until the foreign debt charge has been definitely reduced. Roumania is complaining about the unduly high quotas in most of the clearing agreements either for outstanding commercial debts, which have been paid in

the meantime, or for imports, which sometimes exceed the current Roumanian import requirements. The situation is even more entangled as regards the payments on the foreign debt, 72½ per cent. of which are due to a group of seven States: England, France, the Netherlands, Belgium, Switzerland, Czechoslovakia and the United States; whereas the bulk of Roumanian exports normally goes to other countries. In spite of all efforts to direct an increasing share of total exports to the creditor countries their aggregate share in 1936 was only 51.9 per cent. It has yet to be seen whether it will be possible to divert the stream of Roumanian farm produce from Germany to other countries.

The invitation addressed to foreign investors by the Governor of the Roumanian National Bank, during his recent visit to London, to extend their field of activities to Roumania is worthy of notice. These words were in strange contrast to some of the recent Government measures, such as the protection of native labour and the latest modifications of the mining law, which leave foreign-controlled companies only very narrow business opportunities. Since Roumania's own financial resources are far too small to rear a modern economic apparatus, a change in this attitude is inevitable.

Japan

Armament Stimulus to Industry

TOKYO, May 8.—The result of the general election held on April 30th shows no essential change in the composition of the House. Although the Labour Party has made considerable advance, the two major parties, the Minseitō and the Seiyūkai, still hold a substantial majority; and the new House is, as a whole, undeniably more hostile to the Government than before the election. The Government, however, has refused to admit its defeat, and has decided to remain in office until the Diet meets in a few months' time and a vote of non-confidence is carried. Thus, political uncertainty hangs over the business world like a cloud, although industrial activity continues on the up-grade.

Industrial activity is undoubtedly largely supported by the big armaments scheme. To finance the plant extensions necessitated by the Government's orders, steel, engineering, and metal-working companies have increased their capital; and many new companies have been formed in the hope of obtaining the Government's sub-contracts, or otherwise sharing at second- or third-hand in the fruits of armament activity. New capital raised in April for these purposes was 265 million yen, against 66.1 million yen in April, 1936, and the total industrial issue for the year to date is 677.2 million yen, compared with 254 million yen for last year. These demands for new capital, in conjunction with higher commodity prices and the activity in the stock markets, combine to harden money rates. The sale of Government bonds by the Bank of Japan is not very satisfactory, and the new 3½ per cent. loan is now being quoted at slightly below its issue price.

Production in many branches of both the light and heavy industries was at a higher level in the first three months of this year than in the corresponding quarter of 1936:—

	Jan.-Mar., 1936	Jan.-Mar., 1937	Increase in 1937	%
Cotton yarn	870,786 Bales	981,750 Bales	110,964 Bales	12.7
Cotton cloth	441,867 (In thousand yards)	471,297	29,430	6.7
Rayon yarn	57,327 (In thousand lbs.)	77,331	20,003	34.9
Pig iron*	508,043 Tons	528,583	20,540	4.0
Steel ingots*	673,341 Tons	725,808	52,467	7.8

* Output of the Japan Steel Corporation.

Rising Prices, Imports and Wages

Commodity prices continue to rise. The Bank of Japan's wholesale index number for April advanced further by 3.4 per cent. on the month to 248.0. This is 28.9 per cent. higher than in April, 1936, and 97 per cent. above July, 1914. In the middle of April, the general level of retail prices for commodities was 71.9 per cent. above the level of July, 1914, compared with 71 per cent. in March, 1937, and 60.4 per cent. in April, 1936. To check the upward trend in prices, a Prices Commission has just been constituted under the chairmanship of the Premier. The terms of reference cover a wide range, including national finance, money, foreign exchange, production, distribution and consumption.

The trend in our foreign trade remains unchanged. The value of imports in April amounted to 336,684,000 yen, an increase of 89,551,000 yen (36.2 per cent.) since April, 1936. Textile materials account for half the increase, but notable increases occurred in iron and steel, copper, and machinery. The value of exports, which totalled 263,028,000 yen for the month, was 57,767,000 yen (28.1 per cent.) more than in April of last year. Thus, imports still continue on a much larger scale than exports; the ever-widening gap between imports and exports is increasingly pronounced; and the import surplus for the year to date is 379,618,000 yen, about 65 per cent. larger than last year. Gold shipments are not sufficient to pay for the growing import surplus, and the Government is preparing to control import trade further by screwing up exchange restrictions.

Industrial disputes continue to occur. Their main cause is the demand for advances in wages; and wages have been widely raised as a result of disputes or to forestall disputes. The principal groups of workpeople affected by increases in wages were transport workers in the urban districts; men in the engineering industry; coal miners in Kyushu and Hokkaido; and men and women employed by the big cotton mills. Increases in wage rates amount to 5 to 10 per cent. in most cases.



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Irish Free State

The Need for Exports

DUBLIN, May 27.—Trade statistics indicate the slight success of the attempt to find alternative markets for Irish products abroad. In spite of the interruption of trade caused by the economic war Great Britain still continues to absorb by far the greater part of the Free State's attenuated exports. It is a striking proof of the predominance of political over economic issues in the Free State that the Government has refused to take the opportunity of attending the Imperial Conference, where the future course of agriculture in the Commonwealth, and in particular the access of Dominion producers to the British market, will doubtless be discussed.

The following figures show the external trade of the Free State in the first four months of 1936 and 1937:—

	Imports		Exports	
	1936	1937	1936	1937
Great Britain	6,801,701	7,187,838	5,163,955	5,416,990
Northern Ireland	190,013	182,511	640,802	538,202
Other countries	5,570,377	6,062,867	542,229	746,374
Re-imports	46,464	43,496	...	...
Total	12,608,555	13,476,712	6,346,986	6,701,566

The figures also show that the import surplus has increased. If the same trends persist the total surplus for 1937 will exceed £20 millions in value. It is very doubtful whether the credit balance on invisible account, large as it is, will prove sufficient to bridge the gap. The next issue of the Currency Commission's consolidated balance sheet of the Free State banks will probably reveal a loss of sterling assets. If so, the position, though in no way dangerous, cannot be regarded as satisfactory, since further increases in the value of imports are likely as a result of the rising price of raw materials and capital goods.

It was possibly the realisation of this unpleasant development in the balance of payments which inspired the Minister for Industry and Commerce to emphasise the desirability of finding markets abroad for some of the products of the new industries. In a recent speech he reminded his audience that Ireland had succeeded in the

past in building up substantial export industries without possessing any special advantages in respect of raw materials. This is of course true, but what the Minister overlooked was that the advantages which Irish manufacturers enjoyed in the past have been to a great extent destroyed as a result of his own policy, which was until recently based on the ideal of self-sufficiency and the supplying of the home market. The measures which he has taken now act as impediments to manufacturing for export. The Minister cannot have it both ways.

Rising Production Costs

Industrial protection, combined with an advanced social policy, has raised production costs in many ways. Money wages are as high as in Great Britain, but real wages are less owing to the high cost of living. Hence industrial disputes are frequent. The Conditions of Employment Act, excellent as a humanitarian measure, increases the cost of labour to employers. Much of the capital invested in the new industries carries a high rate of fixed interest, and many of the new factories have been very costly to build because of the high price of structural materials. Taxation, both national and local, is high and shows signs of growing. The prospects of building up a substantial industrial export trade are not very bright.

Unfortunately the possibilities of expanding the home market are also moderate. Saturation point has been reached already in more than one industry, and many of the new concerns are experiencing difficulty through internal competition. The most disquieting feature in the Free State's industrial life is the gradual diminution in the population. If the export of goods is languishing, the export trade in human beings is flourishing. The drain caused by this emigration is very serious. When allowance is made for the cost of rearing, nourishing and educating a young person, each emigrant must represent a loss to the country of several hundred pounds for which no return, direct or indirect, is received. The bounty on livestock exports appears but a small and insignificant thing compared with this disguised bounty which is paid by the Free State on the product which it can least afford to lose—the brawn and the brain of its youth.

Letters to the Editor

The Gold Problem

TO THE EDITOR OF THE ECONOMIST

SIR,—The very fair discussion in your last two numbers of the possible harms and benefits to be expected from the present gold inflation, nevertheless leaves somewhat in the background the essential nature of this much discussed phenomenon, particularly from the international point of view. I wonder whether it is commonly realised that what is done by means of an ordinary inflation in a closed economy, an increase in the world output of gold will achieve in almost exactly the same fashion for the international community as a whole. The gold-producing countries practise "forced saving" at the expense of the importing ones through the general rise in prices.

There are, no doubt, many important differences. One is that the cost of operating a mine being much above that of a printing press, the profit accruing to the gold producer must be much smaller than the counterfeiter's. But in essence, there is no fundamental opposition between the functions of either. Another difference is that, in so far as gold still remains the nearest approach to absolute liquidity, its depreciation is likely to be influenced to a much smaller extent by such psychological factors as affect, for instance, the velocity of circulation in the later stages of an "ordinary" inflation (although the mass-disharding of the last few months seems to suggest that even this factor is operating); the more so because the supply of gold being limited, its increase cannot be cumulative in its effects. Indeed quite the contrary is the case and it is not surprising to see large gold inflations followed, as repeatedly in the past, by long and severe depressions.

In a world of frantic economic nationalism it can, at best, be considered as a *pis-aller*. But the notion, widespread nowadays, that a *permanent* world prosperity could be helped by a steady increase in the production of monetary gold, together with the preposterous idea that such a condition is one upon which economic progress depends, is likely to be soon frustrated. It is no wonder that, in such conditions, the public mind is turned away from the real economic difficulties of the modern world, and from their political foundations.

"Goldism" is but one of the many varieties of the common fallacy of inflationism. As, however, it carries about a certain flavour of "orthodoxy" that is likely to lead the more naïve supporters of "sound money" into confusion, I suggest that it is the worst of all.

Yours truly,
ÉTIENNE MANTOUX.

Paris.

TO THE EDITOR OF THE ECONOMIST

SIR,—We have lately seen how the mere hint that the U.S.A. might reduce its price for gold caused a violent depression on the Stock Exchange. The usual denials followed, but uncertainty persists; and a strong contributory reason is that the Bank of England continues to value its gold reserve at the obsolete rate of 85s. per ounce. This action is doing far more harm than good, as a consideration of the following facts will show.

For many centuries before A.D. 1300 the price of gold varied from 18s. to 20s. per ounce Troy. In 1300 the price was 24s., and the respective prices in 1400, 1500, 1600 and 1700 were 30s., 40s., 60s. and 80s. From 1717 for over

200 years the British Government by Act fixed the price at 85s. per ounce. All this is clearly shown by *The Economist* in a diagram published on November 16, 1935, based on Feavearyear's work "The Pound Sterling." The diagram has an ascending line which gives the *theoretical progressive value* of gold, and it shows that the price rose from 20s. to 130s. per ounce in 565 years ended 1935, or at the rate of about 20s. per ounce per 100 years.

The actual value of 140s. per ounce in 1937 is thus fairly close to the progressive value. The diagram shows that when wars occur the price of gold rises about 20s. above its progressive value. It is also quite clear from it that to have fixed the price of gold at 85s. for over 200 years was wrong, for in this period the average value should have been 107s. per ounce. It shows the five years ended 1931, when we went back to the 85s. price of gold, and the appalling losses the country suffered in those years are sufficient to prove that the 85s. price of gold has gone for ever, and with it the 22-carat gold sovereign.

The last six years have shown that prosperity increases as the price of gold rises. The U.S.A. has power to increase the price up to 170s. per ounce, and it is a lever that may have to be used; it would certainly come into action if a major war took place. But in the meantime there are the published facts that the world gold production in 1915 was 22½ million ounces, and in 1936 it was 35½ million ounces, and so the progressive price of gold may be checked in the near future by over-production.

The remedy is to use all surplus gold in coining sovereigns of 11-carat gold instead of 22-carat. These could not be melted with profit till the price of gold rose above 170s. per ounce. The promise of such an issue (in the case of need), with the revaluation of gold reserves in the banks at 130s. per ounce, would be all that is at present required to restore confidence.

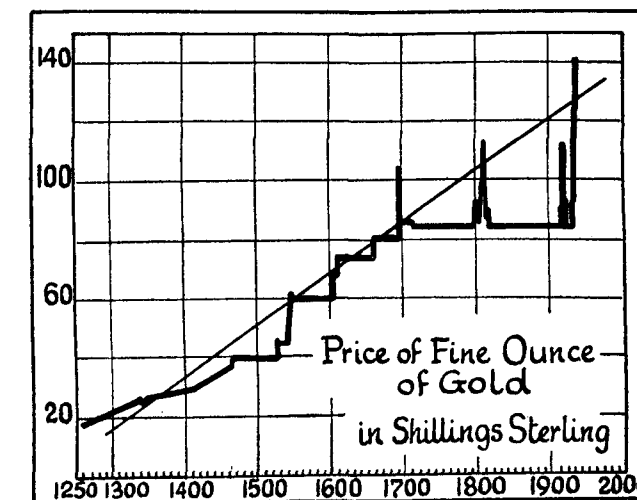
The Equalisation Fund has been the salvation of the currency question. Its price of 140s. for gold seems to be

easy to maintain in collaboration with the U.S.A. The Fund is now correcting the mistake that occurred 220 years ago, when it was not foreseen that gold had, and always will have, a fluctuating value. When it is realised and admitted that the gold contents of the pound sterling should be adjusted at intervals of 50 years, the necessity for an Equalisation Fund may not exist.

I am, Sir,
Yours faithfully,
R. H. TICKELL.

Kensington, W.8.

[The chart to which our correspondent refers is reproduced below.—ED. *Econ.*]



Books and Publications

The Supply of Gold

GOLD has always been a Problem, and in the minds of many of us a Mystery. It is true that our current disputation about the proper price and distribution of gold is no unique feature of our time, but specially complex problems arose once the leading exchanges were freed from the ties of a gold standard. Gold producers on all sides express their anxiety that the sterling price of gold should not be lowered. Central bankers are canvassing the possibility of a gold restriction scheme. The economists point out the numerous incompatibilities in the uneasy equilibrium of the leading exchanges. And it is plain that the United States is becoming unwilling to unbalance her Budget indefinitely for the doubtful advantage of hoarding useless gold to suit the convenience of the Rand and Europe.

It is no purpose of this book* to answer these problems—indeed it was written some time before they assumed their present acute form. But the gold price is the measure of the present prosperity of the Rand. In the mining engineer's parlance, it now pays to work a 4 pennyweight proposition, as against 7 dwts. with gold at 85s. The industry is engaged in the biggest development campaign since the Rand was discovered. The reasons which threaten us with a "surplus" of gold can be ultimately traced to the decisions of mining entrepreneurs, under given conditions, to produce their output.

Dr Busschau's task, then, is to explain on what factors—economic, technological and fiscal—the supply of gold depends. He has written that rare phenomenon in economic literature—a work on an applied economic problem within a consistent theoretical framework. The book is necessarily difficult for those who are not well versed in economic method, for the author adopts Marshall's technique of measuring the effect of one factor, leaving

the rest unchanged. The reader, therefore, has perforce to examine such complex matters as the proper rate of return from mining investment, the determination of changes in grade, the optimum scale of mining operations, and the incidence of taxation by a "one thing at a time" method. The results, set out with skilful mathematical and graphical treatment, will be of great interest to the competent economist who has mastered the Pigovian treatment of average and marginal cost curves.

But for all this theoretical precision, Dr Busschau rightly recognises its abstractions at many points of his argument. It is good, no doubt, that economists should go to considerable pains to study mining, and even better that producers should grasp the basic principles of economics. But the entrepreneur is no master of mathematics, and Dr Busschau has performed the useful service of assembling the main considerations which determine his policy, even if the entrepreneur might not recognise the result as a cross-section of his mental process.

For the general reader, there are numerous passages of real value in the book: To many, the author's conclusions regarding the taxation policy of the South African Government will appeal with special force. They are couched in strongly critical terms and bring out the

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* "The Theory of Gold Supply." By W. J. Busschau. Oxford University Press. Humphrey Milford. 193 pages. 10s. 6d.

existence of anomalies in the system. Similarly, the determination of the grade of ore worked and the super-imposed effects of taxation is one of the simpler sections from the mathematical point of view, and one which the mining investor should find particularly rewarding. And since the mathematical treatment in the remaining chapters is of the formal character which cannot be immediately applied to investment policy, there is no reason why the lay reader should not leave this to the wranglers and devote himself to the author's excellent literal argument and description.

It is the peculiar feature of the Rand that the ore deposits are so regular that it can regulate its affairs almost with the precision of *homo economicus*. For that reason alone Dr Busschau's work is to be welcomed. It does not claim to solve the gold problem; but it does explain the considerations which determine the supply of gold from given mines in given circumstances, and the factors affecting the first bold decisions to develop a mine. The author, indeed, appears to be peculiarly fitted to develop the other side of the gold equation—the future of the demand for gold. His original thesis contained some discussion of the subject. If it could be amplified with the precision of the present work, it might well prove invaluable.

Shorter Notices

"Report on International Trade." Political and Economic Planning. 295 pages. 8s. 6d.

The decline of world trade in recent years, the menace of war, and the strain of warlike economies are facts which reinforce enlightened pleas for freer trade. The initiative of the Oslo countries and the overtures of the United States come opportunely. Similarly apposite is work like this compendious report of P.E.P., which adds facts, figures and sound arguments to the vaguer yearnings of politicians. The position is here made very clear: quotas, licences, clearing arrangements and exchange controls,

tariffs and State trading have imposed sharp limits upon international trade; Governments and cartels between them have almost eliminated the individual unit of world commerce. Meanwhile, trade languishes even below the wants and needs of nations determined to be more or less self-sufficient. The only way out is to organise international trade deliberately; to pursue freer trade through State and industrial planning rather than by freedom of intercourse between individual traders. Governments must take a long run view of trade and investment, and create appropriate agencies to expand commerce. Similarly, organised traders must look to conscious planning rather than blind competition for their ultimate salvation. Two-way trading must be fostered. International lending must be stimulated. In particular this country must participate in low tariff groups; be ready to modify the most-favoured-nation clause; and re-open the door of colonial trade. World trade must be restored. But the world has changed: special measures to expand the consumption of agricultural products are necessary to balance world trading; and the extraordinary steps which are being taken to reconstruct national economies for war or defence cannot be ignored. The report is realistic; it looks squarely at the facts and suggests a detailed programme. Its faith in planning and regulative machinery is certainly excessive. The rôle it would allot to cartels might be dangerous. But its work has been well and soundly done, and its recommendations, even if less valuable than its researches, should be more influential than merely pious hopes.

"The Directory of Directors for 1937." Thomas Skinner and Co. 1,900 pages. 25s. net.

The fifty-eighth yearly issue of this valuable compendium contains the usual up-to-date and exhaustive record of the directors of the joint stock companies "whose securities are known to the stock markets of the United Kingdom." It is, in fact, a register of the leaders of industry, business and commerce, and shows for 1937 a total personnel of about 33,000 names on company boards. The interlocking interests and activities of directors are clearly shown. The book is easy to handle and should be available for reference to every business man.

MONEY AND BANKING

Recovery in Central Europe

It is just six years since the whole financial structure of the European Continent collapsed with the Austrian Creditanstalt. To-day, however, the tide of recovery and rising prices for exports is sweeping over many hitherto depressed countries, among them the smaller Central European States. Of these, Austria, Hungary and Czechoslovakia are the most important; and as their mutual currency relationships are still arbitrarily controlled by exchange premia in Hungary and "clearings," it is opportune to examine their general economic experience in recent months, and its bearing on their national finances and currency relationships. For if they are to expand their mutual trade, which is the aim of the present negotiations, their mutual currency relationships, and those with other countries' currencies, will have to be regularised.

The Austrian ordinary Budget for 1936 closed with a small surplus (2.6 million schillings) for the first time since 1929. Though this was converted into a real deficit of 33 millions by extraordinary expenditure, called "investments," totalling 35.6 millions, this latter sum was 9.2 millions less than the estimate, and the smallest amount of expenditure outside the ordinary Budget since 1932. The ordinary 1937 Budget envisages a total deficit of 145.4 millions. Of this, 39.4 millions is to be covered by fresh economies and revenues, and 106 millions by two financial operations: first, as to 94 millions by proceeds of the new Investment Loan, and secondly, 12 millions by a credit from the Post Office. As the yield of all taxes, save only customs duties and the simple turnover tax, has considerably increased in 1935 and 1936—the emergency sur-tax on turnover most of all—revenue should well exceed the conservative 1937 estimates.

The continuous increase in Austria's index of production, in Austrian bond and share values, in her exports, and in the proportion of her national debt held at home, since the end of 1933 combined to offer the Government a chance to raise, on February 6th, a new internal loan, the Investment Loan. Of 180 million schillings at 4½ per cent. issued at 90, the Government gets 88 per cent., or 158.4 millions. This was the first domestic loan since 1930 to carry no gold-value, amnesty, or assigned revenue clauses; and its subscription enabled the Government to consolidate 54.0 millions of Treasury bills, to defray the 94.0 millions of new 1937 expenditure noted above, and to pay 10 millions to local authorities. After the recent repatriation of Austrian bonds held by Italians through the Italo-Austrian clearing, and other such operations, the Austrian State debt stands at about 3,900 million schillings, divided as follows:—

	AUSTRIAN STATE DEBT AS AT JANUARY 1		
	1925	1934	1938
	(Millions of schillings)		
Debt to National Bank.....	217.8	624.4	603.4
Internal bonded debt	178.4	505.7	1,122.0
Short-term debt	...	93.5	140.2
Debts guaranteed by the State ...	...	294.0	343.0
Total internal debt	396.2	1,517.6	2,208.6
Foreign debt, chiefly bonded	1,177.7	1,651.4	1,282.5
Relief credits.....	793.6	412.7	432.6
Total foreign debt	1,971.3	2,064.1	1,715.1
Total of State debt	2,367.5	3,581.7	3,923.7

The greater devaluations in creditor countries abroad than in Austria have helped to reduce slightly the foreign debt, to increase repatriation, and to increase the total held at home. Of this latter, 750 millions still represents the burden of financial disasters in the depression, shouldered by the State. Though amortisation

payments will rise from 45.8 millions in 1936 to 81 millions in 1938, the annual interest on Austria's total debt will in the latter year be only 118.9 millions (60.4 foreign and 58.5 internal) compared with 113.7 millions (89.2 foreign and 24.5 internal) in 1933. Interest and amortisation services together will actually require less than in 1933 despite an increase of nearly 30 per cent. in the total debt; namely, 226.7 millions as against 238.1 millions in 1933. This service can be met much more easily than two years ago.

The 1937-38 Budget in Hungary shows a drop in the total deficit from 75.6 millions last year to 67.9 this year. As in Austria, there is extra-budgetary expenditure, amounting in 1936-37 to 78 million pengő, of which 51 millions was for the Agrarian Relief Fund; and in 1937-38 this sum may be anything between 75 and 125 millions, since extra-budgetary "investments" alone rise from 27 millions last year to 46 millions. The State has borrowed 55.5 millions from the untransferred portion of the foreign long-term debt service, and 64.6 millions for Agrarian Relief from the National Bank. But revenue yields are rising, and the National Bank is receiving more foreign currency, both in exchange-controlled and free countries' currencies, owing to the recent sharp increase in foreign trade. The rise in railway goods traffic and revenues is lessening the drain on the "undertakings" Budget. Devaluations have reduced the State's foreign funded debt by 120 million pengő to 798.2 millions at March 31st; but the floating debt is still growing and on March 31st stood at 724.2 millions; 624.4 for the administration and 99.8 for loans to State undertakings. Of the total floating debt, 332.3 millions is foreign-held, and 391.9 held at home. As in Austria, Hungary's floating debt has grown during the depression, and her foreign debt has been greatly reduced; but in Hungary, half the floating debt is still foreign-held. Nevertheless, at about 1,750 million pengő, the total Hungarian State debt may prove manageable if world prices and world trade continue to rise.

Czechoslovakia has virtually no foreign debt problems. Her national debt, which has also grown in sum during the depression, though its annual burden has fallen with interest rates, is almost entirely held at home. As a considerable exporter of manufactures, Czechoslovakia's problem in the depression has been the blocking of her export proceeds in client-countries with exchange controls. This has involved a net loss of gold and foreign exchange holdings, offset by new short-term borrowings from Paris, Zürich, etc. The Czech crown has twice been devalued, latterly last September by a further 10 per cent.; and this, at a time of rising raw material prices, has caused a temporary difficulty in paying the growing bill for necessary imports. To alleviate it, and to prevent the gold reserve falling below its present level of Kc. 2,500 millions, a new two-year 4 per cent. loan of about Kc. 330 millions (Sw. frs. 50 millions) has just been contracted in Switzerland. Meanwhile, Czech exports, which have been rapidly rising in volume, are now rising in price; and this is expected to raise the 1936 total of Kc. 8,014 millions to about 9,500 millions this year, which should cover both the rise in import values and the repayment of tide-over credits. There is virtually no insuperable Budgetary problem; and tax yields are rising fast. The Bohemian and Moravian steelworks, machine-shops, coalmines, etc., are now turning out record productions; and the country has now become a considerable exporter of wheat and sugar. Moreover, during the depression the country has re-orientated its foreign trade so that it now does less trade with "clearing" or "exchange-control" countries and

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WORLD FINANCE

1935-1937

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more with the sterling area, U.S.A., France, Netherlands, Belgium, and Switzerland. This accounts for the large favourable balances now emerging from trade with China, U.S.A., Sweden, Switzerland, and Great Britain; while these are in turn employed to offset the unfavourable balances in trade with Australia, Egypt, India, France and Germany.

The following table is eloquent of the improved trading position of all three countries:—

Monthly averages, in millions of local currency.

Year or Quarter	Austria (million schillings)			Hungary (million pengő)			Czechoslovakia (million Kč.)		
	Im-ports	Ex-ports	Trade Balance	Im-ports	Ex-ports	Trade Balance	Im-ports	Ex-ports	Trade Balance
1929.....	272	182	-90	89	87	-2	1,663	1,708	+45
1932.....	115	64	-51	27	29	+2	624	612	-12
1935.....	101	75	-26	33	38	+5	561	618	+57
1936.....	104	79	-25	36	42	+6	659	667	+8
1936. 1-III	102	75	-27	35	38	+3	554	576	+22
1937. 1-III	116	89	-27	33	50	+17	777	835	+58

Austria's stable import surplus on merchandise account is offset by her peculiarly advantageous income from tourist traffic. The extent of improvement in trading is obvious; and it is significant that, of the increased exports, a much smaller proportion is going to Italy and Germany. The free markets and their currencies have begun to exert a pull on Central Europe at a time when Austria and Hungary can at last envisage an end to their long-standing debt problems, when they are beginning to sell in a seller's market once again, and when Czechoslovakia is best placed to supply both her two neighbours and the expanding free markets. If recent world tendencies continue, the opportunity may soon occur to unwind the paraphernalia of exchange controls in Hungary, and to bring the currencies of Austria, Hungary and Czechoslovakia into correspondence with each other. Hitherto, the Austrian schilling and Hungarian pengő have been tied to the destinies of the lira and the Reichsmark. If recent improvements continue—indeed, if they *are* to continue—these links will have to be gradually loosened. In any case, the prospects before all these three key countries of Central Europe are more encouraging than for six years past.

Financial Notes

The Gold Scare Renewed.—The past week has witnessed a fresh manifestation of nervousness over the future of gold. In the London bullion market the discount below the dollar parity price has widened suddenly from 1d. or 2d. to 5d. per ounce, and in the absence of purchases for shipment to the United States, the British control has given extensive support. One cause of this new uncertainty was the publication in London of a statement in *The Far Eastern Review* that Russia's 1936 gold production was likely to be 10.6 million ounces, instead of the previous estimate of 7.35 million ounces accepted by the Bank for International Settlements and other authorities. This places Russia as a gold producer almost upon an equality with South Africa, and also indicates a Russian gold output of £75 million sterling in place of just over £50 millions. The new scare has elicited a guarded statement from Mr Morgenthau that no change in the American price of gold is imminent, but in view of the time of a week or more taken by gold in transit from England to the United States this has failed to reassure arbitrageurs or the American banks. On Thursday afternoon he followed this up with a denial either that any fresh statement was to be made that day or that preparations for a new statement were going on at present. Meanwhile, the prevailing uncertainty has naturally set in motion the realisation of private gold hoards, and a large part of the gold recently offered in London has been of this character. Sir George Schuster, in *The Times* of

June 3rd, is the latest to call attention to the harm being done by this uncertainty over the future of gold. In his article, Sir George declared that, sooner than see public confidence in the value of gold destroyed, he would prefer Great Britain to return to gold at the former parity with the dollar without delay. The suggestion has also been canvassed that the only alternative to an agreed reduction of the price of gold would be an international scheme for the restriction of production, analogous to existing schemes for copper, tin and other commodities. These suggestions raise wide questions which cannot be adequately discussed in a brief review. We have already expressed the opinion that for the time being at least the world's expanding gold stocks should be allowed to exert their normal influence upon prices, but we were careful to add that in the long run the position of gold itself might need to be reconsidered. More precisely the problem of whether or not to segregate in Exchange Funds permanent additions to the world's monetary gold stocks requires careful examination.

Russian Gold Supplies.—The position of London itself is worth viewing in perspective. We have therefore prepared the following table of British imports and exports of gold bullion during recent months:—

	Monthly Average			April, 1937	May 1937*
	1935	1936	1st quarter, 1937		
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Imports from:—					
S. Africa.....	5.9	7.0	3.5	7.7	6.8
India.....	2.9	2.0	1.2	0.7	1.4
France.....	6.5	13.0	21.4	2.4	nil
U.S.S.R.	nil	nil	1.9	20.0	1.7
Other countries	3.7	3.4	2.2	2.1	1.4
Total.....	19.0	25.4	30.2	32.9	11.3
Exports to:—					
United States.....	6.9	4.7	17.1	30.1	15.3
Other countries.....	6.4	2.0	1.4	0.8	1.1
Total.....	13.3	6.7	18.5	30.9	16.4

* Four weeks to May 27th.

The table shows clearly the emergence of the U.S.S.R. as a supplier of gold during April, but the effect upon our total gold imports has so far been greatly mitigated by the simultaneous cessation of the outflow of gold from France. The May returns illustrate the intermittent character of arrivals of gold from Russia. Exports during May, while little more than half those of April, were in excess of imports for that month. A survey of the table suggests that the United States had suddenly to assimilate the April Russian gold arrivals, and this is clearly linked up with the beginning of the gold scare. This, in turn, caused a sudden drop in exports to the United States during May, but these last remained fully comparable with those of early dates, and so it is wrong to say that the gold scare was a complete deterrent. The fact that, in spite of the export surplus, official support was needed in the London bullion markets is indicative of the extent of the offerings of gold from private hoards. So far as London is concerned, Russian gold is a potential rather than an actual threat to the stability of the gold market, but this does not diminish the psychological reactions of this new factor. It is, however, still permissible to plead for a better sense of perspective.

The Foreign Exchanges.—This week the British authorities have had to buy most of the gold in the London bullion market, and there has been practically none bought for shipment to the United States. Thus not only has the bullion market witnessed a widening of the gold discount to 5d. per ounce below the New York parity price, but there have been no offerings of dollars in the foreign exchange market against gold purchases for shipment to New York. In consequence the dollar rate has strengthened in response to a fair general

demand for dollars. After being quoted last week at \$4.94 and over, the sterling fell at one time this week to under \$4.92. At this juncture the British Control intervened and bought a few dollars. This raised the rate to \$4.92½. There has been no change in the Amsterdam-New York cross-rate, so that the guilder has followed the dollar. There was some demand for belgas and Swiss francs. The spot rate for Paris francs remained very steady during the whole of the week at Frs. 110½. There was some improvement in the three months' rate from Frs. 2 to Frs. 1½ discount.

The Money Market.—The War Loan dividend payment has for the moment made money very plentiful, and in some quarters it was described on Thursday as being unlendable. So far as an "outside" rate can be quoted at all, it was probably ½ per cent. The call on the National Defence Bonds took very little money off the market, which is strong proof that the bulk of the bonds are held "inside" by the public departments.

	May 13, 1937	May 20, 1937	May 27, 1937	June 3, 1937
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate	½	½	½	½
Short loan rate:—				
Clearing banks	½-1*	½-1*	½-1*	½-1*
Others	½-1	½-1	½-1	½
Discount rates:—				
Treasury bills	½	½	½	¾
Three months' bank bills	½-¾	½-¾	½-¾	¾

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

Although money is very easy, there has been a distinct stiffening of discount rates. On May 28th the syndicate managed to reduce its tender price for Treasury bills from £99 17s. 5d. to £99 17s. 2d. per cent., but nevertheless secured 49 per cent. of the allotment. It looks as if the demand from other quarters, which early in May reduced the syndicate's allotment to below 20 per cent., has now subsided. This week hot Treasury bills have been offered at ½ per cent., while the rate for three months' bank bills is practically up to ¾ per cent. This increase in rates is purely seasonal, the reason being that the banks are reducing their purchases of bills in preparation for their half-yearly balance sheets at the end of June. There was, however, some business this week in mixed parcels of June and August Treasury bills at ⅞ per cent.

The Bank Return.—The contraction in the note circulation after the Coronation and Whitsun has for the moment been checked by the normal currency requirements of the public at the end of the month. The circulation is fractionally higher than a week ago.

	BANK OF ENGLAND				
	June 3, 1936	May 12, 1937	May 19, 1937	May 26, 1937	June 2, 1937
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	207.3	318.7	321.3	321.3	321.3
Note circulation	433.5	479.9	481.4	475.2	475.6
Banking Department:—					
Reserve	34.7	39.6	40.7	46.9	46.5
Public deposits.....	8.2	32.5	19.2	24.9	10.2
Bankers' deposits.....	89.7	87.7	97.4	91.4	109.5
Other deposits	37.1	37.2	37.6	37.5	37.3
Government securities	98.5	108.3	103.3	99.5	102.8
Discounts and advances	6.2	5.9	6.6	4.9	4.7
Other securities	13.3	21.3	21.4	20.3	20.7
Proportion	25.7%	25.1%	26.4%	30.5%	29.6%

In the banking department the payment of the War Loan dividend on June 1st has caused the normal transfer of funds from public to bankers' deposits. It may also explain the small increase in Government securities, consisting possibly of Ways and Means borrowing to finance the dividend. The interesting point about the return is that the Defence Bonds call of £25

millions, also due on June 1st, does not seem to have counteracted the War Loan dividend payment, for otherwise the above movements would have been much less marked. This is further evidence in support of the belief that the bulk of the bonds are held by public departments.

Land Settlement in Australia.—A circular recently published by the Bank of New South Wales calls attention to the shortage of agricultural land in Australia for pioneer settlement and suggests the lines on which future policy should be directed. It is strongly urged that Government assisted settlement in recent years has been wrongly contrived. Too frequently, it is contended, the object has been to cram the greatest possible number of settlers into a tract of land without due consideration of their technical ability, their business experience or even the economic prospects of their undertakings. Past experiments in closer settlement have therefore been costly and unsuccessful, and the settlers have been unable to repay their Government advances. The true objective of policy, the circular contends, should be to maximise agricultural production. In pursuing this aim the Government should take a realistic view of the limitations of agricultural settlement. There is a reduced demand for farm products due to the general adoption in the world of self-sufficiency policies; only certain types of cultivation are suited to closer settlement; and wool production is best based on units larger and not smaller than the existing ones. To achieve any practical result in increasing the amount of labour in agricultural areas and to avoid the repetition of previous mistakes, the Government should conduct a comprehensive survey of the possibilities; and in particular should investigate new kinds of primary production and new scientific methods. In all the circular suggests that an interesting stage has been reached in Australian agriculture; and that its adjustment to new world conditions will not be easy.

Sun Insurance Office.—This office was founded two hundred and twenty-seven years ago and is the oldest insurance office in the world. It is also in a very strong position financially. Fire premium income last year was £2,214,000, a reduction of £79,000 on the previous year. Underwriting profits, although favourable at 10.4 per cent. of the premium income, were not up to the standard of 1935. Accident premium income was also considerably smaller at £1,747,000 against £1,854,000, but in this department underwriting profits were very much more favourable than in the previous year. Marine premiums fell by £25,000 to £528,000, and £50,000 was again transferred to profit and loss. The results of the last two years are given below:—

	1935		1936	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	310,556	13.6	231,049	10.4
Personal accident, etc.	24,785	1.3	114,190	6.5
Marine	50,000		50,000	
	385,341		395,239	
Less items debited to profit and loss.....	196,806		269,939	
	188,535		125,300	

The departmental reserves are strong; in addition to the usual reserve for unexpired risks there are additional reserves in the fire and accident departments amounting to 72 per cent. and 36 per cent. respectively of the premium income in respect of risks still current at the end of the year. The consolidated balance sheets assets amount to £10,875,000. There is a general reserve of £1,000,000; investment and contingency reserve was £242,000, and the profit and loss balance after providing for the year's dividend of £1,217,000. The dividend declared for the seventh successive year is 53½ per cent., and costs £248,000, compared with interest earnings of £256,000.

THE STOCK EXCHANGE

Cable and Wireless Prospects

A FORTNIGHT ago the stockholders of Cable and Wireless (Holding), Ltd., agreed to a reconstruction scheme which wrote down their nominal holdings from £46½ millions to £23½ millions, provided for preference dividend arrears, and greatly simplified the capital structure. The reorganisation was desirable in principle and not unfair in its incidence. It squeezed out the water from an undertaking over-generously capitalised, even under the favourable conditions of 1929. In the light of subsequent world trade depression, a standard revenue of £1,865,000 has appeared unbelievably roseate. Even last year, when international trade was showing definite improvement, actual profits were no higher than £842,000. These are, however, largely matters of the past. The investor's present task is to assess the effects of the scheme upon earnings and dividend prospects in the light of the Governor's speech a fortnight ago. The proper study of investment is earning-power, and our analysis, accordingly, begins with the revenue position.

The directors of Cable and Wireless (Holding) provide a brief consolidated revenue account in the consolidated balance sheet published each year, though a separate and more detailed account would be welcome. In its existing form, two revenue figures are shown. The first covers the profit from traffic services, dividends from traffic and other companies, and manufacturing and other credits, after deducting administration and other expenses; the second shows the income from the invested funds of the old cable companies, after deducting their debenture interest payments. This latter item admits little change in accounting methods from year to year. The main item, however, is a final balance, struck after allocations by the operating and subsidiary companies, which may differ widely in different years. With this proviso the consolidated revenues, as defined by the company, are shown below:—

	1935	1936
Profit on traffic services, etc.....	805,269	833,478
Investment income	630,319	331,589
Total	1,435,588	1,165,067

In order to follow the revenues throughout the system of operating companies and subsidiaries, however, it is necessary to examine the constituent companies' accounts in greater detail. The table which follows shows the profits retained (or over-distributed) by the operating company (now known as Cable and Wireless, Ltd., but formerly as Imperial and International Communications), by the three cable companies and the Marconi company, and by the holding company itself. The account does not cover the special dividend transfers from the operating company to the old cable and Marconi concerns in 1935, since they were non-recurrent operations and therefore irrelevant to the annual trend of earnings.

It will be seen that, traced in this way, the surplus for 1936 is in fact greater than for 1935. Briefly, larger profits of the operating company and the Marconi company have combined to offset smaller interest revenues. It may be added that if the figures are carried back to 1933 and 1934 they show the same progressive trend. In 1935 the operating company was called on to over-distribute its revenues. This was effected by treating as a revenue credit the tax which would be recovered from the dividend paid by the operating company to the old constituent cable and Marconi concerns. But since this tax was inevitably payable at some point, whether by

DISTRIBUTION OF CABLE AND WIRELESS EARNINGS FROM OPERATING COMPANY TO CONSTITUENT COMPANIES AND THENCE TO HOLDING COMPANY

(£'000s throughout)					
OPERATING CO.					
Net profit		1935		1936	
To or from Reserve		793.4		922.9	
Div. to Constituent Companies below.....		Dr. 206.6		172.9	
		1,000.0		750.0	
CONSTITUENT CO.'S—1935					
	Eastern	Eastern Extn.	Western	Marconi	Total
Net profit (including div. from Operating Co.)	416.3	436.1	336.5	165.7	1,354.6
To reserve	116.3	76.1	55.2	57.3	304.9
Ord. div. to Holding Co. (and few outside holders)	300.0	360.0	280.7	180.4	1,121.1
CONSTITUENT CO.'S—1936					
	Eastern	Eastern Extn.	Western	Marconi	Total
Net profit (including div. from Operating Co.)	375.7	206.7	161.2	200.1	943.7
To reserve	0.7	6.7	5.3	41.2	53.9
Ord. div. to Holding Co. (and few outside holders)	375.0	200.0	155.9	158.9	889.8
HOLDING CO.					
Net profit (incl. div. from Constituent Co.'s) ..		1,051.1		942.7	
To reserve		129.0		20.6	
Preference dividend		922.1		922.1	
Net total of sums to and from reserve		Cr. 227.3		Cr. 247.4	

the operating concern or by the ultimate stockholders out of their gross dividends, this special tax credit of 1935 was equivalent only to a withdrawal of £208,004 from hidden reserves. In contrast, 1936 saw the beginning of the policy (elaborated by the Governor in his speech of May 24th last) of appropriating larger sums from revenue for reserves. In this manner, the operating company has charged against profits an "additional amount written off cost of terminating joint purse agreement" of £50,000, and has increased the sundry provisions appropriation (which includes an unspecified amount towards writing off the joint purse asset) to a record figure of £102,500, against £75,500 in 1935. In the analysis above it has been assumed that at least £30,000 of last year's sundry provisions may be regarded as a true reserve. Thus, while the operating company was able to declare a dividend of only 2½ per cent. last year, against 3½ per cent. in 1935, the past year's accounting has been much more conservative. In addition to the joint purse appropriations which we have regarded as a reserve (as explained above), the operating company has increased the balance carried forward from £1,398 to £94,343. How do these considerations affect the new ordinary stock of Cable and Wireless (Holding)?

In future, until the company has extinguished the new Funding Certificates issued to satisfy the preference arrears, an additional burden of £61,500 a year must be met out of profits. Our calculation of Cable and Wireless (Holding) profits above shows a total earned for 1936 of £247,400, after paying the preference dividend. This sum would provide £185,900 net (after meeting the funding service), which would be equivalent to almost 2½ per cent. on the new ordinary capital of £6,883,103. Alternatively, on the more conservative consolidated account shown by the directors (which does not treat the allocations to writing off the joint purse agreement as reserves), earnings would work out at slightly below 1½ per cent. Traffic revenues in 1936, however, were only slightly helped by the sudden improvement at the very end of the year. The current year should permit a

much better contribution from the main communications business of the group. For the first four months of 1937 the traffics index has averaged 86.2, against 73.0 for the first four months of 1936. If the first four months of 1937 bear the same relation to the year's total as did those of January-April, 1936, the average index for this year would be 87.8 per cent., against 74.4 per cent. last year. Such a rise would imply a very substantial advance in revenues. Last year gross receipts from messages and wayleaves (represented by the 74.4 per cent. average index) were £4,826,145. On this basis an average index for 1937 of, say, 85 per cent (i.e. appreciably lower than the 87.8 per cent. suggested above) would be equivalent to gross message receipts of £5,500,000, an increase of approximately £675,000 over those of 1936. It may fairly be expected that fully 80 per cent. of a gross increase of this order could be retained as a net increase, which suggests a potential improvement in net profits of the order of £540,000. If we add to this figure the surplus profits shown in the directors' consolidated accounts for 1936, a balance of £640,000 would remain, in round figures, after allowing for the service of the new funding certificates. This level of earnings would be equivalent to 9½ per cent. on the new ordinary stock.

In making their initial ordinary dividend forecast for 1937 of 4 per cent., therefore, the directors appear to be adopting a distinctly conservative policy. We should be the last to cavil at conservative finance, but some stockholders may ask why, when a drastic—though demonstrably necessary—writing down of capital has just been announced, the directors should simultaneously warn shareholders that a conservative dividend policy is necessary for the further writing-down of assets. Such a course would be natural if the group were short of liquid reserves, but in fact its investments at December 31st last amounted to £12,116,009. Can it be, therefore, that the directors are deliberately limiting the dividend prospect on the new stock, either with the object of equalising dividends in a concern singularly exposed to cyclical fluctuations, or because they do not feel confident that the loss of traffics to foreign subsidised circuits and to air mail systems is yet at an end?

None but the board can answer this question. To offset such fears, however, it is permissible to point to the possibility—to put it no higher—that a further recovery in international trade will contribute to the restoration of traffics. Since a rise of 1 per cent. in the average index for the year would be equivalent to earnings of nearly ½ per cent. of the new ordinary stock, on our computation, the importance of further recovery in traffics is clearly substantial. A five-point rise in the index would imply an extra 3½ per cent. in earnings for the ordinary. Secondly, the Governor referred in his last speech to the possibility that the Government might grant some modification of the original charter. The board has always contended that certain services are unprofitable and are only maintained for their strategic value at the request of the Government. If the latter would agree to contribute towards their cost, a useful addition might be made to net profits.

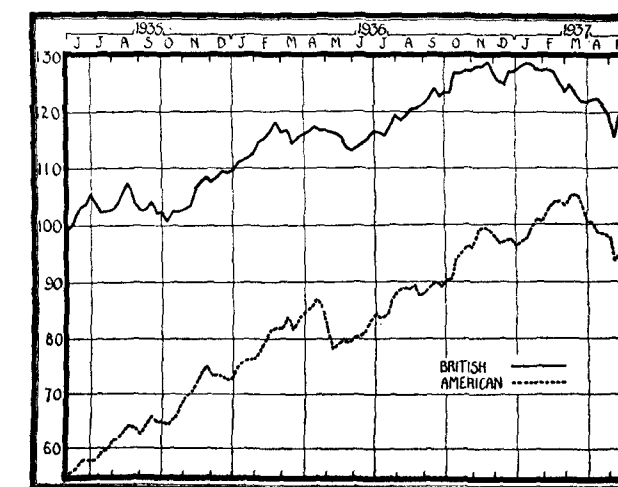
While, for the moment, therefore, the directors are certainly not disposed to exaggerate the prospects for the new ordinary stock, investors may reasonably conclude that it provides a relatively high-gear equity in international trade recovery. Present indications, as we have shown, suggest that the stock is probably earning at least twice the anticipated 4 per cent. dividend. A conservative accounting policy may obscure these facts in the next accounts; but so long as there remain prospects for expansion in international trade, the new ordinary stock—still represented by the existing "A" and "B" ordinary of the holding company—should provide a speculative investment with interesting possibilities. The present price of the "A" and "B" ordinary stocks are equivalent to about 83½ per cent. of par for the new ordinary stock, on which a 4 per cent. dividend is virtually assured. There are few stocks, even after the recent market adjustment, which offer a prospective yield of 4.8 per cent., underwritten, so to speak, by the directors, and which also have a reasonable chance of being covered by earnings of twice that rate.

Investment Notes

Course of Share Values.—On the whole the policeman's lot has continued to be the shareholder during the past month, both in London and New York. As our customary chart shows, both markets have recovered substantially from the lowest point, and have shown only a small net decline during the month. But the recessionary movement (which started about a couple of months later in New York than in London) has lasted longer and gone further than any secondary depression in the last two years. The nigger in the British woodpile in late April and throughout May, was the National Defence Contribution of unhappy memory. In America industrial recovery is maintained, but Mr Lewis goes from victory to victory, and President Roosevelt, playing the lion's part, refuses to roar like a sucking dove.

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

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



After the first flush of gratitude to Mr Chamberlain: his abandonment of N.D.C., British investors will doubtless realise that its successor will be a heavy impost, though it will be more fairly spread, and that it is likely to fall entirely on the equity shareholder. the market's present mood, this may itself be enough prevent a widespread recovery, or even to cause a slight further reaction. The occupants of the woodpile, index have changed so frequently this year that there is strong suggestion that any face is black enough to frighten those whose nerves are already jangled. There is no doubt however, that the market is technically stronger than was a month ago, and attention has been shifted from immediate possibilities to the longer term outlook, which is discussed in the next Note.

The Market Horoscope.—When King Ahab sought the advice of his prophets, only one spoiled the music of the resulting invocation to go up to Ramo Gilead and prosper. A year ago, this thankless rôle was reserved for *The Economist*. To-day, the cautionary minority is larger. Three reviews of the outlook, issued this week—two by stockbroking houses and one by merchant banking firm—are symptomatic of the character. One circular discusses rising costs, Government expenditure and the background of the gilt-edged market. reaches the conclusion that investment policy should be based upon the anticipation that during the next years interest rates are likely to rise and gilt-edged prices to fall. The writers proceed to argue that ordinary share earnings are tending increasingly towards stability.

There is little fear that company profits will be reduced but it is unlikely that dividends will be greatly increased. This argument, it is expressly stated, does not apply to shares in shipping companies, overseas banks, and investment trusts, to producers of certain primary commodities and to some iron and steel or textile companies. In the groups, however, to which it does apply, a rise in interest rates would be a bear point for ordinary shares. The writers of this circular refuse, however, to believe that prosperity is yet passing its peak. A lucid and well-argued bulletin issued by another firm begins by postulating the importance of the Government's defence expenditure programme. It contains the following analysis, covering 90 per cent. of the total provided under the Defence Estimates:—

DEFENCE EXPENDITURE
(£ millions)

	1934-5	1935-6	1936-7	1937-8
Pensions	18.0	18.2	18.6	18.7
Wages and salaries (a)	41.5	48.2	53.2	59.1
Food, clothing, quartering, barrack stores, etc.	9.5	11.1	13.2	16.4
Oil and petrol	2.0	2.5	3.9	5.4
	74.0	80.0	88.9	99.6
Aircraft, guns, ammunition, vehicles, all engineering supplies and metal goods (b) ...	12.0	20.5	44.9	85.0
Constructional work (aerodromes, etc.) :—				
Staff salaries	1.0	1.0	1.1	1.7
New construction (inc. land purchases) (c)	4.0	7.9	13.3	32.5
Maintenance work	1.5	2.2	2.3	2.3
	6.5	11.1	16.7	36.5
Shipbuilding and naval engineering :—				
New construction (inc. machinery, armour and gun-mountings, but not guns)	10.5	12.1	16.6	28.0
Repair work	6.0	7.8	9.2	10.1
Dockyard stores, etc. (d)	4.0	5.9	8.2	11.9
	20.5	25.8	34.0	50.0
Total (including miscellaneous items) ...	114.0	145.6	195.2	284.6

(a) Includes all pay of all sections of the troops, and all salaries, including administrative salaries. Also includes social and health insurance.
(b) All goods of a metal nature—lorries, armaments, aircraft, ammunition, tanks, electrical apparatus, etc. The 1937-8 figure includes a large item for machine-tools, including an estimate of machine-tools needed for new Royal Ordnance Factories.
(c) Includes cost of land for new factories, both private and Government.
(d) This item represents the provision of naval stores—steel, timber, armour, etc.—in excess of actual construction needs.

In view of the huge increase in metal and engineering supplies and in constructional work, shown by these figures, the writer concludes that the Government's programme will require a slowing down of non-Government engineering, shipbuilding and house-building.

The report proceeds to argue that Great Britain has entered upon the inflationary stage of her internal boom, which will last as long as re-armament expenditures increase, but will eventually be checked by increasing costs and taxation. No severe reaction may occur in 1938, particularly if the export trades can be revived, but a severe slump is possible if Government re-armament expenditures are eventually curtailed and no scheme of public works is ready to replace them. These views certainly go beyond those of the majority of observers—or perhaps they are more clearly expressed. There is, however, a general disposition to believe: first, that some kind of internal inflation is inevitable; and, secondly, that this is likely to deter the authorities from appreciably expanding the basis of national credit. The merchant banking circular, to which we have referred, aptly sums up the position by saying that the difference between contemporary optimists and pessimists lies mainly in the emphasis they place on the effect of possible expansion in export, as distinct from domestic, trade activity.

First Conversion Investment Trust.—A company with a capital of £1,000,000 has been incorporated under this title. Its shares are now being offered, one for one, to holders of sub-units in British Empire Fixed Trust Series "A," who were recently invited (see *The Economist* of April 17th, page 157) to express their

willingness to receive a scheme of conversion. In principle, the scheme obtained sufficient support to enable the directors to publish the details this week. The board consists of five gentlemen, of whom the chairman and two others are directors of existing management trusts. Mr A. L. Aymer, at present managing director of Fixed Trust Investments, Ltd. (the managing company for the British Empire Fixed Trusts), is also a member of the board. The new company thus has the advantage of a capable and experienced board. When the British Empire sub-units were subscribed, Fixed Trust Investments received a management charge covering the twenty-year life of the fixed trust, of which less than four years have elapsed. This company, therefore, proposes to provide secretarial services to the new investment trust "on terms which ensure that the latter will be relieved, in respect of the capital subscribed through the conversion of sub-units, of all ordinary management expenses [up to November 1, 1953], except directors' fees and audit fees." In other words, Fixed Trust Investments will reimburse the proportion of its original loading charge in service and not in cash. Further, F.T.I. undertakes, "under the instructions of the board of directors," to carry through all transactions in securities. For this service they will receive the "usual return commission paid by stockbrokers to agents," or alternatively not more than a quarter of 1 per cent. on the value of the securities. Capital duty has been paid by the company, but other formation expenses are chargeable to F.T.I.

Points of Principle.—In the First Conversion offer no reference is made to the proposed investment policy of the board who, like the boards of other investment trusts, will have practically *carte blanche*. This is a sad recantation for one of the best sellers in a movement which based its original investment claim on immunity from the errors of management. An actual example of the time (not from the British Empire publicity) reads oddly nowadays:—

The fixed trust differs from all other forms of investment trusts in the fact that its constitution, framed in the trust deed, eliminates all practical possibility of an error of judgment from the administration of the trust's investments.

To reproach the white-robed penitent, carrying book and candle, is an ungrateful act, particularly when the doctrine re-embraced may be nearer the true faith than the heresy forsworn. In the present instance, however, certain practical consequences demand careful analysis. For example, problems of marketability may well arise, particularly if the new board intends to form a diversified portfolio with a lower yield basis than the existing units. The public for trust units and managed trust shares is not identical, and there are advantages of marketability for the former, provided that circumstances are not wholly abnormal, which have not always been achieved by the latter. A flexible unit trust might have provided most of the advantages claimed for the new company. A further point concerns the proposed management arrangements. Since F.T.I. are entitled to return commission, it follows that the new trust itself will have to meet full commission, since no further rebates—such as are commonly made to large clients on business exceeding £2,500—would be permissible. Presumably this limitation will increase the working expenses of the new trust compared with others whose management is not tied in this way. It may be asked, moreover, whether brokers will be encouraged to approach the trust with investment proposals under this arrangement. In fine, a decision to make over the unexpired loading charge on converted units in cash to the new company would have been simpler and perhaps, on the whole, more advantageous than the method which has been adopted. The offer is open until June 15th. So long as any holders elect to continue their existing sub-units, the British Empire Series "A" fixed trust will necessarily remain in existence.

Foreign Bond Movements.—Foreign bond prices closed with a net gain in May, despite the critical international situation during the closing days of the month. Only South American issues showed a fall, and European bonds, despite the tense atmosphere, achieved a small improvement. In consequence, the "Municipal and General" index of 110 foreign bonds shows an advance from 115.4 to 116.2 (average January-June, 1934=100). Component indices follow:—

Average January-June, 1934=100										
	Europe	Near & Far East	Egypt	South and Central America			Complete Index	Under-allocated Bonds	Defaulted Bonds	
				States	Provinces	Total				
1936	(32)	(31)	(4)	(36)	(11)	(47)	(114)	(60)	(54)	
May	96.1	106.5	99.2	101.3	88.6	98.1	99.8	104.3	95.0	
June	96.3	104.4	99.4	100.2	89.2	97.5	99.1	102.8	95.1	
July	94.7	110.6	100.9	99.1	89.2	96.7	99.8	104.4	95.0	
August	95.1	113.2	100.7	99.3	89.8	97.0	100.7	105.7	95.3	
Sept.	94.7	110.7	99.9	98.8	89.0	96.4	99.7	104.3	94.8	
Oct.	95.2	111.7	99.7	105.3	93.0	102.3	102.5	104.3	100.6	
Nov.	(31)	110.6	99.6	107.2	101.0	105.7	103.9	104.5	103.2	
Dec.	95.4	114.0	99.7	120.2	110.0	117.8	110.3	105.8	115.3	
1937				(35)		(46)	(112)	(58)		
Jan.	103.6	116.2	100.6	128.5	131.7	129.3	117.0	107.3	128.6	
Feb.	(30)	102.9	99.6	131.8	131.8	131.8	119.0	108.1	131.4	
Mar.	(29)	100.3	120.8	97.8	126.2	120.1	115.7	106.7	126.0	
April	100.9	120.2	97.1	124.7	122.7	124.3	115.4	106.6	125.4	
May	101.6	123.1	100.2	124.3	120.7	123.4	118.2	108.0	125.3	

Note: Figures in brackets show number of bonds.

Among the component series, Far Eastern and Egyptian bonds are close rivals for best performance. On the other hand, defaulted Brazilian and Chilean issues have been largely responsible for the weakness of the South American section.

City of Moose Jaw Debt Proposal.—Unofficial news has been received in London that the City of Moose Jaw, a Saskatchewan municipality, has obtained an order under powers conferred by the Province of Saskatchewan as recently as last December, to reduce the interest on its bonds by 40 per cent., with a minimum level of 3 per cent. The City has two sterling issues totalling £583,000 and bearing interest at 4½ and 5 per cent. Bondholders in London, who were unaware of the existence of the Local Government Board which has granted the order, have received no notification of the proposals. Apart from their arbitrary nature, additional hardship is involved by a rule that objections must be filed in Regina by June 12th. It is understood that the decision may be cancelled if 20 per cent. of the bondholders affected lodge objections within 30 days of the issue of the order, which was, in fact, made on May 14th. Meanwhile, the bonds, which were quoted last Thursday week at 76-81 for the 4½ per cent. and 82-87 for the 5 per cent. issues, have been withdrawn from the Official List. Although there is some possibility that the last day for objections may be extended to June 19th, bondholders will obviously have little opportunity to obtain forms from their brokers and lodge them by this date. They have every right to object in the strongest terms to this secretive and arbitrary treatment.

Total of Listed Securities.—The Stock Exchange Committee's report on which we commented last week, has been augmented by the usual statistics showing the total of the securities in the Official List and the granting of permission to deal. The nominal amount of the issues outstanding at the end of the latest Stock Exchange year was £17,846,746,382, of which roughly £10,426,000,000 was in various Government and corporation stocks and bonds. Allocations to the List during the year 1936-37 resulted in a net increase of £322,261,009, out of which, as a result of the Funding Loans, British funds alone accounted for some £290 millions. Investors will note with interest that the number of bargains marked in the Supplementary List rose by 27 per cent., against 5 per cent. for those in the Official List.

Capital Issues in May.—N.D.C. effectively barred industrial issues during May, and the month has been redeemed by a small number of important fixed-interest issues, of which the largest was £4,040,000 of new money represented by the Leeds 3½ per cent. loan. The following table shows our computation on the new and old bases:—

(000's omitted) Excluding Conversions				
Monthly Average (Old Basis)	United Kingdom	British Possessions	Foreign Countries	Total
1933	17,520	2,429	449	20,398
1934	11,474	2,494	125	14,093
1935	18,388	1,270	21	19,679
1936	19,195	2,035	58	21,288
(New Basis)				
1935	27,233	2,443	97	27,773
1936	37,370	2,823	964	41,157
Monthly Total (Old Basis)	Govt.	Other		
March, 1936	200	9,808	1,058	11,066
March, 1937	Dr. 200	7,339	2,261	9,400
April, 1936	Dr. 350	10,321	280	10,281
April, 1937	99,150	8,786	3,129	111,065
May, 1936	Dr. 300	15,078	2,014	17,000
May, 1937	Dr. 400	7,001	3,077	9,678
(New Basis)				
March, 1936	200	17,762	1,203	19,965
March, 1937	Dr. 200	25,672	5,507	30,979
April, 1936	Dr. 350	22,447	1,495	25,585
April, 1937	99,150	12,485	11,495	123,130
May, 1936	Dr. 300	28,442	2,387	30,821
May, 1937	Dr. 400	22,551	3,314	25,465

Comparison with April is affected by the National Defence Bond issue, but excluding this loan, issues to the public or to shareholders amounted to £11 millions. The figure for May fell to £9½ millions, of which 83 per cent. represented large fixed-interest offers. Our calculation on the "new basis," however, shows a slight increase in May, due entirely to a rise in non-Government domestic borrowing, which totalled £28½ millions against £22½ millions. The month as a whole, however, was sub-normal.

"I parted with £1,600, including all my securities."

Widows with a little capital and no experience in financial matters are sometimes easy prey. The tale is always the same. The tempting bait of high interest yields is swallowed... glowing promises are followed by bitter disillusionment and loss of capital. Tragedy indeed. For the protection of your wife, should you leave her a widow, choose the 'Safeguard' plan. None better. It provides a guaranteed income of £3, £6 or £9 per week according to her needs. It will free her from investment worries and shield her from traps laid for the unwary.

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provides a non-fluctuating income of £3, £6 or £9 per week for a period of years after your death and a cash sum, if desired, when the income commences. When the annual income ceases a cash payment of £1,000, £2,000 or £3,000 is made. If you survive the period of your family responsibilities it can be arranged that the cash sums are payable to you.

An enquiry for full details and for an illustration suited to your own circumstances will cost you nothing; rest assured you will incur no obligation by doing so.

LEGAL & GENERAL ASSURANCE SOCIETY LTD.
10 FLEET STREET, LONDON, E.C.4
Established 1836 Assets exceed £36,000,000
General Manager: W. A. WORKMAN, F.I.A.

Company Notes

Callender's Cable Record.—A striking advance to record profits is shown by the Callender's Cable and Construction report, which is even better than the recent increase in the dividend from 15 per cent. to 20 per cent. could have suggested. Total profits have increased from £647,515 to £833,640; and the amount available for ordinary dividends shows an advance from £252,449 to no less than £392,366. The ordinary distribution, in fact, is covered by earnings of 39.8 per cent., after allowing for income tax. Even in pre-depression years, the earnings percentage (on a capital of £800,000 compared with the present level of £1,123,916) was little more than 30 per cent. In short, the company's profit-earning capacity has been transformed during the past decade. Even granted the close system of co-operation in the cable industry, such results are remarkably good, and they betray no ill-consequences of rising costs. The results, indeed, seem to be attributable to an increase both in home and export business, and to recent technical improvements which the company has effected. Such expansion is reflected in the balance sheet, which matches the favourable nature of the profit and loss account with a display of great strength. In particular, the general reserve stands at a round million pounds after the present allocations, and suggests obvious bonus possibilities in due course. The last capital bonus was in 1928. The ordinary stock stands at 94s. for the £ unit, yielding £4 8s. per cent. on dividend, and £8 15s. per cent. on earnings. It may be regarded as a "gilt-edged" industrial investment, balancing its stable dividend prospect with handsome earnings cover at present and eventual bonus possibilities.

Marks and Spencer Meeting.—Mr Simon Marks' speech, at the Marks and Spencer meeting, fell into two parts. The first reviewed, with natural and proper satisfaction, the achievements of the company during the last decade. Profits have risen from £88,000 to £1,430,000; the company has expended over £8,000,000 on capital account, of which £7,250,000 has been invested in properties. The business, of course, has not grown by the mere addition of numbers. During the period, its entire trading scope has been perceptibly altered. The size and the character of its stores have been transformed, and the volume of business has increased fourteen-fold. Such growth demands the most careful attention to the recruitment of personnel, and to problems of staff welfare. On both these points, Mr Simon Marks' comments were of decided interest. Even more important, from the aspect of retail management, was the chairman's second main topic—the new link which the company has forged with its suppliers. The large market which the fixed-price store organisation now provides enables the manufacturer to achieve remarkable economies in the costs of merchandise. By a process of co-operation, the store management brings its experience and experiment in the mass retail market to the assistance of the manufacturer. This process has not been exhausted, even within the context of a 5s. price limit. Since the chairman emphasised that this joint policy would enable the company to solve the problem of a further rise in costs, the outlook for the undertaking remains favourable.

J. Lyons Profits.—It is at least singular that a company engaged in the competitive catering trade should show so little variation in profits as J. Lyons and Company. The company has recently declared a dividend of 22½ per cent. for the tenth year; during the decade, earnings for the equity have varied between £522,967 and £482,036. The investor appreciates the stable nature of J. Lyons dividend and earnings record, but he must not imagine that disclosed earnings reflect the actual fluctuations that have taken place in the business. We reproduce *in extenso* at the foot of the

accompanying table the definition of the profits figure as given in the latest accounts. Without knowledge of the appropriations made for contingencies, the real changes over the past few years are hidden in mystery:—

	Years ended March 31st		
	1935	1936	1937
Profit†	1,021,222	1,022,679	1,024,329
Directors' fees.....	11,950	11,925	13,452
Preference dividends*	490,353	490,353	490,353
Ordinary and "A" Ordinary:—			
Earned‡	518,919	520,401	520,524
Paid	374,911	374,911	374,911
Earned (%)	29.5	29.8	29.9
Paid (%)	22½	22½	22½
Proportional shares dividend	42,750	42,750	42,750
Reserve	100,000	100,000	100,000
Carry forward.....	36,602	39,341	42,203

† "Balance from trading account, dividends from subsidiary and associated companies and transfer fees after deducting interest on debenture stock and mortgages, directors' fees, salaries, wages, rents, rates, repairs, maintenance and other expenses and after providing depreciation and reserves against contingencies." * Including preferred ordinary. ‡ Includes earnings on proportional profit shares.

We know, however, that the strain of increasing costs is reducing the company's profit margins. The company raised its price for tea during the year, and that it did so in collaboration with its main competitors proves how general are the price problems confronting caterers. Increasing costs are still the problem, although the disclosed profits give no sign of it. The financial stability afforded by the company's record is fully reflected in the present price of 6½ for the ordinary shares. The yield of £3 11s. per cent. is on the low side for a stable industrial, even of this high quality.

Imperial Continental Gas Developments.—The latest reports of utility undertakings have for the most part shown only a moderate increase in profits. In a year of changing conditions on the Continent, therefore, it is satisfactory that the I.C.G. profits of £599,906 to March 31st last fall short of the previous level by only £7,000, so that the 10 per cent. dividend was again just covered by earnings. Fortunately, the Association is interested primarily in Belgium, a country which has shared in growing industrial prosperity, and overcame its devaluation terrors earlier than last autumn. Most of the dividends from Belgian subsidiaries have been maintained or increased, Les Cokeries du Brabant, for instance, being able to resume distributions. In France, however, current industrial problems are emphasised by Sir Thomas Royden's statement at the annual meeting that the working year had been reduced to 251 against 305 days—while wages are 30 per cent. higher than formerly. Stay-in strikes, moreover, have affected the industrial power load. But, owing to the Association's policy of covering exchange risks, the devaluation of the franc did not materially affect the report. It was stated at the meeting that French income was brought into account at Frs. 79.31 to the £. The important acquisition of Edmundsons' Electricity ordinary shares was made last July. A full year's revenue from this new interest should go far to offset the reduction in income from France in the current period. This outlet for the Association's extensive liquid resources consists of some 28 per cent. of Edmundsons' ordinary capital. The balance sheet shows that investments in allied and subsidiary companies have risen from £7,814,139 to £9,684,615, but the Association has been drained of surplus liquid assets in the process. Current assets amount to £121,894, but creditors and provisions stand at £477,065, and the final dividend requires £252,000. Yet there is a bank loan already standing at £155,000. Thanks to Edmundsons' purchase, however, and the favourable industrial outlook for Belgium, the Association's prospects for the current year on the whole continue to be promising. The ordinary stock, at 156½, yields £6 8s. per cent.

Anglo-Iranian Oil.—The dividend and profits statement from Anglo-Iranian this week have fulfilled the best expectations. The cash distribution has been raised from 15 per cent. to 25 per cent., and the directors propose a capital bonus of one new share for every two held. These results comfortably exceed the market's estimates of 22½ per cent. with a scrip bonus of one in three. The profits' statement, similarly, has satisfied even those who were prepared for a demonstration of two years' recovery. It has generally been held that the 1935 profits were conservatively computed, as a result of the Sanctions crisis. This year's increase of 75 per cent. in net profits, however, substantiates the company's capacity for recovery, as the following table shows:—

	1934	1935	1936
Total profit	6,109,277	6,129,645	...
Royalties, etc.	2,159,143	2,191,921	...
Taxation and directors' fees...	524,439	418,541	...
Debenture interest	242,500	...	...
Net profit	3,183,195	3,519,183	6,123,469
Additional depreciation	459,107	408,747	514,976
Preference dividend	1,071,234	1,071,234	1,071,234
Ordinary stock:—			
Earned	1,652,854	2,039,202	4,537,259
Paid	1,678,125	2,013,750	3,356,250
Earned (%)	12.3	15.2	36.8
Paid (%)	12½	15	25½
General reserve	...	...	1,200,000
Carried forward	485,674	511,126	492,135

† And 50 per cent. scrip bonus.

If the Sanctions interpretation of this rapid advance is even partially correct, the forthcoming results of other large oil producers may not show comparable progress. But for reasons common to them and to Anglo-Iranian alike, their performance and prospects should be good. Anglo-Iranian itself is interested both in the British petrol market and in world markets. Unless investors are disposed to take a gloomy view of the American stock position, the oil outlook is demonstrably favourable. For Anglo-Iranian, moreover, the Iraq petroleum interest should continue to produce an increasing source of revenue. The present earnings basis of the ordinary stock, after its jump from 6½ to 6¾ this week, is exactly 6 per cent. If investors make the common assumption that the total cash distribution will be increased as the result of the capital bonus, the ordinary stock seems fairly valued. Its dependence upon an assured outlet from the Mediterranean, indeed, appears to be the one qualifying factor in its long-term outlook.

"Shell" and Royal Dutch Dividends.—Compared with the welcome accorded to the Anglo-Iranian results, the market gave the Shell and Royal Dutch dividends a less enthusiastic reception. The directors of "Shell" Transport have decided to pay a final dividend of 12½ per cent., tax free, on the ordinary capital, including the one-in-five free bonus issued last January. The total for the year, therefore, is 20 per cent. On this news, the shares dropped back to 5½, to yield the equivalent of £4 17s. 6d. per cent. gross, after allowing for the accrued dividend. The Royal Dutch final dividend is 11½ per cent., making 16½ per cent. for the year, compared with 10½ per cent. for 1935. This announcement, similarly, was greeted with a setback in the shares from 47½ to 45½. These payments were not up to the market's most hopeful expectations, though they might have fallen on more fertile ground, but for the renewal of the gold scare in an acute form, which affected the market on Thursday.

D. and W. Murray Reconstruction.—Since July, 1930, dividends on the 7 per cent. preference shares of D. and W. Murray have been unpaid. The 1935-36 accounts, however, suggested that the turning point has been reached after a series of heavy deficits, and the prospects for Goode, Durrant and Murray, in which the company has investments of £291,000 at cost, have also improved. The reconstruction scheme now presented involves the

cancellation of seven years' arrears on 1,000,000 £1 preference shares. These are to be converted into one 5 per cent. cumulative preference share of 10s. and two ordinary shares of 5s. The 450,000 £1 ordinary shares are to be reduced to 4s. 6d. nominal, and consolidated into 5s. shares. The ordinary capital, however, had but a nuisance value, and appears to receive its full deserts—if indeed not more—under the scheme. The new capital will require a fixed preference charge of £25,000 in future years, and since the company hopes to show higher profits than the £33,496 recorded last year (though before full provision for unrealised exchange losses), payment of this sum should involve no difficulty. The equity of nearly 17 per cent. in the remaining profits, which the existing ordinary shareholders receive, seems to err on the side of generosity, seeing that it is largely an *ex gratia* allowance made, out of their goodness of heart, by the existing preference shareholders.

United Sua Betong.—Although no details are given of the average realised price of rubber or of costs of production during 1936, a rise of 26 per cent. in the gross profits of this estate company is welcome, since the payment of a 13½ per cent. dividend, against 10 per cent., was somewhat lower than the best estimates. Purchases have been made of 930 acres of adjoining properties, the value of new acquisitions appearing in the balance sheet at £38,423, against £15,874. The crop expected during 1936 was 8,476,000 lbs., against 7,650,000 lbs., and the outlook for the current year is the more favourable since the standard assessment has been fixed at 15,512,000 lbs.—or 11 per cent. more than the 1936 figure. After deducting estate and London expenditure of £157,472 from the 1936 gross profits of £289,908, earnings for the equity amount to 17.4 per cent., against 11.8 per cent. The actual distribution, therefore, is the most conservative of recent years by a wide margin. For the first time since 1929 an appropriation is made to general reserve, raising it to £180,000. The need for large reserves, however, is

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reduced by the substantial balance on share premium account, which stands at £939,948 in spite of a transfer of £100,000 to a newly-created estates reserve. The various classes of reserves in fact amount to £1,336,947, against a balance-sheet total of £2,282,677. Holdings of gilt-edged stocks have risen, while a new item appears of £50,000 deposited with a finance house. Although the information given to stockholders by this company is not so detailed as in some cases, the prospects for the current year, measured by the general experience of the industry, appear favourable. At a current price of 33½, the ordinary stock yields £3 18s. per cent.

* * *

Other Company Results.—Our usual analysis of profit and loss accounts, appearing on page 599, again comprises over fifty further companies. The reports continue to cover a wide field, and include some interesting trust results and a number of miscellaneous industrials, such as Great Universal Stores and Associated Newspapers. A discussion appears on page 600 under the heading "Shorter Company Comments."

* * *

Company Meetings of the Week.—Reports of ten company meetings will be found on later pages of this issue. The speeches at the *Marks and Spencer* and *Imperial Continental Gas Association* meetings are discussed in notes on page 578. Mr P. M. Anderson's speech to the members of *Union Corporation* in Johannesburg was referred to on page 520 of the last issue of *The Economist*. Mr Anderson expressed his full concurrence with the views of Sir Henry Strakosch, the chairman and managing director of the Corporation, which emphasised the untoward deflationary effects which would result from lowering the price of gold. Addressing the shareholders of *Sena Sugar Estates*, Mr A. N. Lubbock discussed the brighter prospects for sugar resulting from the success of the International Sugar Conference. Mr Lubbock disclosed that the free market quota allotted to the Portuguese colonies would allow the company to expand its own production when prices became remunerative. At the *Val de Travers Asphalte* meeting, the chairman stated that the depreciation of the lira prevented the company from distributing a dividend since special stock depreciation was required. The chairman of *Stephany (Furniture Trades)* disclosed that much of the stock had been bought at prices considerably below current values. Shareholders of *Boulder Perseverance* were informed that the Enterprise Leases showed 180,000 tons of proved ore and over 450,000 tons of probable ore. Lord Trent, in his address to *Boots Pure Drug* shareholders, surveyed the field covered by the Research Department, outlining some of the more interesting developments. He referred, moreover, to the progress made in the new Beeston factory. At the *Ever Ready Company* meeting, Mr Magnus Goodfellow explained that owing to forward purchases and the saving in production costs resulting from mechanisation, he was of opinion that it would not be necessary to increase prices during the year. The chairman of *Dalkeith (Ceylon) Rubber Estates* reported that 60 per cent. of the estimated exportable crop for 1937 had already been sold forward at prices 31 per cent. over 1936.

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THE WEEK IN THE MARKETS THE STOCK EXCHANGE

SETTLING DAYS

TICKET: JUNE 8 ACCOUNT: JUNE 10

THE market is rid of N.D.C. and would have made a smarter recovery as a result but for its two new burdens—political uncertainty arising from the "Deutschland" incident, and a renewal of the gold scare. Satisfied that it has made a good bargain by losing a burden of £12½ millions in exchange for one of £25 millions, industry welcomed the abandonment of N.D.C., and admittedly its removal does lift the restraints on enterprise and investment which were threatening the prospect of further industrial advance. It seems, however, that the market has an equal fear of a fall in the gold price, for business has not picked up to any appreciable extent, and price advances have been limited.

Political trouble was responsible for the virtual cessation of business on Monday, which affected almost every department of the "House." In the gilt-edged market, the prospect of further corporation borrowing on terms more favourable to lenders acted as an additional restraint. The tone was steady on Tuesday, but again closed dull. In mid-week, Old Consols and Local Loans were quoted *ex* interest unchanged, but other issues were slightly easier. In the Dominion list, "Sydney Drains" attracted no interest, being ½ discount in mid-week.

The uncertain political situation brought some selling of German issues, and the political crisis in Japan was also marked by lower quotations. Both groups were better in mid-week dealings. Brazilian issues opened weak, but improved later.

The initial depression affected home rails, although there was no general readiness to sell, and the quoted falls flattered the volume of offerings. Even in mid-week the market was unable to retain all its gains—only L.M.S. ordinary were higher and the rest unchanged. The rally was more effective in the Argentine rail market where, after two poor days, some useful gains were recorded.

The first two days in the industrial market were characterised by the growing feeling that N.D.C. would be withdrawn. Shares which had been singled out for selling on N.D.C. were as quickly marked up when anticipation was officially confirmed, the main improvements being recorded by iron and steel and motor shares. In the latter group, Standard were prominent.

Aircraft shares staged a prompt recovery, and the leading electrical equipment shares, including Crompton Parkinson, were marked up. Brewery shares improved with the rest of the market, although there was no great accession of business. The fixed-price store issues led the recovery in the store group, where small advances were common. Shipping shares opened dull, but staged a mid-week rally.

In the miscellaneous group, Turner and Newall, Murex and British Oxygen all advanced sharply, but failed to hold the whole of their gain. The building material and light engineering shares also showed the same partial recovery.

The oil share market has naturally been dominated by vicissitudes of the N.D.C. and by the situation in Spain. At the end of last week the outbreak of a strike in Mexico caused a sharp break in Mexican Eagles, and the market as a whole was dull despite excellent consumption figures. On Monday a further general fall occurred, though conditions improved later. The Anglo-Iranian results and the end of N.D.C. then gave rise to a sharp reversal of opinion, which continued merrily, led by Royal Dutch, on Wednesday. The "Shell" and Royal Dutch dividends were followed by lower quotations. In the rubber market events moved in much the same way, though with less violence. Not all the sharp advances in quotations were maintained, and business was consistently small.

Monday's recession in mining shares was large, but both then and later the volume of business was small. At the same time Roans and Rhokana fell sharply in sympathy, as did also West Africans, Barriers and Trepsa. Copper shares were the first to recover, but the rest remained weak, until the withdrawal of N.D.C. caused a general recovery. Nevertheless, the renewal of gold scares kept the advance in Kafirs very moderate, and Thursday saw yet another relapse.

"FINANCIAL NEWS" MARKET INDICATORS

	May 27	May 28	May 31	June 1	June 2	June 3
Approximate total of bargains recorded in S.E. List <i>Coras</i> , day 1936.....	6,475	6,790	8,000	6,450	8,505	7,435
Index of 30 Ordinary Shares (July 1, 1935=100).....	114.4	114.2	112.4	112.7	114.6	113.0
Index of 20 Fixed Interest Securities (1928=100).....	130.5	130.5	130.5	130.3	130.1	129.9
Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10). Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23). Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.8 (Jan. 4). Lowest 1937: Ordinary Shares 110.9 (Apr. 28); Fixed Interest 126.5 (Feb. 28).						

ACTUARIES' INVESTMENT INDEX

This price index of industrial ordinary shares stood at 84.3 on Tuesday last, against 85.2 a week ago and 84.7 a month ago. Corresponding yields are 4.25, 4.22 and 4.20 per cent. A selection of the component indices appears below:—

Group (and No. of Securities)	(Dec. 31, 1928=100)			Yield (%)		
	Month ago (May 4, 1937)	Week ago (May 25, 1937)	This week (May 4, 1937)	Month ago (May 4, 1937)	Week ago (May 25, 1937)	This week (June 1, 1937)
Building materials (5).....	93.7	96.7	95.1	5.67	5.60	5.68
Coal (7).....	114.5	118.8	117.8	3.36	3.65	3.61
Electric light and power (16)	126.9	125.5	120.8	4.19	4.26	4.43
Motors (5).....	50.6	51.0	50.1	4.83	4.79	4.87
Oil (5).....	95.3	97.9	100.2	5.16	5.30	5.20
Home rails (4).....	75.9	80.7	79.5	2.88	2.70	2.75
Breweries and distilleries (21)	146.3	148.1	147.1	4.34	4.29	4.32

OVERSEAS STOCK EXCHANGES

NEW YORK

THE past ten days have the unenviable distinction of producing further low two-year records in the number of bargains done. Before the Memorial Day holiday, business was lifeless, an exception being U.S. Steel, which gained partly on hopes of orders diverted from the independent producers owing to the strikes, and partly from the afterglow of the preferred distribution. On reopening on June 1st, prices were lower than at the previous close, and sagged slowly but uninterruptedly; the later recovery was accompanied by a very poor volume of business. The main point of discussion was the renewal of rumours of changes in the price of gold, and Mr Morgenthau's denial that any immediate steps were being taken. In the next session measurable but unconvincing technical recovery took place under favourable London influences and slightly less gloomy news from Spain. Rails were well supported, and steel and automobile shares advanced, although it had already been reported that as a result of the strikes, steel mill activity had fallen from 91 per cent. to 77.4 per cent. of capacity. By mid-week there was further bad news from the labour front. Following an incident at the spare parts plant, a stoppage spread to other sections of the Chevrolet organisation, symptoms of trouble occurring also in other automobile plants.

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

	1936		1937		Beginning of Year 1937	May 19, 1937	May 26, 1937	June 2, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest May 19	Highest Mar. 10				
347 Industrials ...	112.7	145.9	134.4	155.7	143.2	134.4	137.6	136.3
32 Rails	42.3	60.2(b)	54.6(d)	64.5(f)	54.6	57.2	56.3	55.7
40 Utilities	91.2	111.0(e)	91.2	116.4(g)	111.7	91.2	93.8	92.8
Total, 419 Stocks	97.7	125.4	114.3	132.4	123.5	114.3	116.8	115.6
Average yield*.....	4.50%	2.65%	4.17%	3.20%	3.53%	4.17%	4.07%	4.13%
	High (c)	Low (a)	High	Low (s)				

* 50 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 23rd. (d) Jan. 6th. (e) December 2nd. (f) March 17th. (g) February 10th. (h) January 13th.

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

Highest*	Lowest†	May 26	May 27	May 28	May 29	May 31	June 1	June 2
180.3	150.6	157.2	157.6	157.7	Closed	Closed (c)	154.6	155.7
		* March 6th.	(c) Memorial Day.		† May 17th.			

TOTAL DEALINGS IN NEW YORK

	May 27	May 28	May 29*	May 31	June 1	June 2
Stock Exchange— Shares (No. Thous.)	600	560	Closed	Closed (c)	750	540
Bonds (Thous. \$) ...	6,340	6,430	Closed	Closed (c)	8,090	7,970
Curb— Shares (Thous.).....	159	154			210	157

* Two-hour session. (c) Memorial Day.

	May 26, June 2, June 3, 1937			May 26, June 2, June 3, 1937		
	(Close)	(Close)	(Latest)	(Close)	(Close)	(Latest)
1. Rails & Transport						
Atchafalpa	83	82½	82½	42½	41½	41½
Balt. and Ohio	32½	31	31	111½	111	111
B.M.T.	26½	25½	24½	36½	38½	38½
Can. Pacific	13	13½	13½	56	54½	54½
Ches. and Ohio	55½	57½	57½	16	16½	16
Gt. Nthn. Rly. Pl.	54½	52½	52	13½	12½	12
Illinois Central	29	27½	26½	19	18½	18½
N.Y. Central	43½	43½	43½	9½	9	9½
Nor. Pac.	33½	32½	32	20½	20½	20½
Pennsylvania R.R.	42½	41½	41½	34½	34	34½
Southern Pac.	53½	51	50½	53½	57½	57½
Southern Rly.	38	36½	36½	25½	25	25½
Union Pac.	139	136½	136	70	69½	69
Greyhound Cp. New	13½	13½	13½	231	230	
				Col. Carbon	118½	115
				Comm. Solvents	13½	13½
				Dupont	157½	155
				Union Carbide	100	101
				U.S. Ind. Alcohol	34	33
				Allis Chalmers	86½	88½
				General Electric	53½	52½
				Westinghouse	137	139
				American Can. xd.	98½	98½
				Addressograph	31½	30½
				Caterpillar	91½	92½
				Cont. Can. xd.	54½	54½
				Ingersoll Rand	128	130
				Intnl. Harvester	107	107½
				Johns Manville	127½	127½
				Am. Radiator	21½	21½
				Corn Products	57	58
				J. I. Case and Co.	165	164
				Glidden	45½	45
				Gen. Am. Transp.	70½	64
				Allied Mills	27½	21½
				Calumet of America	38½	39½
				Ind. Rayon New	39	39
				Colgate Palmolive	20	19½
				Eastman Kodak	172	170
				Guillette xd.	15½	15½
				United Air Lines	152	152
				Lambert Co.	29½	19½
				Lewis	80	78½
				20th Century Fox	37½	36½
3. Extractive and Metal Industries						
Am. Rolling Mills	34	34½	34			
Beth. Steel xd.	85½	84	83½			
Beth. Steel Pref. xd.	117	115½	115½			
Republic Steel	35½	34½	34½			
U.S. Steel	135½	136½	135			
U.S. Steel Pref. xd.	122	12	11½			
Alaska Juneau xd.	50	50	50			
American Metal	89½	88½	88			
American Smelting	54½	54½	54½			
Anaconda	42½	41½	41½			
Born Aluminum	68½	65	65			
Cerro de Pasco	60½	60	58½			
Int. Nickel	58	57½	57½			
Kenecott Mines	163	15½	15½			
Patio del Inca	38½	35½	35½			
Texas Gulf Sulph.	85	80	80			
U.S. Steel xd.	27½	27½	27½			
Vanadium Corp.	29½	29½	29½			
Atlantic Refining xd.	56½	55½	55½			
Phillips Petroleum	29½	29½	29½			
Shell Union	104	104	104			
Socony Vacuum	184	184	184			
Stand. Oil Calif.	42½	43	42½			
Stand. Oil N.J.	67	68½	68½			
Texas Corp.	59½	58½	58½			
5. Retail Trade and Food						
Montgomery Ward	51½	51	51½			
J. C. Penney Co.	91½	91	90			
Sears Roebuck xd.	85½	86	86			
United Drug	12	12	12			
Walgreen xd.	26½	26½	26½			
Woolworth	47½	47½	46½			
Borden	24½	24	24½			
Gen. Foods	39½	39½	39½			
Kroger Grocery	19½	19½	19½			
Nat. Biscuit xd.	24½	24½	24½			
Nat. Dairy	23	23	23			
Standard Brands	123	123	123			
Am. Tobacco B.	79½	78½	78½			
Liggett Myers B.	95	97	97			
Lorillard	22	21½	22			
Reynolds Tob. B.	51½	51½	51½			
National Distillers	30½	30½	30½			
Schenley Distillers	41½	42	42			
6. Finance						
Commercial Credit	62	61	61½			
Atlas Corp.	15½	15½	15½			
Com. Invest. Trust	68	67½	67½			

PARIS

ON the whole the month of May was the very opposite of merry, and passed in uneasy fashion—though in that respect it has been no different from other centres. The trend of prices was downward in spite of occasional rallies, weakness in Renten depressing other sections, though by way of compensation, helping them during one bright session towards the end of the month. The irregularity or lethargy affecting nearly all stock markets was, however, made more pronounced in Paris by a difficult technical position. A more cheerful tone was noticeable early in the month, as the end-April settlement, helped by lower interest rates, seemed at first to be taking place more smoothly than had been expected. But by the

(Continued on page 584)

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(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Paid in New Zealand currency. (e) Allowing for rate of exchange. (f) Flat yield on 34% basis. (g) Yield on 124% basis. (h) Yield on 124% basis, based on payment of 12% dividend. (i) Yield worked on redemption at par on February 1, 1937. (j) Paid in Australian currency. (k) Interim dividend of 7% on smaller capital. Final of 6½% on larger capital. Yield worked on a 10% dividend basis. (l) Yield worked on basis of 12/1-2%. (m) Yield basis 40% of face value. † Free of Income Tax. (n) Yield basis 45% of face value.

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Yield worked on a 30 per cent. basis. (e) Annas per share. (f) Includes a Special dividend of Rs. 9. Taken at 16 annas to one rupee. † Free of Income Tax. ‡ Dividend bonus.

(Continued from page 581)

middle of the month prices were depressed by unfavourable foreign influences combined with much forced selling. Bank shares were affected by a slump in Union Parisienne shares. The last ten days were in the main dull, one of the quietest sessions in the year being experienced during that period. The German-Spanish incident brought the closure to an unsatisfactory month.

	Apr. 28, 1937	May 14, 1937	June 2, 1937		Apr. 28, 1937	May 14, 1937	June 2, 1937
3% Perp. Rentes...	65.10	64.45	62.75	Royal Dutch	48.800	49.300	52.250
4% Rentes 1917...	65.20	64.95	62.40	Wagons Lits	104	92	100
Banque de France ..	7,025	6,740	6,600	Mexican Eagle	118	118	113
Crédit Lyonnais ..	1,510	1,512	1,450	"Chartered"	185	188	191
Suez Canal	23,850	23,390	23,640	Ford	73	66	73
Chargeurs Réunis ..	416	378	399	De Beers	1,996	1,994	2,195
Rio Tinto	2,070	2,130	2,385	"Johnnies"	379	369	366

AMSTERDAM

SENTIMENT in May was little different from that of the preceding month. There was no marked change in the trend of prices, though the Bourse seemed to escape much of the stupor that settled from time to time on other centres. Prices were again sensitive to foreign influences, particularly to Wall Street, which acted in the main as a depressant. Overseas events were, in fact, entirely responsible for the cloud under which the month ended, for Amsterdam as well as for other stock exchanges. Serious news of the American labour situation was followed by still worse news from Spain, though the outlook improved somewhat in the opening days of June. The Bourse, however, was not indifferent to home news and tendencies, though the election results produced no excitement. Philips Lamps were firm on the surprise interim, and Unilever responded well first to the plans for the simplification of the group, and later, in common with Jurgens and Van den Bergh, to the latter company's issue. Royal Dutch moved upwards on hopes of the dividend declaration, but the trend of rubber shares was irregular or downward.

	Apr. 28, 1937	May 14, 1937	June 2, 1937		Apr. 28, 1937	May 14, 1937	June 2, 1937
2½% Dutch Loan...	78	79	81	Steel Common	77	68	72
5½% German	31	32	32	A. K. U.	64	65	68
Unilever N.V.	157	158	156	Ford Motor	243	248	243
Philips Lamps	321	319	326	Deli Batavia Tob...	249	235	243
Netherland Ship ..	132	123	126	Royal Dutch	401	401	424
				Handels Ams.	482	487	506

* With transfer certificate.

CANADA

THE last week of April witnessed the severest slump since the great crash of 1929, and the record of losses would have been worse if there had not been a rally on the last day of the month. Mr Chamberlain's Budget was undoubtedly a considerable factor, as it caused heavy selling of international issues and also served to bring to a head a situation of technical weakness that had developed. This has now largely been remedied as weak accounts have been eliminated and others fully protected, and in some quarters the view is held that an oversold condition now exists. In the first half of May there was considerable recovery, but the market remained nervous and hesitant and its action in the coming months will undoubtedly be influenced by speculation about Washington's remedies to check the inflow of unwanted gold, the effect on business of sharp recessions of certain commodity prices and the extent to which business will decline in the summer. A bear point with the newsprint stocks has been disappointment with the plans proposed for the reorganisation of the bankrupt Abitibi Company, though there was some improvement in the preferred in mid-month on the announcement that the reorganisation was not likely to become effective till late in 1938. Prices in the latter part of May were irregular, quiet conditions prevailing round about the Empire Day holiday. In the mining market, the worst slump was in gold stocks, which in April lost on an average all their gains of the preceding 11 months; the index on May 7-127 was 21 points or 14.2 per cent. lower than for April 7 and was 6 points below the figure for May 7, 1936. The bond market also weakened, but a better demand with rising prices has since developed. The Bureau's "Investors" index for common stocks, which stood at 137.1 on April 16 had declined by April 30 to 130.0; but on May 7 it had climbed back to 133.9.

	Price, Apr. 28, 1937	Price, June 2, 1937	June 2, 1937, Eng. Equiv.		Price, Apr. 28, 1937	Price, June 2, 1937	June 2, 1937, Eng. Equiv.
Bell Telephone ...	158	166	169	Cockshutt Plow ...	14	16	17
Canadian Car and Foundry	13	16	16	Domination Glass ..	110	111	112
Do., pref'd.	22	25	25	International Petroleum	34	34	35
Power Corporation ..	21	22	22	Brazil Traction	18	24	24
Dome Mines	42	39	39	British Columbia Power "A" ..	35	35	39
Hollinger	11	11	11	Do., "B"	7	7	7
McIntyre	34	33	33	Canada Cement	16	16	16
Bank of Canada	58	58	58	International Nickel ..	55	59	60
Bank of Montreal ..	232	234	237	Massey Harris Com. ..	11	12	12
Bank of Nova Scotia ..	330	328	330	Montreal Light	29	29	29
Royal Bank of Canada ..	209	204	207	Ogilvie Flour Mills ..	240	240	243
Canadian Bank of Commerce	195	197	200	Quebec Power	18	17	17
Canadian Pacific Ry. ..	12	13	13	Shawinigan Water	25	26	27
				Steel Co. of Canada ..	80	79	80

† \$4.92 to £

CAPITAL ISSUES

THE shade of N.D.C. and the setback in the industrial markets hangs heavily over this week's new issue operations. Fixed interest issues are almost entirely the rule, but they contain several features of interest. The terms of the *West Riding* loan, for instance, mark a prompt retreat from those ordained for Leeds Corporation recently. The issue price, redemption date, and the first coupon (a full half-year's payment is made next January, although the loan is not fully paid until the end of July) are all more favourable to the lender. Since the Leeds issue was at ½ discount on the day of the present issue, these concessions were evidently wise and necessary. It is worthy of comment that *South Wales Electric Power* has also marketed £1,000,000 of 3½ per cent. debenture stock on terms which are only slightly dearer than the *West Riding*. This stock, however, is redeemable by cumulative sinking fund by 1967, or optionally callable from 1947. The loan replaces a 5 per cent. issue, and is an adequately secured utility debenture. The 5½ per cent. preference shares of *Red and White United Transport* are issued at 21s. per share. This undertaking is a merger of four road transport concerns, and claims to be the largest undertaking still independent of the railway companies. These shares are redeemable at 23s., and their dividend appears reasonably secure in relation to their yield basis. The *Imperial Cold Storage and Supply Company* has offered £450,000 5 per cent. debentures at £103. This concern shows a rapid recovery in profits during the last three years. The company's capital structure is somewhat highly geared, and past fluctuations of profits suggest that the high yield basis of the debentures is warranted. The only industrial offer of the week—on behalf of *Oldham Paper Staining Company*—is a dual offer of 6 per cent. 10s. preference shares at par, and 4s. ordinary shares at 43½ per cent. premium. This concern braved the perils of N.D.C. but made no reference to its prospective impost, despite an expansive profits record. The structure of the company and its record is of the type now familiar to investors, and the shares are not of special interest. Statements for information only have been published by *British and Foreign General Securities* and *Climax Rock Drill and Engineering*.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Net Sales of National Savings Certificates, week ended May 29, 1937, Dr. £200,000	Nominal Capital	Conversions	New Money
To the Public	2,730,000	112,540	2,692,261	
To Shareholders only	608,601	103,000	1,063,499	
By Stock Exchange Introduction	160,000	...	260,000	
By Permission to Deal	606,605	...	1,038,603	
Total Capital Raised				
Including Conversions	301,319,455	288,617,373		
Excluding Conversions	197,564,776	167,294,629		
1937 (New Basis)	218,710,042	153,234,661		
1936 (Old Basis)	153,980,936	89,405,556		
Total offered for Subscription				
Including Conversions				
Excluding Conversions				
1937 (New Basis)	301,319,455	288,617,373		
1936 (Old Basis)	197,564,776	167,294,629		
1936 (New Basis)	218,710,042	153,234,661		
1936 (Old Basis)	153,980,936	89,405,556		
January 1 to date (Old Basis)	140,029,579	52,389,837		
1935	249,882,051	90,303,204		
1934		228,016,225		
1928				

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis)	224,516,925	42,947,308	1,153,140	268,617,373
1937 (Old Basis)	154,911,976	12,382,653	Nil	167,294,629

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis)	139,883,981	16,615,730	112,117,662	268,617,373
1937 (Old Basis)	126,385,383	10,396,315	30,512,931	167,294,629
1936 (New Basis)	63,338,127	17,025,464	72,871,070	153,234,661
1936 (Old Basis)	55,312,062	7,283,210	26,810,284	89,405,556
Whole Year (Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1929	222,064,300	12,733,700	9,982,500	244,780,500
1930	102,769,300	21,461,000	44,878,400	169,108,700
1931	167,185,509	31,696,741	37,265,387	236,147,637
1932	160,521,116	24,423,647	70,626,230	255,570,993
Whole Year (New Basis)—				
1935	193,599,713	48,806,822	115,118,905	357,525,440
1936	184,255,833	41,580,731	268,303,201	494,139,765

PUBLIC OFFERS

County Council of the West Riding of Yorkshire.—Issue of £1,000,000 3½ per cent. stock at 100½ (a trustee stock). Redeemable at par 1957. Rank *pari passu* with existing issues. Rateable value, £7,436,500; estimated population, 1,525,410. Net debt, £4,200,000. Proceeds to repay £584,700 loans and for education, highways, public health, etc. Lists closed 9.5 a.m., June 2nd, oversubscribed.

Red and White United Transport.—Issue of 220,000 5½ per cent. cum. redeemable £1 preference shares at 21s. Redeemable by purchase with 10 to 25 per cent. of profits after preference dividend. Acquires capital of four passenger road transport companies for £70,062 cash, 110,684 5½ per cent. preference and 446,916 ordinary shares. Passengers carried: 1936, 20,481,695. Combined profits, after depreciation, before interest and hire purchase charges, years ending in: 1934, £51,373; 1935, £73,419; 1936, £80,190. Net assets, £232,639 (vehicles, £207,700). Lists closed 9.5 a.m., June 2nd, oversubscribed.

BY STOCK EXCHANGE INTRODUCTION

The Climax Rock Drill and Engineering Works, Ltd.—Issued capital 720,000 5s. ordinary shares. Makers of pneumatic rock drills, etc., in Cornwall since 1880. Profits, after depreciation: 1934, £21,008; 1935, £16,993; 1936, £26,217. Net assets £152,323 (stock, £76,459). Northern Holdings, Ltd., take 172,500 shares at 8s. 9d. and certain expenses, and purchase 187,500 further shares at 8s. 9d.

British and Foreign General Securities and Investment Trust, Ltd.—Particulars of issue of £50,000 4 first debenture stock at par. Redeemable at par 1964, or from 1948 on notice. Ranks with 4 per cent. and 5 per cent. first debenture stocks.

BY OFFER FOR SALE

South Wales Electric Power Company.—Offer for sale of £1,000,000 3½ per cent. debenture stock at 98½. Redeemable at par by 1967, by drawings from 1938, or from 1947 on notice. Ranks by 1967, by drawings from 1938, or from 1947 on notice. Ranks with 5 per cent. debenture stock (maximum £295,000); right (upon conditions) to issue further stock *pari passu*. Part of Edmundsons' group. Area, 1,069 sq. miles; population, 1,650,000; consumers, 29,000. Capacity, 63,750 kilowatts, to be increased to 93,750. Units sold 1936, 185,101,000, plus 40,860,000 to C.E.B. Profits, before depreciation and interest: 1934, £150,442; 1935, £171,427; 1936, £216,681. Lazard Bros. and Company take issue at 95½, or 97½ including expenses. Lists closed at 10 a.m., June 1st.

Imperial Cold Storage and Supply Company.—Offer for sale of £450,000 5 per cent. first mortgage debentures at 103. Redeemable at par in 1962, or at 102½ on notice, or by drawings at par from 1942. Operates through subsidiaries cold storage plants in Union of South Africa. Profits, before interest: 1934, £66,637; 1935, £160,419; 1936, £187,052. Net assets, £2,278,259 (before deducting debentures, and bank loan now repaid). British and Allied Investments Corporation take £500,000 debentures, the present offer costing them £452,250, including a half-year's interest.

Oldham Paper Staining Company.—Offer for sale of 50,000 6 per cent. cumulative 10s. preference shares at par and 175,000 4s. ordinary shares at 5s. 9d. Wallpaper manufacturers since 1933. Profits, before depreciation, bank interest, fees and managing directors' remuneration, etc.: 1934, £11,373; 1935, £19,265; 1936, £21,720. Net assets, £88,315 (stock, £28,878), purchased for £93,000 (£6,685 goodwill), payable by £33,000 cash, 50,000 preference and 175,000 ordinary shares. Ridgeford Trust take issue at 10s. per preference and 5s. 2½d. per ordinary share, net. Lists closed 9.5 a.m., June 2nd, oversubscribed.

ISSUES TO SHAREHOLDERS ONLY

Hield Brothers, Ltd.—Issue of 880,000 new 1s. ordinary shares at 2s. 6d. to ordinary shareholders registered May 18th (one for every complete four held). To rank *pari passu* with existing ordinary shares after June 1st dividend and bonus.

Indian Iron and Steel.—Issue to ordinary shareholders registered on May 10th of 419,468 new ordinary shares of Rs. 10 at Rs. 25 (£1 17s. 6d.) (one new for every five). To rank *pari passu* with existing shares.

West Devon Electric Supply.—Issue to ordinary shareholders registered May 19th of 100,000 £1 ordinary shares at 24s. (two new shares for five held). To rank with existing shares from July 1st.

CONVERSIONS AND REPAYMENTS

New Monckton Collieries.—There will be redeemed with accrued interest on December 1, 1937, £50,000 6 per cent. first mortgage debenture stock at 104, and £50,000 7 per cent. second mortgage debenture stock at 102. To provide for this and for fresh working capital the directors have decided to issue £150,000 5 per cent. first mortgage debenture stock at par.

R.M. Realisation Company.—It is announced that one-half of present holdings of 5 per cent. income debenture stock will be redeemed at 10 per cent. premium on July 3, 1937.

BONUS ISSUES

Whitehead Iron and Steel.—Bonus distribution proposed of one share for four held, absorbing £125,414. A similar scrip issue absorbing £100,161 was made in 1934-35.

Forster's Glass Company.—Share bonus of one ordinary for every four held. The sum involved is £29,375.

Anglo-Iranian Oil.—A capital bonus issue is proposed of 6,712,500 £1 ordinary shares, at rate of one new share for £2 stock held on June 30th. The capitalisation is therefore recommended of £2,327,500 from debenture stock redemption reserve and £4,385,000 from general reserve.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	May 26, 1937	June 2, 1937
Francis (F.) Ord. 5/-	5/-	5/-	6/7½-6/10½	6/6-6/9
Do. 5½% Pref. £1	20/-	20/-	9/4½-9/10½	9/3-9/9
Leeds 3½% 1957-60	101	5	1½ dis-par	1½ dis
Met. Water Sydney 4% Debts.	100	5	1½ dis-½ pm.	1½ dis
National Defence 2½% Loan	99½	49½	4/4½-4/7½	4/1½-4/4½
Oxley Engineering 5/-	20/-	10/-	...	4½d.-7½d pm
Scottish Power 4% Pref. £1	7/9	7/9	5/3-5/9	5/7½-6/1½
Steel and Company Ord. 5/-	20/-	20/-	19/3-19/9	19/3-19/9
Do. 6% Pref. £1	100	20	1-1½ pm	3-3½ pm
Steel Corporation of Bengal 4½% Deb.	100	20		

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COMPANY MEETINGS

MARKS AND SPENCER, LIMITED

MR SIMON MARKS ON THE COMPANY'S PROGRESS

CO-OPERATION WITH MANUFACTURERS

STAFF WELFARE

The eleventh annual general meeting of Marks and Spencer, Limited, was held, on the 29th ultimo, at Winchester House, Old Broad Street, London, E.C.

Mr Simon Marks (chairman and managing director) presided.

In the course of his speech the Chairman said:—It is with pleasure that I am again able to report a satisfactory increase in the net earnings of the company. The net profit for the past year, after providing for directors' fees, management remuneration, depreciation and other charges, amounts to £1,433,250, an increase of £168,844 over the preceding year.

ALLOCATION OF PROFITS

The directors recommend the following allocations:—
By transferring to staff benevolent and pensions fund ... £25,000
By writing off discount and new issue expenses in respect of the 3½ per cent. debenture stock ... £54,454
Debenture redemption fund... £11,160 (against £10,544 last year)
Properties contingency reserve £61,457 (against £50,000 last year)
General reserve account ... £308,846 (against £343,496 last year)
Payment of a final dividend on the ordinary and "A" ordinary shares at the rate of 25 per cent. per annum, thus making 40 per cent. for the year ended March 31, 1937 ... £397,115 (against £358,741 last year)
By carrying forward to next year's accounts ... £82,583 (against £87,684 brought in)

ISSUE ON BONUS TERMS

The directors recommend that £158,846, from the general reserve account be capitalised, and that a distribution by way of bonus be made to the holders of the existing ordinary and "A" ordinary shares of the company in the proportion of one "A" ordinary share for every ten ordinary and/or "A" ordinary shares held.

RESERVES

After making the proposed allocations and provisions for the bonus shares, our general reserve will stand at £1,850,000, the whole of which is invested in the business, and the proposed appropriation to properties contingency reserve will bring the amount of that fund up to £250,000.

Your directors decided, in view of the low rates of interest prevailing in the money market, to make an issue of £2,500,000 in debentures carrying interest at 3½ per cent. at a price of 98 per cent. Out of the proceeds of this issue they paid off outstanding loans of £1,500,000, and the balance of £1,000,000 was available for the acquisition of further properties and the general development of the company's business.

Turning to the assets side of the balance sheet, freehold, leasehold and leased properties stand at £7,279,595, being a net increase of £897,261. Furniture and fixtures stand at £637,045, being a net increase of £79,959, and the stock-in-trade stands at £1,179,141, an increase of £273,149 over last year.

The cash with the Bankers and in hand stands at £1,492,226, showing an increase over last year of £471,503.

DEVELOPMENT

To-day we are operating 218 stores throughout the country. During the last 12 months we opened 15 new stores, four of which replaced stores which had become inadequate for our developing requirements. We have, in addition, extended 25 other stores. Two small stores were closed in places where we had previously opened modern units. We now operate 37 miles of counter space, an increase of about 14 per cent. over the corresponding amount of selling space a year ago.

Our present programme already embraces 15 entirely new stores (two being replacements) and over 40 extensions.

Practically all our stores have been modernised and enlarged in order to take care of the increasing business. This intensive development is a particular feature of our present policy.

The volume of business, which since 1926 has increased nearly 14-fold, has demanded our constant attention. It has from the first been one of our guiding principles to encourage to the utmost the home production of the goods we sell, and to-day over 92 per cent. of the manufactured goods on our counters are British-made.

CO-OPERATION WITH MANUFACTURERS

With so large and so rapidly expanding a volume of turnover, continuity of supply became a factor of the greatest importance, and to secure it special arrangements have had to be made with our manufacturers.

Together we have aimed at keeping down costs of production whilst improving quality, so that larger sections of the community could have their wants, for an increasing variety of goods, satisfied at prices within their capacity to pay.

Planned production, ingenuity, and adaptiveness have made it possible to produce goods in a variety of qualities and styles and at prices which we could not have visualised years ago.

The policy of progressive cost reduction and improvement in quality and variety has won steady support over a decade, and produced the results which are before you to-day.

By restricting ourselves to price limits up to 5s. per article, we of this company have set ourselves the task of including within that price range the most extensive variety of goods for which a large-scale demand exists, or can be created. We have done pioneer work in this field, which has been appreciated by the public.

STAFF WELFARE

Our employees now number nearly 15,000, and our relations with them are based on a spirit of friendship and understanding. We are concerned not only to pay adequate wages, but with the conditions in which they work, their efficiency and with their general welfare. The service which is rendered the customer by a contented and efficient staff plays a very important part in building up a business.

Our welfare department maintains intimate and cordial contact with the staff. It strives to develop conditions which make for happiness in work, and to improve the general conditions of employment. The individual well-being of each employee, the lessening of strain, the provision of personal help in all problems, is the concern of the welfare supervisors.

The benefits and amenities which the department has organised cover a wide field—sports and social clubs, holiday camps, medical services of all kinds, canteens where wholesome meals at low costs are provided, and rest-rooms for relaxation during the working day.

The welfare department administers directly and through special staff officers in each store the welfare fund, the budget of which this year will be in the neighbourhood of £100,000.

The welfare fund is one of the three funds—the others are the pensions fund and the benevolent fund—operated by your board in the interests of the staff. Each fund has its own field.

The pensions fund, designed for the headquarters and management staff, is on a contributory basis. Pensions are provided for those who retire from business at the age of 60 and for their dependents in the event of their earlier death.

The benevolent fund, which was inaugurated last year, will meet such contingencies as cannot be calculated actuarially and provided for by insurance. It will deal with many personal problems which may arise through ill-health or age on the part of the general body of our employees.

The provision for the future made by these funds has given a sense of security, the absence of which is so commonly a source of grave anxiety. Our reward is an efficient staff giving loyal and enthusiastic collaboration. They respond to all the calls made by

IMPERIAL CONTINENTAL GAS ASSOCIATION

ANXIOUS YEAR—IMPROVED POSITION IN BELGIUM

At the general meeting of the Imperial Continental Gas Association, held, on the 28th ultimo, in London, the chairman, Sir Thomas Royden, Bart., C.H., in the course of his speech, said that the past year had been one of considerable anxiety.

The Compagnie Continentale would have to bear its share of the extra burdens which had been placed on French employers, but he hoped that the higher standard of living of the working classes would favourably affect the amount of gas and current consumed. Notwithstanding the "stay-in" strikes, the sales of gas in 1936 showed a decrease of only ¼ per cent. compared with 1935, whilst sales of electricity rose by 3 per cent. Trading profits were down by Frs. 4,700,000, because while the price per unit sold was lower, expenses were higher on account of wage increases. Owing to the lag in the adjustment of prices to costs, the increased costs in 1936 would not be reflected in prices until 1937.

The value of some of the investments of the French company having fallen below their book values, it was thought advisable to make provision for this shrinkage out of profits, but with the help of Frs. 2,034,000 from reserves the company was able to maintain the same rate of dividend, involving a disbursement of Frs. 24,400,000. As a result of devaluation the French franc fell from 75.11 to the £ on April 1, 1936, to 106.33 on March 31, 1937, but, thanks to the exchange cover obtained, the association was able to bring its French income into account at an average of Frs. 79.31 to the £. Owing to exceptional reasons the dividend from the Compagnie Continentale amounted to £212,430, as compared with £197,897 in 1935, but at the present rates of dividend and exchange the annual income would be approximately £150,000.

POSITION IN BELGIUM

As regards Belgium, the situation was most encouraging, trading profits throughout the country having increased and the number of unemployed fallen. The increase in the sales of the various companies in which the association was interested varied from 1.6 to 9.8 per cent. for gas and from 7.3 to 15.4 per cent. for electricity. He estimated that 80 per cent. of the houses in Belgium were equipped for the use of current. Every form of price tariff was offered to meet the varying need of consumers, for the companies realised that it was their duty to give efficient service to all who required it. Gas and electricity were ancillary to each other. Moreover, if electricity, in addition to supplying lighting and power, had to carry the whole of the heating and cooking loads, the capital expenditure on the necessary plant would attain astronomical proportions.

In order to increase the territorial spread of its business, the association had in July last acquired 1,000,000 shares in Edmundsons' Electricity Corporation, Limited, out of 2,747,025 shares which had been purchased by a British group. Assuming maintenance of the Edmundsons' dividend at 9 per cent., the association's revenue from home sources should rise to £102,000 next year as compared with £62,200, which should go far to compensate for any reduction in income due to the devaluation of the franc.

THE ACCOUNTS

Turning to the accounts, the chairman expressed regret that he was unable to submit to the proprietors a consolidated balance sheet and profit and loss account owing to the impossibility of introducing a uniform financial year for all the subsidiary companies, and for other reasons. He explained that the increase of £10,000 in fixed assets represented the purchase price of additional offices acquired in Brussels and London, and that the increase of £1,870,000 in respect of investments in, and advances to, subsidiary and allied companies was mainly owing to the investment in Edmundsons. The increase of £110,000 shown in advances was a balance figure; actually advances had decreased by £247,000. Since the date of the balance sheet one of the Belgian companies had refunded advances amounting to £200,000, and this had been utilised to repay loans from bankers amounting to £155,000, the cash position being at present in credit. Apart from Edmundsons, the market value of the general investments showed a surplus over book value of £54,000. Amounts owing to subsidiaries had decreased by £88,000, whilst general and specific reserves had risen by £90,000. Owing to lower exchange profits and the larger amounts placed to reserve by the Belgian companies, the total income of £599,900 showed a reduction of £7,000 and the net profit was £427,000, or £10,000 less than last year.

The report and accounts were adopted, and a final dividend of 6 per cent., less tax, making 10 per cent. for the year, was approved.

an expanding business and it is a great pleasure to me to place on record the thanks of the board to every one of them.

Mr Simon Marks then moved the adoption of the report and accounts. Mr Norman Laski, B.A., in seconding the resolution said:—

It is gratifying to note that the large increase in profits shown this year does not come from charging high prices or obtaining large profit margins, but from the greatly increased volume of business.

I should like to add a word about our personnel and welfare departments, with which I am more particularly associated. I think we can say that while we now employ a record number of persons, our contacts with our staff have never in the history of the company been as close or as cordial as they are to-day.

PROVISION FOR HEALTH OF EMPLOYEES

The chairman has referred to our health services, which are administered by the welfare department. A healthy staff is an asset to a business, and a great deal of thought and attention is given to the maintenance of fitness among our employees. Since the institution of our medical services we are happy to report that the general standard of health has considerably improved.

CONDITIONS OF EMPLOYMENT

The maximum working week for our staff is 48 hours, and the average 46½ hours. Every employee of over one year's service is entitled to a minimum of two weeks' holiday with pay. In addition, in the event of absence due to sickness, full wages are paid up to two weeks in each year, and in many cases for a longer period.

In conclusion, it is my pleasure to join the chairman in thanking our staff for their work and co-operation in the past twelve months.

The resolution for the adoption of the report and accounts was carried unanimously.

Resolutions were also passed re-electing the auditors and the directors who retired by rotation, and approving the proposed capitalisation of reserves and the bonus issue of one in ten to holders of ordinary and "A" ordinary shares.

It was announced that dividend warrants and letters of allotments in respect of the bonus issue would be posted on June 5th to those shareholders whose names were on the register of members on May 1, 1937.

VAL DE TRAVERS ASPHALTE PAVING COMPANY, LIMITED

SUCCESS OF REORGANISATION POLICY

The sixty-seventh ordinary general meeting of the Val de Travers Asphalt Paving Company, Limited, was held, on the 28th ultimo, at Cannon Street Hotel, London.

Mr J. O. Murgatroyd (chairman) presided, and in moving the adoption of the report, said although they submitted accounts showing more than four times the trading profit brought into the 1935 accounts, a circumstance entirely outside the control of the Board had deprived him of the pleasure of announcing the recommendation of a dividend. The devaluation of the lira had made it necessary for the company to provide no less than £12,633 for depreciation in the value of stocks of asphalt rock in Sicily, thus depriving them of a net profit of £7,740, which the directors would have felt justified in recommending for distribution.

Last year he had announced that they were undergoing a period of reorganisation. This phase they had successfully passed through, and they now entered upon a period of retrenchment. They had turned their attention to the condition and efficiency of their manufacturing plants, and in this process of reconstruction they had been fortunate in forestalling the big advance in the price of all engineering commodities which had taken place, particularly in steel and iron, by ordering at least 75 per cent. of their requirements nearly six months ago, thereby saving some 20 per cent. to 25 per cent. compared with present-day prices. The work they did was of first-class order, and they had a very high reputation both in the building and road trades, and they had only that morning received a letter congratulating them on splendid workmanship.

They had completed the first unit of the paving tile plant, which was already working to capacity and would soon have to undergo the enlargement for which provision had been made.

Delays resulting in waste of labour and material are inseparable from bad weather conditions, and the year under review was one of the worst on record in this respect.

Work in progress, debtors and stock were all up on last year, which was very encouraging.

The report was adopted.

BOOTS PURE DRUG COMPANY, LIMITED

RECORD TURNOVER AND PROFIT

The forty-ninth annual ordinary general meeting of Boots Pure Drug Company, Limited, was held, on the 3rd instant, at Station Street, Nottingham, the Right Hon. Lord Trent, chairman of directors, presiding.

The Chairman, in the course of his speech, said:—Our trading profit, after providing for contributions to staff pensions funds, management remuneration and income tax, amounts to £966,116.

The net balance amounts to £790,898, an increase of £20,009 over last year, and another company record. Our total turnover for the year was also easily a record one.

After payment of all preference and preferred ordinary dividends, and of four quarterly dividends of 6 per cent. less tax on ordinary shares, we have a balance of £310,148, which, together with the balance brought forward, amounts to £617,238, as compared with £550,230 last year.

Your directors recommend the payment of a bonus of 3d. per share, free of income tax, on the ordinary shares, absorbing £80,000.

LIQUID RESOURCES

Your directors consider it prudent to recommend a transfer of £100,000 to the general reserve fund, £20,251 to the freehold reserve fund, £50,000 to the contingencies reserve fund and £50,000 to the overseas development fund. This leaves £316,987 to be carried forward.

At the present juncture your directors regard a continuance of the policy of conserving our liquid resources as being in the best interests of the company.

During the year our subsidiary companies have continued to make progress. Besides the usual enlarging and modernising of shops, thirty-seven have been opened and five closed, and on March 31st we had 1,152.

Our total sales have once again exceeded all previous figures, and, as was perhaps to be expected in view of the influenza epidemic, our dispensing figures show a substantial increase over our previous record.

BEESTON FACTORY

We moved into a portion of our new section at Beeston in June, 1936. Owing to the difficulty in obtaining supplies of various kinds its completion has been considerably delayed, but the large number of visitors we have had from overseas, amongst whom we were especially pleased to welcome a number of troops from the Dominions who were in this country for the Coronation, have been greatly impressed. As you remember, the Beeston factories were planned and started during the severe time of the depression in pursuance of our policy of creating employment when employment is scarce and planning in bad times for the better times that lie ahead. A few figures will show convincingly how far the enterprise of your directors was justified. During the four years since the new factory went into production tonnage showed an increase of 26.9 per cent., articles produced show an increase of 30 per cent., and staff show an increase of 23.7 per cent.

From these figures you will readily understand that, apart from the commercial aspect of the matter, it would have been quite impossible to deal with the great demand for our products created by the influenza epidemic of this spring had we not had the new buildings.

RESEARCH DEPARTMENT

Our research department continues to play an important part in our work of making the latest discoveries of medical science accessible to the public and in helping to maintain the high standard of quality that we set ourselves.

Another field in which our research chemists are active is that of sex hormone therapy, an important branch of modern therapeutics, in which the medical world is showing great and increasing interest.

With a view to meeting all possible demands for fine chemicals, such as Potassium Permanganate, and special medical products, such as Insulin, we have again extended our Fine Chemical factory and equipped it with the most modern plant.

On the veterinary and horticultural sides, also—comparatively recent developments of our activities that are becoming more and more highly appreciated by the public—our chemists are breaking new ground. In particular, we are collaborating with veterinary surgeons in an endeavour to determine the extent to which

some recently discovered human medicines are suitable for the treatment of diseases in animals.

EMPLOYEES' NUTRITION

The subject of nutrition is attracting wide attention at the present time, and we have considered this question very carefully in its bearing on the physical condition and general health of our employees. Our medical officers have now taken steps to secure that the meals in our various canteens shall be designed on a scientific nutritional basis.

With a view to assisting the Government in its defence plans, we have appointed a full-time Gas Officer who, under the guidance of the relevant department of the Home Office, is taking steps to show the public what could be done in the event of an air raid to avert the danger from gas.

TOO MUCH LEGISLATION

I may refer in passing to the possibility of an amendment of the Medicine Stamp Duty. The Report presented by the House of Commons Select Committee on this question contained so many drastic and ill-considered proposals that the Chancellor of the Exchequer wisely deferred taking action upon it. But it stands on record as a warning of the harm that may be done by people possessing the best of intentions and yet lacking the necessary knowledge. In this case one of the immediate effects of the new measure that was proposed would have been to raise the prices of the medicines of the poor.

A RECORD OF PROGRESS

We are proud of the results that we have been able to place before you during the past few years. During that period the company has made steady and continuous progress, and when I say progress I do not mean only that our sales and our profits have increased year by year. Our progress has meant a steady expansion of a vital service to the public, an extension of employment—more than 3,000 additional employees in the past three years, not to mention the large number of workers engaged upon new construction for us. And, lastly, it has meant better and happier conditions of work which it is no exaggeration to say are helping to set a new standard of employment conditions, not in this country alone. A well-known architectural authority, writing of the Beeston factory recently in *The Radio Times*, said:—"It is stupendous, glistening, clean, airy. . . . To look down from the upper gallery that circles the main packing hall on the overalled girls far below is an unforgettable experience."

N. D. C.

In what was written and spoken in support of the now happily extinct National Defence Contribution it was apparently assumed that commercial success during the past few years has been merely a matter of good luck or the result of extraneous conditions. Progress in our case—and we do not pretend to be unique—is the result of hard thinking, hard planning, hard work, the taking of risks and a constant reaching out after new developments at home and abroad.

I would venture to suggest that there is nothing unworthy, nothing that requires to be discouraged, about enterprise which results in the creation of employment for thousands, the raising of the standard of life of working people and the provision of better health services to the public. Within our own company we have always acted on the principle that increased effort and good results should be rewarded and not penalised. That is why your directors were strongly opposed to the new principle contained in Mr Chamberlain's taxation proposals. And that is why we welcome the courageous and statesmanlike step he has taken in bowing to the storm of informed public opinion.

FUTURE PROSPECTS

It is customary for me to say a few words as to future prospects. In previous years I have spoken of the company's future in a spirit of confidence and optimism, tempered only by a note of caution concerning the possible influence of external conditions. That is the note I would again strike this year. Our prospects may be viewed with confidence, subject to the general economic conditions in this country remaining stable and to the dispersal of the clouds that still hang over Europe.

The report and accounts were adopted.

SENA SUGAR ESTATES, LIMITED

LARGE INCREASE IN NET PROFIT

SUCCESS OF REORGANISATION

MR A. N. LUBBOCK'S ADDRESS

The seventeenth ordinary general meeting of Sena Sugar Estates, Limited, was held, on the 31st ultimo, at Southern House, Cannon Street, London, E.C.

Mr A. N. Lubbock, who presided, said:—At the date of our meeting last year we had just completed the reorganisation of the business on the basis of only two factories operating instead of four. We made certain estimates of the probable result of this reorganisation, which, I believe, appeared to some shareholders to be optimistic; consequently, it is gratifying to your board to be able to present an account showing a result substantially better than the estimate published 12 months ago. This, I think you will agree, affords a complete justification of our policy.

The gross profit, after providing for all expenses of management, amounts to £186,316 9s. 10d., while the net profit, after providing for the debenture service, amounts to £133,008 15s. This figure compares with a net profit of £49,032 0s. 3d. in the previous year.

ALLOCATION OF PROFITS

With the sum brought forward from 1935, the total amount to be appropriated is £149,073 14s. 2d. Of this sum, your board have decided that it was desirable to allocate £36,000 for the creation of a general stock reserve account. We are proposing to allocate £20,000 to depreciation, which, in the view of your directors, is adequate, having regard to the fact that the factories are kept up to a high state of efficiency out of revenue and that large sums were written off the properties under the reconstruction scheme.

We are further proposing to write off the whole of the reconstruction expenses and a large part of the debenture conversion expenses. After payment of the preference dividend for the year 1936, we are left with a balance of £50,605 19s. 10d., and we are recommending that a dividend of 6 per cent. on the ordinary capital be paid and the balance of £8,605 19s. 10d. be carried forward.

CAUSE OF REDUCED OUTPUT

The total crop of sugar made was rather less than we expected, and this fall in output was due to the cane juices being unexpectedly poor, which we must attribute to the unsatisfactory climatic season which we experienced. In spite of this reduction in output, we still found ourselves with nearly 3,000 tons which had to be marketed in the open free market at unsatisfactory prices. At the same time, it always pays to continue crushing at the factories which are operating until all cane has been harvested.

Sugar values on the free market improved during the year, but are still at a low level. However, it must be remembered that the price of sugar which we sell in Portugal and certain Colonial markets is fixed and does not vary with movements in the free market. Seventy-five per cent. of our crop is sold under these conditions, consequently the rise in free market values, though welcome, did not affect our results to any substantial extent.

INTERNATIONAL SUGAR CONFERENCE

The prospects of a further rise in prices in the free market are brighter owing to the successful outcome of the International Sugar Conference, which has succeeded in fixing export quotas for all the important sugar-producing countries.

Although the total of these quotas is in excess of the estimated consumption, the latter is increasing very satisfactorily and it is hoped that, before long, it will be found that these quotas are not excessive. World production is now under control for a period of five years.

One of your directors, Colonel Hornung, was invited by the Portuguese Government to assist on their behalf at the discussions of the conference, and I am pleased to say that the quota for the free market allotted to Portuguese Colonies amounts to 30,000 tons, which allows for an expansion of our own production when prices become remunerative.

I reported at our meeting last year that we had just succeeded in converting our old debenture issues into a new issue, carrying

interest at 5½ per cent. The annual saving to the company is considerable and amounts to approximately £23,000.

I also informed you that we had purchased the whole of the ordinary share capital of a sugar refinery in course of erection at Bulawayo, Southern Rhodesia. This refinery has since come into operation, purchasing its requirements of raw sugar from us. The refining industry in Rhodesia is working behind a protective tariff, which we hope the Rhodesian Government will see fit to increase, in view of the severe competition which is being experienced from dumped foreign refined sugar and the extent of which competition was not anticipated when the tariff scale was fixed. Consumption in Rhodesia continues to increase in a very satisfactory manner.

COTTON

Ever since we decided to cease sugar production on two of our estates we have been considering what use, if any, could be made of the factories and abandoned plantations. We came to the conclusion that advantage should be taken of the legislation in force in Portuguese colonies which encourages the growing of cotton by natives. With this in view, we obtained from the Government free of cost two large land concessions adjoining the Mopeia factory. Within these concessions we have been given the exclusive right to purchase cotton from natives at a price fixed by the Government.

We have installed a small ginning and baling plant at Mopeia to deal with this cotton, which is then shipped to Portugal, where there is no difficulty in selling it, the Government guaranteeing that the price will not be less than the equivalent of 8d. per pound. Preliminary results are distinctly promising and during the past season we shipped a quantity equal to 1,268 standard bales of cotton, which was reported as being of eminently desirable character, both as regards the grade and the staple, and which realised over 1d. per pound more than the value of American middling. The cultivation of cotton is always considered to be highly speculative, as the crop is prone to suffer from various pests and climatic influences but, in our case, the risk we run is trifling and only amounts to the value of the seed which we distribute to natives. We are looking to an increase in output this year.

NATIONAL DEFENCE CONTRIBUTION

You will expect me to say something with regard to the new tax called National Defence Contribution. The final draft is not yet settled and we shall not know for some time how we stand. There are certain matters in the application of this tax to the particular circumstances of this company which are not free from doubt. We have been given to understand that the tax is not intended to hit companies such as ours which are just emerging from years of great depression, but, taking the most unfavourable view and based on our estimate of profits, the amount payable by this company would be comparatively small.

I have to report that Major Pam tendered his resignation from the board owing to increasing pressure of other business. We have accepted this resignation with great regret. I am pleased to report that Mr Neil Adshead, of Messrs J. Henry Schroder and Company, our bankers, accepted our invitation to join the board in place of Major Pam.

FUTURE PROSPECTS

Turning to the future and our prospects during the current year, I have nothing but good news to give you. We estimate a further reduction in costs now that we have settled down on our reorganised basis. The factories have started crushing most satisfactorily and the juice is better than normally. We have hope of an increased quota for Portugal, owing to an indicated rise in consumption. Values on the free market should tend to improve and the cotton business looks like contributing a welcome addition to our profits. For all these reasons we look forward to the year with confidence.

The Chairman concluded by moving the adoption of the report and accounts, and the declaration of the dividend as recommended.

The resolution was carried and the retiring directors and auditors were re-elected.

UNION CORPORATION, LIMITED

CONTINUED ACTIVITY ON RAND

YEAR'S PROFIT HIGHER

MR P. M. ANDERSON ON FUTURE OF GOLD

The ordinary general meeting of shareholders of the Union Corporation, Limited, was held in Johannesburg on May 21st, Mr P. M. Anderson presiding.

The Chairman, in the course of his remarks, said:—For the fourth year in succession we have earned increasing profits. Thus, the net profit for the year under review at £685,044 is £80,124 higher than for 1935. Out of the net profit £40,000 has again been set aside to reserve account, which, as a consequence, now amounts to £1,320,000, and your directors have appropriated a further £50,000 to open an exploration reserve account. Dividends have been declared of 8s. 6d. per share for the year, which is 6d. more than was distributed for 1935.

The book value of our holdings—after providing for contingencies by reducing the book value of certain holdings below cost and market price—show but little change. Our financial position is strong. The cash and cash assets aggregated at December 31st last £5,343,244. Sundry creditors totalled £4,911,602, and thus we had an excess of cash and cash assets over all liabilities of £431,642.

POSITION UNDER N.D.C.

You are aware that the whole of our profits are subject to United Kingdom taxation, and therefore also to the new National Defence Contribution which is to be introduced in the United Kingdom shortly. The underlying idea of this tax is not dissimilar to the defunct Excess Profits Duty. As originally presented, the new tax was unfair in its incidence to many enterprises, and especially to those which had suffered most in the depression and had since made the best recoveries, such as base-metal mining, shipping and plantation companies.

You will be interested to know that, in view of the steady profits earned by the corporation, it is likely to suffer but little from this new taxation. As Rand gold-mining companies, almost without exception, are registered and carry on their business outside the United Kingdom, they do not suffer at all. On the other hand, companies such as Selection Trust, Rhodesian Selection Trust, Roan Antelope and San Francisco Mines of Mexico, in all of which we are interested, may be called upon to make fairly heavy contributions in good years. Even so, I am confident there is no cause for concern, for the modifications the Chancellor is likely to introduce will, I hope, eliminate the harsh features which his first announcement of the new measure suggested.

FUTURE OF GOLD

You will no doubt expect me to say something regarding the rumours which were in circulation not long ago suggesting as a possibility that the principal Governments intended reducing the currency price of gold. This action it was suggested had for its object to stem the rise in commodity prices, to dam back the flow of gold into the United States and to curb the world production of gold. Our chairman and managing director, Sir Henry Strakosch, made a statement less than a fortnight ago which appeared in the London Times, in which he deals with these rumours and the consequences which would follow from a reduction in the price of gold. I do not think I can do better than read that statement to you. (The Chairman then read the statement.)

I fully concur with the views which Sir Henry Strakosch has expressed, and I might add that, quite apart from the severe fall in share prices of gold-mining companies, the effect of the rumours on prices in general, and particularly on commodity prices, has given us a foretaste of what would happen if the currency price of gold were reduced. It requires very little imagination to appreciate that such a reduction would produce deflationary conditions which would drastically affect all prices, whether of securities, raw materials, manufactured goods or services. In turn, the fall of prices would be bound to affect adversely not merely South Africa's economy but the economy of every other country on the globe, just as the 1929 crisis did. One shudders to think of a recurrence of such a catastrophe, with its breakdown of credit, of industrial activity and the vast measure of unemployment which ensued.

EXPANSION OF RAND MINING

Turning now to the Witwatersrand gold-mining industry, the great expansion which has been the outstanding feature of the

industry since the abandonment of the gold standard by the Union of South Africa in 1932 still continues. The quantity of ore crushed during the past year amounted to approximately 48 million tons. The quantity of gold produced during the year totalled 11 million ozs., which is an increase of some half-million ozs. on the 1935 figure and not far short of the record output of 11½ million ozs. in 1932. The gross profit of £32,000,000 was nearly £500,000 lower than in 1935. Out of this profit, however, the record amount of over £17,000,000 was distributed in dividends, while nearly £14,000,000 went into the coffers of the Government.

During the year over 60,000 feet of shaft sinking and about 2,000,000 feet of development was accomplished. The payable ore reserves have increased from 190 million tons with an average value of 5.3 dwts. to 203 million tons with an average value of 5.2 dwts.

The number of natives employed at the year-end was some 300,000, and showed an increase of about 25,000 on the 1935 figure.

"CLOSED SHOP" PRINCIPLE

The number of Europeans employed at the end of 1936 was nearly 37,000, or 3,000 more than at the end of 1935. The good relations between employees and employers were maintained throughout the year. Improvement of working and living conditions continued and following on a request for a 10 per cent. increase in the wages of all European employees, which was refused, certain additional concessions were granted in the form of a medical benefit allowance and an increased cash allowance for holidays.

The industry has in the past maintained the principle of the "open shop" and the majority of its employees have been organised under a number of trade unions, each catering for a particular group. Since the close of the year, however, grave unrest has been occasioned among miners by the emergence of a new organisation not primarily concerned with strictly trade union matters and subject to guidance and finance from extraneous sources which sought to undermine the position of one of the existing trade unions. This created an upheaval among mine employees and a serious situation seemed likely to develop. The employers decided to support the existing organisations of employees and to make such support effective by introducing the "closed shop" principle, under which all employees will be required to join one or other of the registered and recognised unions. This arrangement has been embodied in an agreement with the Mining Unions Joint Committee. It is anticipated that the new arrangement will be accepted by all in the spirit of helpful co-operation which has characterised the negotiations with the unions.

(The Chairman then dealt with the affairs of Geduld Proprietary Mines, Limited, East Geduld Mines, Limited, the Grootvlei Proprietary Mines, Limited, Van Dyk Consolidated Mines, Limited, Marievale Consolidated Mines, Limited, and the Withok Proprietary Company, Limited.)

Boring operations to locate reef near the contact of the Ventersdorp lavas with the underlying Elsburg sediments are being carried out on one of the blocks of farms under option to the corporation in the Bothaville district, Orange Free State. The information obtained to date is insufficient to determine the economic possibilities. Two of the boreholes put down have disclosed payable values, while nine others either revealed poor values or did not intersect reef.

The theory that the Witwatersrand series may occur in Western Transvaal under a covering of younger geological formations led the corporation to carry out a geophysical survey over a large area of ground. As a result of this work and in order to conduct further investigations, options over certain farms were secured. A drilling programme has been initiated, and a borehole which is located on a farm north of Lichtenburg was commenced early this month.

BASE METAL AND INDUSTRIAL INTERESTS

San Francisco Mines of Mexico earned the satisfactory operating profit of £224,322 for the year to September 30th last. After meeting expenses in connection with a one month's strike and the usual charges, sufficient remained to enable the company to pay a dividend of 9d. per share. Since the end of the year base-metal prices have risen very substantially. If metal prices continue at anything like their present levels, the company should be in a position to pay gratifying dividends henceforth.

The Rhodesian copper producers in which the corporation is interested benefited substantially during the year from the increased price of copper. Since the close of the year the price has

risen further, and the former restrictions on production have been removed.

During the year the corporation converted Unicorpora Investment Trust into a public company and changed its name to Bay Hall Trust. Full particulars are given in the directors' report, to which I do not think I can usefully add.

As you will have seen from the directors' report, South African Pulp and Paper Industries, Limited, was incorporated in December last. Its business will be to manufacture pulp, paper and similar products from South African raw materials under exclusive licence. The directors of the company have, after full investigation of a number of sites, decided to erect the factory on the farm Geduld, on the Witwatersrand. The production stage is expected to be reached towards the end of next year.

The Chairman then moved the adoption of the report and accounts, which was duly seconded and carried unanimously.

BOULDER PERSEVERANCE, LIMITED

PROMISING NEW INTEREST ACQUIRED

The thirteenth ordinary general meeting of Boulder Perseverance, Limited, was held, on the 28th ultimo, in London.

Mr C. F. Bell (chairman and managing director), who presided, said that the accounts were very satisfactory and required little comment; 17,000 tons more had been mined and treated than in the previous year and expenditure on development had been increased by £8,213, with excellent results. Bullion receipts were £40,000 higher than in 1935. An increase of £4,700 in taxation reserve had been made, leaving a balance available for distribution of £55,241, or £8,000 more than last year.

Things were going extremely well at the mine and the mine profits as shown by cabled returns for the first four months, January to April, showed a total of £43,992 sterling, which, if continued, would permit of an interim dividend later on. Development continued to show that the mine still contained untapped resources of payable ore. Although one of the factors which had caused the old company to go into liquidation was the belief that the ore remaining in the mine was only 5 dwt. value, yet, thirteen years after the reconstructed company had been brought into existence, the ore sent to the mill was still 8 dwt., with enrichments up to 20 dwt. That has been made possible by the directors taking advantage of all possible expert knowledge and by insisting that the mine staff should be up to date in their knowledge, that they might study the difficult formations in the mine to the advantage of the company. Costs of working continued to rise, and the recent arbitration award granting the underground workers a 40-hour week was bound to increase costs, but it was hoped that that would be counter-balanced by economies elsewhere.

THE ENTERPRISE LEASES

Passing to the future, the company had acquired the controlling interest in the Enterprise Leases, which it was anticipated would prove a very satisfactory extra source of revenue. The manager and his staff reported that their original views had been confirmed by the thorough examination and resampling they had been able to carry out since taking over at the end of March. Work was put in hand at once and was progressing satisfactorily; plant had been ordered and compressed air supplied to the mine from the Perseverance installation. The main shaft was being retimbered and sunk and the opening up of the mine would proceed at top speed through the main shaft and also through the Hainault shaft on the South Kalgurli lease, facilities for which had been kindly granted by that company. There were 180,000 tons of proved ore and over 450,000 tons of probable ore already opened up, and, at the rate of 5,000 tons per month, that should, under present conditions, yield a profit of £48,000 sterling per annum. It was not the intention of the management to stop at that figure, but they anticipated being able to increase that very materially with the most up-to-date and economical mining and treatment methods, as the mine was to all intents and purposes a virgin property. Shareholders might rest assured that everything was being done to expedite matters, and, in the absence of labour difficulties and a more or less static price of gold, the directors felt that the company had a very bright prospect for many years to come.

He could not close his remarks without tendering the thanks of the directors, in which they felt sure shareholders would join, to the manager and staff, and also to the London staff for their co-operation in faithful services to the company.

The report was unanimously adopted, and the dividend of 25 per cent. was approved.

STEPHANY (FURNITURE TRADES), LIMITED

RECORD SALES

The first annual general meeting of Stephany (Furniture Trades), Ltd., was held, on the 1st instant, at Winchester House, London.

Brig.-Gen. the Hon. Alexander, V. F. V. Russell, C.M.G., M.V.O. (the chairman), said that at the statutory meeting he was able to report a very satisfactory increase in the company's business, and he was glad to say that that increase had continued throughout the year; in fact, the sales constituted a record in the history of the amalgamated businesses. Had it not been for an all-round increase in the cost of raw materials during the last few months, they would have shown still higher profits, but, even so, he thought it would be agreed that the balance-sheet was eminently satisfactory.

Actually they had earned sufficient profit for the period to pay a dividend of 25 per cent. on the ordinary shares. The board, however, felt that it was desirable to conserve the resources of the company by limiting the dividend to 15 per cent., and he felt certain that that policy would meet with the fullest approval of the shareholders. Profits from subsidiary companies amounted to £28,321, and the net profit carried to the balance-sheet was £27,126. The current assets of the group amounted to £167,561, against total liabilities, including the proposed dividend, of £76,922. The greater part of the current assets consisted of trade debtors, and the total charge for bad debts last year was less than one-tenth of one per cent. on the turnover and the average length of credit was two months. Much of the stock had been bought at prices considerably below its present market value, and the benefits of that should be felt during the coming year. There was a substantial balance of cash in hand, a matter of great importance to the business.

As to the N.D.C. tax, from details so far available it would appear that it would not press unduly heavily upon the company, whose profits had not been affected to any extent by rearmament but had expanded naturally with the restoration of a normal standard of living.

The report was unanimously adopted.

DALKEITH (CEYLON) RUBBER ESTATES, LIMITED

SATISFACTORY FINANCIAL POSITION

The twenty-seventh ordinary general meeting of Dalkeith (Ceylon) Rubber Estates, Limited, was held on the 3rd instant, at 19 Fenchurch Street, London.

Sir Delves Broughton, Bt. (the chairman), said: I am pleased to be able to report to you a recovery in profits during 1936 to £7,616 as against £1,331 in 1935 and £9,040 in 1934 respectively. After payment of the dividend now recommended by your board at the rate of 4 per cent., less income tax, £9,902 will remain to be carried forward to 1937. Owing to the recovery of certain Dominion income tax, shareholders will receive their dividend for 1936 subject only to a deduction at the rate of 2s. in £.

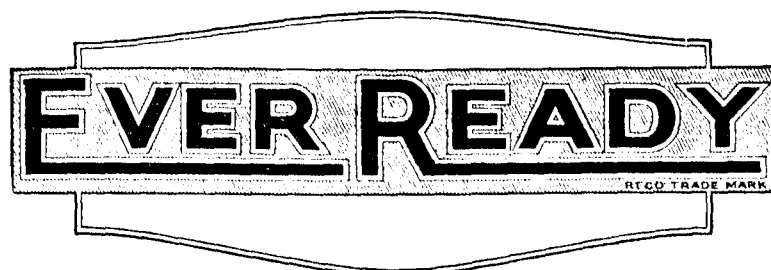
Forward contracts for 1937 to date total 495,000 lbs. of mixed grades at an average price of 11½d. per lb., London equivalent, as compared with 340,000 lbs. at prices averaging 8½d. per lb. at this time last year, so that the company has already sold forward 60 per cent. of its estimated exportable crop of 825,000 lbs. for 1937 at prices showing an increase of about 31½ per cent. over 1936, which can, I think, be regarded as satisfactory.

I find difficulty in referring at this stage to the future prospects of your company until the forthcoming additional taxation for the purpose of National Defence expenditure is determined, and also bearing in mind the present excessive local export deduction obtaining in Ceylon of 15½ per cent. additional to the International percentage deduction of 16½ per cent. as compared with the minor local export deductions in Malaya and the Dutch East Indies.

As the estate this year will reach the maximum replanting acreage of 743 acres permitted under the present international scheme, a revised survey has been made of the replanted and bud-grafted areas since 1931, the result of which is shown in the annual report before you.

The financial position of the company continues to be satisfactory, the current assets, aggregating £29,447, of which sum £23,657 is represented by cash and Government securities, as against liabilities, including income tax reserves, amounting to £3,944.

The report and accounts were adopted.



MANUFACTURERS OF BATTERIES

DRY CELLS · ACCUMULATORS · RADIO EQUIPMENT
MOTOR CAR ACCESSORIES · PORTABLE ELECTRIC LAMPS

Net Trading Profit for year to 31st March, 1937	£527,333
Increase over last year	£44,553
Balance carried forward to next year	£63,417
Dividends on Ordinary Stock	45%

POINTS from the Speech of MR MAGNUS GOODFELLOW (Chairman) at the Annual General Meeting of THE EVER READY COMPANY (GREAT BRITAIN) LIMITED, on June 3rd, 1937

EXPANSION OF BUSINESS.

The expansion of our business during the past year has fully kept pace with the improvement we have so fortunately experienced throughout the past eighteen years. The public demand continues to increase—fostered by the good quality of our goods and the reasonable prices which the high mechanisation of our plant and processes has enabled us to establish. There are few businesses to-day that have found it possible (in the face of rising costs) to make increased profits, while maintaining consumer prices at the low levels of recent years—years of cheap money and low commodity prices.

TRADE CO-OPERATION.

We have been consistently and loyally supported by our Retail and Wholesale friends throughout the country, who realise the importance of establishing and maintaining a reasonably low price level to the consumer. For our part we seek to maintain for the distributing trade a fair margin of profit, and we can only continue to succeed in this endeavour while they continue to support us.

CAPITAL STRUCTURE.

The proposed National Defence Contribution, so happily withdrawn—at the twelfth hour—by His Majesty's Government, made it necessary for us particularly to examine our Capital structure; while our nominal Issued Capital is at the low figure of £1,144,765, we have for many years ploughed back into the business roughly 25 per cent. of the yearly profits earned, and in addition we have from time to time obtained considerable sums from premiums on Shares issued.

I have caused our Accountants to make a careful examination into the position, and you will be interested to know that the real Capital employed in the business to-day amounts to approximately £4,000,000.

INTANGIBLE ASSETS WRITTEN OFF.

One important step we have taken is to eliminate all goodwill and other intangible assets from the Balance Sheet. This writing off amounts to the large sum of £1,111,368. It will be appreciated by you that the many acquisitions we have made during the past eighteen years have contributed considerably to the successful trading position we occupy to-day, and I feel sure you will support us in the decision we have come to.

LIQUID ASSETS HIGHER.

Our net liquid assets show a marked improvement. If you compare the last four items—Stocks, Debtors, Government Securities, and Cash—with the previous year you will see that they have risen from £827,000 to £1,034,000.

MAINTENANCE OF EXISTING RETAIL PRICES ANTICIPATED.

Our Stock has risen nearly £90,000 to £340,000. Broadly, the whole of this stock was purchased and is valued at prices ruling before the advances of the last six months. Our forward arrangements are also advantageous, and furthermore, we shall obtain in the present year the full results of the great savings in production costs brought about by the plant and process mechanisation of the past five years. I am therefore of opinion that it will not be necessary to increase our prices to the consumer during this year.

DIVIDENDS AMOUNTING TO 45% ON THE ORDINARY STOCK.

Before leaving the Report and Accounts I must refer to the proposed increase in Dividend, which must have pleased you all. You will understand that, although we describe the last 10 per cent. of this dividend as Bonus, we should not have recommended it to you unless we thought there was a reasonable prospect of continuing the higher distribution on the increased Capital. Calculations show that, if our Profits are no more than maintained in the coming year, we shall have over £100,000 available for Reserves after paying 45 per cent. on the Increased Capital.

PROMISING OPENING TO PRESENT YEAR'S TRADING.

This year's trading has opened very promisingly and I am hopeful that we shall again meet you next year with the progressive results to which we are accustomed.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended May 29, 1937, amounted to £7,765,000, against ordinary expenditure of £10,429,000. After allowing for an increase in Exchequer Balances of £30,266, the operations for the week, as shown below, increased the gross National Debt by £2,924,000, to approximately £7,932 millions.†

(000's omitted)	
Treasury Bills	+ 10,004
Public Department Advances	— 6,480
National Savings Certificates	— 200
P.O. Teleg. (Money) Act	— 400
	+ 10,004
	= 7,980

† Including £375 millions on Account of Exchange Equalisation Fund.

An analysis of the approximate position of the National Debt as at March 31, 1937, appeared on page 47 of *The Economist* of April 3, 1937.

Revenue	Total Receipts into the Exchequer			
	April 1, 1936, to May 30, 1936	April 1, 1937, to May 29, 1937	Week ended May 30, 1936	Week ended May 29, 1937
ORDINARY REVENUE				
Inland Revenue—				
Income Tax	9,894,000	11,578,000	152,000	5,000
Sur-tax	3,560,000	3,930,000	250,000	230,000
Estate, etc., Duties	13,600,000	14,820,000	1,470,000	1,550,000
Stamps	2,080,000	2,680,000	280,000	800,000
Other Inland Revenue Duties	70,000	70,000	10,000	—
Total Inland Revenue	29,204,000	33,058,000	2,162,000	2,585,000
Customs and Excise—				
Customs	33,513,000	35,889,000	3,786,000	4,904,000
Excise	16,800,000	18,047,000	700,000	747,000
Total Customs and Excise	50,113,000	53,936,000	4,486,000	5,651,000
Motor Vehicle Duties	4,107,000	4,275,000	103,000	124,000
Post Office (Net Receipt)	5,500,000	5,680,000	Dr 800,000	Dr 750,000
Crown Lands	250,000	230,000	—	70,000
Receipts from Sundry Loans	277,807	270,955	—	—
Miscellaneous Receipts	1,573,809	826,213	169,590	85,129
Total Ordinary Revenue	91,025,416	98,276,168	6,120,590	7,765,129
SELF-BALANCING REVENUE				
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	8,600,000	9,170,000	2,100,000	2,350,000
Total	99,625,416	107,446,168	8,220,590	10,115,129

Expenditure	Total Issues out of the Exchequer to meet Payments			
	April 1, 1936, to May 30, 1936	April 1, 1937, to May 29, 1937	Week ended May 30, 1936	Week ended May 29, 1937
ORDINARY EXPENDITURE				
Interest and Management of National Debt	38,351,240	39,207,069	387,349	403,149
Payments to Northern Ireland Exchequer	745,058	836,393	284,270	339,464
Other Consolidated Fund Services	325,546	334,285	49,385	—
Total	39,421,842	40,377,747	700,998	742,613
Total Supply Services (excluding Post Office and Broadcasting)	181,954,500	79,312,100	19,812,500	9,686,250
Total Ordinary Expenditure	121,376,342	119,689,847	10,513,498	10,428,863
SELF-BALANCING EXPENDITURE				
Post Office Vote and Vote for Broadcasting	8,600,000	9,170,000	2,100,000	2,350,000
Total	129,976,342	128,859,847	12,613,498	12,778,863

† Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate revenue from April 1, 1937, to May 29, 1937, is shown below:—

(000's omitted).	
Expenditure	119,690
Revenue	98,276
Decreases in balances	25
Gross borrowing	22,383
Less—	
New Sinking Fund	985
Old S. Fund, 1907-08	9
Net borrowing	21,398
	119,690

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1937 by borrowing.

POSITION OF THE FLOATING DEBT

	May 30, '36	Mar. 31, '37	May 29, '37	Week ended May 29, '37
Advances and Means Outstanding:—				
Advances by Bank of England	16,290,000	23,535,000	19,975,000	— 6,480,000
Advances by Public Departments	770,305,000	674,565,000	681,015,000*	+ 10,005,000
Treasury Bills outstanding	788,595,000	698,130,000	700,990,000	+ 3,525,000
Total Floating Debt	1,625,190,000	1,376,230,000	1,377,975,000	— 248,215,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury Bills were opened on May 28, 1937. The amount applied for was £72,235,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday, at £99 17s. 2d. about 49 per cent. and above in full; The average rate per cent. was 10s. 6-99d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,580,000	27,500,000	£ s. d. 0 6 1-64
July 5, 1935	40,000,000	61,905,000	40,000,000	0 12 4-32
January 8, 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1-27
January 1, 1937	40,000,000	75,480,000	40,000,000	0 12 5-63
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10-88
May 21, 1937	40,000,000	78,675,000	40,000,000	0 10 1-58
May 28, 1937	45,000,000	72,235,000	45,000,000	0 10 6-99

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended May 8, 1937	605,048	£ 453,786
Five days ended May 15, 1937	429,946	322,459
February, 1916, to May 15, 1937	1,293,591,907	1,016,631,789

At the end of April, 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £389,726,807.

The OCEAN

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

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,
JUNE 2, 1937

ISSUE DEPARTMENT

	£		£
Notes Issued:—		Government Debt	11,015,100
In Circulation	475,552,639	Other Government Securities	183,724,798
In Banking Department	45,708,727	Other Securities	5,245,970
		Silver Coin	14,132
		Amount of Fiduciary Issue	200,000,000
		Gold Coin and Bullion	321,261,366
	521,261,366		521,261,366

BANKING DEPARTMENT

	£		£
Proprietors' Capital	14,553,000	Government Securities	102,822,412
Reserve	3,259,997	Other Securities:—	
Public Deposits	10,231,850	Discounts	2,014,538
Other Deposits:—		Advances	4,749,339
Bankers	£109,499,480	Securities	£20,735,841
Other Accounts	37,300,667	Notes	25,485,180
	146,800,147	Gold and Silver Coin	45,708,727
			828,675
	174,844,994		174,844,994

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

Both Departments	Amount, June 2, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Notes circulation	475,552,639	+ 333,019	+ 42,100,156
Public deposits	10,231,850	+ 14,832,149	+ 2,014,538
Bankers' deposits	109,499,480	+ 18,127,385	+ 19,781,004
Other deposits	37,300,667	+ 178,165	+ 204,957
Total outside liabilities	632,584,636	+ 3,649,081	+ 84,100,355
Capital and reserves	17,812,997	+ 23,794	+ 9,333
Government debt and securities	297,562,310	+ 3,430,283	+ 59,959,366
Discounts and advances	4,749,339	+ 115,899	+ 1,499,642
Other securities	25,981,811	+ 384,485	+ 12,405,802
Silver coin in issue department	14,132	+ 4,847	+ 782,109
Coin and bullion (bank's reserves)	322,090,041	+ 30,821	+ 113,919,747
Reserves of notes and coin in banking department	46,537,402	+ 363,831	+ 11,819,591
Proportion of reserve to outside liabilities:—			
(a) Banking Department only ("proportion")	29-6%	— 0-9%	+ 3-9%
(b) Gold stocks to deposits and notes ("reserve ratio")	50-8%	— 0-3%	+ 14-3%

(000's omitted)									
Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate		
	Notes	Circulation	Public Deposits	Bankers' Deposits	Other Deposits				
1937	£	£	£	£	£	£	%		
May 12	518,662	479,909	32,520	87,664	37,185	5,000 in	2		
" 19	521,261	481,433	19,194	97,331	37,580	2,600 in	2		
" 26	521,261	475,220	21,864	91,372	37,480	Nil	2		
June 2	521,261	475,553	19,232	100,389	37,301	Nil	2		

(000's omitted)									
Date	Issue Department		Both Depts.		Banking Department				
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Dis- counts & Advances	Other Securities	Reserve and the "Proportion"	
	£	£	£	%	£	£	£	£	%
1937									
May 12	195,158	4,834	319,526	50 1/2	108,338	5,893	21,275	39,616	25 1/2
" 19	194,622	5,367	322,149	50 1/2	103,273	6,571	21,420	40,716	26 1/2
" 26	194,660	5,331	322,121	51 1/2	99,472	4,865	20,267	46,901	30 1/2
June 2	194,740	5,246	422,080	50 1/2	100,822	4,749	20,736	46,537	29 1/2

BANKERS' CLEARING RETURNS LONDON (000's omitted)

	Town		Metropolitan		Country		Total	
	£	£	£	£	£	£	£	£
1937	£	£	£	£	£	£	£	£
January 1 to May 19	14,677,025	846,765	1,469,880	16,993,670				
Week ended May 26	622,400	39,958	67,766	730,124				
Week ended June 2	782,596	43,310	69,512	895,412				
Total to date, 1937	16,082,021	930,033	1,607,158	18,619,212				
Total to date, 1936	13,710,796	839,943	1,443,862	15,994,601				
Increase or decrease in 1937	+2,371,225	+90,090	+163,296	+2,624,611				
	= 17.3%	= 10.7%	= 11.3%	= 16.4%				
Total for year 1936	35,039,356	2,036,620	3,537,568	40,613,544				
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751				
Increase or decrease in 1936	+2,595,781	+152,508	+308,504	+3,054,823				
	= 8.0%	= 8.1%	= 9.6%	= 8.2%				

PROVINCIAL (000's omitted)

	Week ended May 29		Month of May		Aggregate Totals January 1 to May 29	
	1936	1937	1936	1937	1936	1937
No. of working days:						
BIRMINGHAM	2,400	2,014	11,023	10,275	55,795	57,633
BRADFORD	980	1,147	3,991	4,397	22,056	23,515
BRISTOL	1,188	1,290	5,653	4,959	27,727	27,413
DUBLIN	5,145	5,060	126,139	128,645	1,261,645	1,261,645
HULL	749	887	3,616	3,800	17,795	20,053
LEEDS	958	886	3,910	3,972	20,559	22,779
LIVERPOOL	6,608	6,576	24,994	27,769	161,119	157,864
MANCHESTER	9,786	8,421	43,384	45,969	219,532	238,460
NEWCASTLE	1,283	1,298	5,816	6,486	27,985	31,078
NOTTINGHAM	443	397	2,129	2,200	11,188	11,384
SHEFFIELD	773	711	4,044	4,174	21,163	23,563
	30,970	29,239	111,764	117,050	697,962	758,756

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Spain appeared in The Economist for August 15. Denmark, International Settlements, in May 8. Turkey in May 22. Bulgaria, Egypt, Poland, Portugal, Roumania, Sweden, Federal Reserve Reporting Members and Finland in May 29.

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

U.S.F.R. Banks	June 3, 1936	May 13, 1937	May 20, 1937	May 27, 1937	June 3, 1937
	1936	1937	1937	1937	1937
Gold Resources on hand and due from the Treasury	7,840,040	8,839,410	8,838,910	8,838,410	8,838,400
Total reserves	8,143,990	9,139,400	9,139,850	9,146,060	9,122,440
Total cash reserves	290,690	288,280	289,150	296,310	272,690
Total bills discounted	5,850	5,660	15,280	15,700	17,490
Bills bought in open market	3,080	4,580	4,480	6,260	6,260
Total bills on hand	8,930	20,180	19,760	21,960	23,750
Industrial advances	30,170	22,780	22,820	22,410	22,280
Total U.S. Govt. securities	2,430,240	2,526,290	2,526,290	2,526,290	2,526,290
Total bills and securities	2,469,520	2,569,380	2,569,570	2,570,650	2,572,370
Total resources	11,338,320	12,488,930	12,523,820	12,436,100	12,453,370
LIABILITIES					
Federal Reserve notes in actual circulation	3,793,960	4,193,870	4,184,420	4,184,040	4,235,110
Aggregate of excess member bank reserves over requirements	2,840,000	940,000	910,000	940,000	860,000
Deposits—Member bank	5,713,310	6,942,730	6,918,230	6,943,800	6,853,710
Government deposits	504,730	106,180	116,780	80,490	115,100
Total deposits	6,218,040	7,048,910	7,035,010	7,024,290	6,968,810
Capital paid in and surplus	302,810	305,540	305,540	305,540	305,540
Total liabilities	11,338,320	12,488,930	12,523,820	12,436,100	12,453,370
Ratio of total reserves to deposit and F.R. note liabilities combined	78.6%	79.8%	79.7%	79.7%	79.6%
U.S.F.R. Banks and Treasury Combined Resources					
Monetary Gold Stock	10,409,000	11,882,000	11,907,000	11,977,000	12,027,000
Treasury and National Bank Currency	2,493,000	2,545,000	2,547,000	2,546,000	2,546,000
LIABILITIES					
Money in Circulation	5,953,000	6,405,000	6,399,000	6,399,000	6,487,000
Treasury Cash and Deposits with Federal Reserve Banks	3,084,000	3,182,000	3,196,000	3,220,000	3,297,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

	June 3, 1936	May 13, 1937	May 20, 1937	May 27, 1937	June 3, 1937
Total gold reserves	3,135,990	3,392,890	3,432,580	3,462,110	3,381,810
Total bills discounted	5,550	8,230	7,250	8,090	8,130
Bills bought in open market	1,990	2,520	2,010	2,000	2,000
Total U.S. Govt. securities	729,380	725,030	725,030	725,030	725,030
Total bills and securities	741,390	741,750	740,210	741,020	741,060
Deposits—Member bank—reserve account	2,580,350	2,986,060	3,000,910	3,068,350	2,962,420
Ratio of total res. to dep. and Federal Res. note liabilities combined	82.5%	83.9%	84.1%	84.2%	83.9%

AUSTRALIAN COMMONWEALTH BANK In £'s (000's omitted)

	June 1, 1936	May 3, 1937	May 10, 1937	May 17, 1937	May 24, 1937	May 31, 1937
ASSETS						
Gold and English sterling	16,001	16,011	16,011	16,011	16,011	16,011
Other coin, bullion and cash	6,494	5,271	4,988	4,967	4,864	5,365
Money at short call—London	20,248	28,502	29,514	33,184	33,276	33,100
Short-term loans	3,443	5,994	2,391	4,992	4,574	4,435
Securities	74,999	76,810	76,810	76,810	76,810	76,810
Discounts and advances	8,232	9,229	9,362	9,326	9,425	9,518
LIABILITIES						
Notes issued	47,044	47,038	47,038	47,038	47,038	47,038
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	65,616	79,546	76,725	83,126	83,130	83,366

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

	May 25, 1936	May 3, 1937	May 10, 1937	May 17, 1937	May 24, 1937	May 31, 1937
ASSETS						
Gold	2,801	2,801	2,801	2,801	2,801	2,801
Sterling exchange	23,737	20,137	20,632	20,835	21,717	21,717
Advances to State	5,982	5,736	5,736	5,736	5,736	5,736
Investments	1,985	2,906	2,906	2,906	2,906	2,906
LIABILITIES						
Bank notes	10,156	12,920	12,863	12,903	13,022	13,022
Deposits	8,983	6,971	6,852	6,797	6,920	6,920
Other	8,288	10,770	10,958	11,163	11,108	11,108
Ratio of reserves to sight liabilities	96.8%	75.4%	76.4%	76.6%	78.9%	78.9%

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

	May 27, 1936	May 12, 1937	May 19, 1937	May 26, 1937
ASSETS				
Reserve of which	196,071	204,507	204,776	204,776
Gold coin and bullion	179,798	188,576	187,755	187,755
Dominion Government securities	110,851	149,679	148,464	148,464
LIABILITIES				
Note circulation	93,169	130,989	130,873	130,820
Deposits: Dominion Government	27,804	21,795	22,127	22,199
Chartered banks	188,639	194,180	191,045	191,452
Ratio of reserves to notes and deposit liabilities	64.2%	58.8%	59.4%	59.3%

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

	May 29, 1936	Apr. 30, 1937	May 7, 1937	May 14, 1937	May 21, 1937	May 28, 1937
ASSETS						
Gold coin and bullion	22,923	26,331	26,074	25,776	25,777	25,628
Bills discounted: Foreign	10,389	4,765	4,610	5,615	5,615	5,615
Investments	1,737	1,730	1,729	1,729	1,729	1,729
Other assets	12,513	13,948	13,802	13,411	12,799	12,978
LIABILITIES						
Notes in circulation	15,013	16,646	16,019	15,270	14,728	16,852
Deposits: Government	2,918	3,493	2,512	3,100	3,535	2,766
Deposits: Banks	22,648	18,927	19,550	19,874	19,585	18,134
Ratio of cash reserves to liabilities to public	50.4%	60.1%	59.9%	62.2%	59.4%	59.7%

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

	May 29, 1936	May 14, 1937	May 21, 1937	May 28, 1937
ASSETS				
Gold coin and bullion	44,42,17	41,51,56	44,51,56	44,51,56
Rupee coin	60,58,55	54,64,99	54,75,13	55,17,53
Balances abroad	15,30,32	26,70,21	24,47,82	24,45,43
Sterling securities	68,31,71	80,30,70	80,30,70	80,30,70
Indian Govt. rupee securities*	23,47,28	27,37,24	27,37,24	27,37,24
Investments	6,15,44	7,57,46	7,51,65	7,00,93
LIABILITIES				
Note circulation	1,65,94,29	1,95,64,29	1,92,28,73	1,90,27,96
Deposits: Government	17,92,48	10,69,09	9,31,29	11,25,70
Banks	24,43,46	25,23,85	26,82,79	26,69,95
Ratio of gold and sterling to liabilities	57.3%	60.2%	60.3%	60.2%

* Held against notes.

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

ASSETS	May 29, 1936	May 7, 1937	May 13, 1937	May 20, 1937	May 27, 1937
Gold	57,021,506	57,358,923	57,358,927	57,358,964	57,358,994
Advances on Gold Coin	1,346,847	1,098,796	1,098,943	1,098,943	1,098,943
Commercial Bills	19,385,289	9,519,739	9,158,419	9,675,669	9,829,639
Bills bought abroad	1,272,305	1,083,020	1,083,020	1,023,695	1,023,695
Advances on securities	4,177,385	4,737,890	4,487,302	4,357,178	4,162,535
Loans to State without interest: (a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(b) provisional		19,991,307	19,991,307	19,991,307	19,979,773
Negotiable Bonds					
Sinking Fund Dept.	5,707,877	5,641,622	5,641,622	5,641,621	5,641,618
Other assets (excluding forward exch.)	3,726,691	4,009,947	3,910,182	3,883,691	3,872,442
LIABILITIES					
Notes in circulation	84,705,124	86,869,758	85,966,885	85,347,855	85,745,725
Public deposits	1,850,322	3,499,508	3,109,970	3,155,820	3,154,004
Private deposits	6,838,958	13,657,915	14,156,861	14,475,815	14,628,222
Other liabilities	2,453,295	2,661,006	2,696,006	2,597,731	2,640,000
Ratio of gold reserve to sight liabilities	61.0%	55.1%	55.5%	55.7%	55.3%

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1937							
May 8	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 13	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 20	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 27	1-1	1-1	1-1	1-1	2-2	2-2	2-3
June 3	1-1	1-1	1-1	1-1	2-2	2-2	2-3

LONDON RATES OF EXCHANGE

I.—Spot Rates

(Range of the day's business)

London on	Par of Exch. per £	May 28, 1937	May 29, 1937	May 31, 1937	June 1, 1937	June 2, 1937	June 3, 1937
New York, \$	4-8 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2
Montreal, \$	4-8 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2
Paris, Fr.	124-21	110 1/2	110 1/2	110 1/2	110 1/2	110 1/2	110 1/2
Brussels, Bel.	35-00(a)	29-25	29-25	29-25	29-25	29-25	29-25
Milan, L.	92-46	93 1/2	93 1/2	93 1/2	93 1/2	93 1/2	93 1/2
Zurich, Fr.	25-22	21-61	21-61	21-61	21-61	21-61	21-61
Athens, Dr.	375	540	555	540	555	540	555
He'stors, M.	193-23	225 1/2	225 1/2	225 1/2	225 1/2	225 1/2	225 1/2
Madrid, Pt.	25-22 1/2	70-100	70-100	70-100	70-100	70-100	70-100
Lisbon, Esc.	110	110	110	110	110	110	110
Amst'dm, Fl.	12-107	8-98 1/2	8-97 1/2	8-95 1/2	8-94 1/2	8-94 1/2	8-94 1/2
Berlin, Mk.	20-43	12-29	12-32	12-28	12-31	12-28	12-31
Registered Marks							
Vienna, Sch.	34-58 1/2	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2
Bu'pest, Pen.	27-82	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2
Prague, Kc.	164-4	141 1/2	141 1/2	141 1/2	141 1/2	141 1/2	141 1/2
Danzig, Gul.	25-00	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2
Warsaw, Zl.	43-38	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2
Riga, Lat.	25-22 1/2	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2
Bucharest, Lei	813-8	665-680	665-680	665-680	665-680	665-680	665-680
Const'ple, Est	110	618	618	618	618	618	618
Belgrade, Din.	276-32	210-220	210-220	210-220	210-220	210-220	210-220
Kovno, Lit.	48-66	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2
Sofia, Lev.	673-66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18-159	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2
Oslo, Kr.	18-159	19-85	19-85	19-85	19-85	19-85	19-85
Stockholm, Kr.	18-159	19-35	19-35	19-35	19-35	19-35	19-35
Coph'gen, Kr.	18-159	22-35	22-35	22-35	22-35	22-35	22-35
Alex'ndria, Pst.	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2
Br. India Rup	18d.	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2
Hong Kong, \$	24-58 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2
Kobe, Yen	12-11	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Shanghai, \$	28d.	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2
Singapore, \$	12-11	8-93 1/2	8-93 1/2	8-93 1/2	8-93 1/2	8-93 1/2	8-93 1/2
Batavia, F.	15-890 1/2	31 1/2	31 1/2	31 1/2	31 1/2	31 1/2	31 1/2
Rio, Mil.	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2
B. Aires, \$	11-45	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2
Valparaiso, \$	40	128 1/2	128 1/2	128 1/2	128 1/2	128 1/2	128 1/2
M'video, \$	51d.	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
Lima, Sol.	17-38	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2
Mexico, Pes.	9-76	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2
Manila, Pes.	24-66d.	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2
Moscow, Rbl.	21-82d.	22 1/2	22 1/2	22 1/2	22 1/2	22 1/2	22 1/2
B'ngkok, Baht	21-82d.	22 1/2	22 1/2	22 1/2	22 1/2	22 1/2	22 1/2

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 * Sellers. † Pence per unit of local currency. ‡ Par 8-23 1/2 since dollar devaluation on February 1, 1934. § Par, 197-10 1/2 since koruna devaluation on February 17, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4 1/2d. sellers. (f) Official rate is \$15 sellers.
 (h) Average remittance rate for importers. Rate for payments to the Bank of England:—(i) For account Controller of Anglo-Italian debts; (j) under Anglo-Spanish Agreement; (k) under Anglo-Turkish Agreement. (l) Nominal. (m) Approximate. Dealings in Roubles at 4 1/2 French francs to 1 Rouble.

II.—Forward Rates
(Closing quotations)

London on	May 28, 1937 Per £	May 29, 1937 Per £	May 31, 1937 Per £	June 1, 1937 Per £	June 2, 1937 Per £	June 3, 1937 Per £
New York, cent.	1 Month 2 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2
Paris, fr.	1 Month 2 1/2	(d) 1 1/2	(d) 1 1/2	(d) 1 1/2	(d) 1 1/2	(d) 1 1/2
Amsterdam, cent.	1 Month 2 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2
Brussels, cent.	1 Month 2 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2
Geneva, cent.	1 Month 2 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2	(p) 1 1/2

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

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

OVERSEAS BANK RATES

	Changed	From	To		Changed	From	To
Albania	Apr. 1, 1937	6 1/2	6	Oslo	Dec. 7, 1936	3 1/2	4
Amsterdam	Dec. 2, 1936	2 1/2	2	Paris	Jan. 28, 1937	2	4
Athens	Jan. 4, 1937	7	6	Prague	Jan. 1, 1936	3 1/2	3
Batavia	Jan. 14, 1937	4	3	Pretoria	May 15, 1933	4	3 1/2
Belgrade	Feb. 1, 1935	5	5	Tallinn	Oct. 1, 1935	4	4 1/2
Berlin	Sept. 22, 1932	5	4	Riga	Nov. 1, 1936	5 1/2	5 1/2 (b)
Brussels	May 14, 1935	2 1/2	2	Rio de Janeiro	May 31, 1935	3 1/2	3 1/2
Bucharest	Dec. 15, 1934	6	4 1/2	Rome	May 18, 1936	5	4 1/2
Budapest	Aug. 28, 1935	4 1/2	4	Sofia	Aug. 15, 1935	7	6
Calcutta	Nov. 28, 1935	3 1/2	3	Stockholm	Dec. 1, 1933	3	2 1/2
Copenhagen	Nov. 19, 1936	3 1/2	4	Swiss Bank	Nov. 25, 1936	2	1 1/2
Danzig	Jan. 2, 1937	5	4	Tokio	Apr. 7, 1936	3-65	3-285
Helsinki	Dec. 3, 1934	4 1/2	4	Vienna	July 10, 1935	4	3 1/2
Kovno	July 1, 1936	6	5 1/2	Warsaw	Oct. 26, 1933	6	5
Lisbon	May 5, 1936	5	4 1/2	Wellington	Mar. 2, 1936	3 1/2	2 1/2
New York Fed.	Reserve	Feb. 1, 1934	2	Irish	June 30, 1932	3 1/2	3
Madrid	July 15, 1935	5 1/2	5				
Montreal	Mar. 11, 1935	5 1/2	2 1/2				

Central Bank of Chile.—Discount rate for member banks, 4 1/2%; discount rate for the public, 6%. (a) 5% applied to banks and credit institutions. (b) 5 1/2% applied to private persons and firms.

NEW YORK MONEY AND EXCHANGE RATES

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

	June 3, 1937	May 31, 1937	May 26, 1937	May 19, 1937	May 12, 1937	May 5, 1937	June 2, 1937
Call money	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Time money (90 days' mixed coll.)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptances	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Members—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-mem.—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Commercial accept., 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

Rates of Exchange, New York on—	Par Level	June 3, 1936	May 19, 1937	May 26, 1937	June 2, 1937
London:—					
60 days					
Cable					
Cheques					
Paris:—					
Brussels					
Switzerland					
Italy					
Berlin					
Vienna					
Madrid					
Amsterdam					
Copenhagen					
Oslo					
Athens					
Montreal					
Yokohama					
Shanghai					
Calcutta					
Buenos Aires					
Rio de Janeiro					

SOUTH AFRICAN EXCHANGE RATES

(BUYING RATES PER £100 STERLING)

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

(SELLING RATES PER £100 STERLING)

	Sight	Telegraphic
London on:—		
Rhodesia	£ s. d. 99 15 0	£ s. d. 99 15 0
South Africa	100 2 6	100 2 6

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

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

Bolivia.*	Commercial Banks' "free" selling rate was 120 bolivianos per £ on April 23rd.
Colombia.*	Sight selling rate 175-80 pesos per 100 United States dollars on May 7th. This rate applies to holders of permits buying in the "open" market.
Ecuador.*	Official sight selling rate on New York was maintained up to May 7th at 10.50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Sight selling rate on New York was fixed at 2 cordobas per United States dollar on March 19th.
Salvador.	Sight rate on May 8th was 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York was 3.19 bolivares per United States dollar on April 27th.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

	London on Australia and New Zealand				Australia and New Zealand on London*			
	Buying		Selling		Buying		Selling	
	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand
T.T.	Air Mail	Ord. Mail	Air Mail	Ord. Mail	Air Mail	Ord. Mail	Air Mail	Ord. Mail
Sight	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2
30 days	126 1/2	125 1/2	126 1/2	125 1/2	126 1/2	125 1/2	126 1/2	125 1/2
60 days	127 1/2	126 1/2	127 1/2	126 1/2	127 1/2	126 1/2	127 1/2	126 1/2
90 days	127 1/2	126 1/2	127 1/2	126 1/2	127 1/2	126 1/2	127 1/2	126 1/2

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended June 3, 1937, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD
(Into and from United Kingdom)

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British South Africa	1,636,307	£	British India	46,489	£
Tanganyika	7,262	£	Finland	1,000	£
Kenya	2,911	£	Netherlands	2,610	£
Uganda	5,120	£	France	8,500	£
Anglo-Egyptian	2,610	£	Switzerland	50,867	£
British India	566,923	£	Yugoslavia	10,620,698	£
Australia	9,977	£	U.S.A.	681	£
U.S.S.R.	1,086,993	£	Argentina Republic	1,500	£
Netherlands	30,479	£	Other countries	681	£
Switzerland	5,700	£			</

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1937	+ or -	1937	+ or -
INDIAN							
		1937		Rs.	Rs.	Rs.	Rs.
Assam Bengal	4	Apr. 30	1,330	\$5,21,200	+ 3,547	14,70,700	+ 85,039
Barsi L. Ry.	4	Apr. 30	202	50,400	+ 600	1,77,900	+ 22,500
Bengal & N. Western ..	6	May 10	2,107	12,31,663	+ 16,779	48,87,080	+ 1,40,333
Bengal-Nagpur	6	May 10	3,268	26,91,000	+ 1,84,182	1,10,68,000	+ 10,31,146
Bombay, Bar. & C.I. ..	7	May 20	3,072	136,62,000	+ 2,67,000	1,80,50,000	+ 7,45,000
Madras & S. Mahr. ..	6	May 10	3,229	121,68,000	+ 17,202	89,74,000	+ 1,46,075
Robik'd & Kumaon ..	6	May 10	572	25,34,920	+ 14,657	1,09,91,111	+ 25,683
South Indian	6	May 10	2,832	15,45,963	+ 4,830	62,22,374	+ 13,517

† 10 days.

CANADIAN

Canadian National ..	20	May 21	23566	\$ 3,862,173	+ 438,540	\$ 73,686,345	+ 7,858,499
Canadian Pacific	20	May 21	17228	2,627,000	+ 35,000	51,608,000	+ 3,902,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia)	22	May 30	834	\$ 13,280	- 3,630	\$ 367,830	+ 72,310
Argentina N.E.	48	May 29	753	1140,900	- 25,200	6,985,000	+ 483,300
B.A. and Pacific	48	May 29	2,806	1,718,000	+ 252,000	75,863,300	+ 6,240,300
B.A. Central	46	May 15	...	1,106,576	+ 20,442	4,605,068	+ 514,899
B.A. Gt. Southern ..	48	May 29	5,084	12,066,000	+ 167,000	118,139,000	+ 120,450,000
B.A. Western	48	May 29	1,930	1,774,000	+ 94,000	39,656,000	+ 2,472,000
Central Argentine	48	May 29	3,700	12,247,750	+ 644,750	121,630,980	+ 255,082,300
Central Uruguay	47	May 22	273	13,495	+ 3,528	586,705	+ 63,416
C. Ur. (East Ext.) ..	47	May 22	311	79,153	+ 799	117,335	+ 19,443
C. Ur. (W. Ext.) ..	47	May 22	185	72,679	+ 1,271	85,599	+ 14,047
Cordoba Central	48	May 29	1,218	572,000	+ 146,000	25,408,000	+ 2,743,400
Entre Rios	48	May 29	810	221,100	+ 27,500	10,187,500	+ 1,423,400
G. Westn. of Brazil ..	22	May 29	1,082	13,716	+ 2,341	615,053	+ 100,195
Leopoldina	22	May 29	1,918	5,700	- 400	165,600	- 18,100
Leopoldina Termn. ..	22	May 29	397	1,310,000	+ 348,000	37,688,000	+ 5,731,000
Nitrate	21	May 31	397	1,310,000	+ 26,000	7,587,000	+ 356,000
Paraguay Central ..	48	May 29	274	4,134,000	+ 895,000	143,057,000	+ 286,200,000
Salvador	48	May 29	100	10,190,000	+ 2,000	1,162,458	+ 224,812
San Paulo	21	May 23	153	1,349,571	+ 1,233	53,055,000	+ 3,575,000
United of Havana ..	48	May 29	1,353	23,115	+ 4,711	1,315,153	+ 163,926

* Converted at average official rate during week ended May 29, 1937, 18-12 pesos to £.
† Free market rate.
‡ Receipts in Argentine pesos.
§ Fortnight.
|| Converted at official rate.
¶ Converted at "controlled free" rate.
/ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta Light Railways	6	May 10	621	£ 16,142	+ £ 529	£ 24,895	+ £ 2,569
Egyptian Markets	21	May 27	...	1,206	- 244	39,040	+ 54
Gr. Southn. of Spain ..	34	Aug. 29	104	Ps. 14,208	- 62,843	840,732	- 724,859
Mexican Railway	20	May 21	483	\$ 344,500	+ 37,000	6,310,000	+ 972,500

† 10 days.

SUEZ CANAL RECEIPTS

Suez Canal	21	May 20	...	£ 295,400	+ £ 2,800	£ 4,585,200	+ £ 8,200
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† 10 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine	21	May 27	325	\$ 595,328	+ 1,647	\$ 13,428,007	+ 241,543
B. Aires Lacroze	46	May 16	...	\$ 61,076	+ 2,911	\$ 3,141,402	+ 131,692
Burnley, Colne and Nelson Jt. Trst.	21	May 29	80	£ 5,120	+ 278	£ 20,26,484	+ 1,12,251
Calcutta Tramways ..	21	May 29	...	Rs. 1,14,331	+ 6,892	Rs. 35,951	+ 1,023
Isle of Thanet Elec.	12	Mar. 24	...	£ 2,883	+ 91	£ 250,551	+ 19,636
Liverpool Corp.	8	May 26	...	£ 30,762	+ 1,905	£ 513,518	+ 17,781
Madras Electric	21	May 31	...	Rs. 48,402	+ 2,540	Rs. 5,13,518	+ 17,781

† Fortnight.

MONTHLY TRAFFICS

Company	Month	Ending	Description	Receipts for Month		Receipts to Date	
				1937	+ or -	1937	+ or -
Canadian National ..	4	Apr. 30	Gross	\$ 17,056,398	+ 2,014,627	\$ 62,033,587	+ 6,712,045
Canadian Pacific	4	Apr. 30	Net	\$ 2,249,014	+ 793,709	\$ 4,566,511	+ 3,034,463
International of C. Amer.	4	Apr. 30	Gross	\$ 583,617	+ 46,024	\$ 2,195,243	+ 114,602
Midland of W. Australia	10	Apr. 30	Gross	\$ 289,234	+ 19,668	\$ 1,065,900	+ 41,728

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	Interim or Final	Date of Payment	Comparison with Last Year	Total	
				Latest Year	Previous Year
RAILWAYS				%	%
Bengal Nagpur Railway	2%*	July 1	Same	6	6
Bombay Baroda, etc., Railway	3%†	...	...	6	6
Union Pacific Railroad	\$1.50 ps	July 1	...	...	...
BANKS					
Bank of New Zealand	5%†	...	Same	10	10
Barclays Bank (Dominion, Colonial and Overseas) "A" and "B"	5%*	...	5%*	...	...
National Bank of New Zealand	12%†	...	Same	14	14
Ottoman Bank	...	...	...	14	14
TEA AND RUBBER					
British Indian Tea	10%†	June 30	Same	12	12
Central Perak Rubber	...	...	...	14	14
Chandapore Tea	11%†	June 25	9%†	16	14
Dejoo Tea	...	...	...	5	5
Dekhari Tea	10%†	...	Same	12	12
Doolah Tea	7%†	...	...	10	8
Doolahat Tea	10%†	...	Same	12	12
Elulurist (Ceylon) Tea, etc.	2%*	...	Same	5	2
Gordon (Malaya) Rubber	...	...	...	7	7
Harmutty Tea	5%†	...	Same	2	6
Highfields Ceylon	...	...	...	9	5
Hollywood Rubber	...	...	...	3	2
Indian Tea of Cachar	...	...	...	20	25
Itakhooli Tea	15%†	...	...	7	5
Jugra Estate	4%†	June 16	2%†	7	5
Julinga Tea	...	...	...	7	5
Looksan Tea	...	June 25	...	7	3
Madangley (Malay) Rubber	...	...	...	5	6
Mardu Rubber	...	...	...	6	15
New Sylhet Tea	12%†	June 15	10%†	17	4
North Hummock Rubber	...	...	...	12	12
Pathini Tea	...	...	...	15	12
Rubber Estates of Krian	...	...	...	15	3
Sepinjur Bheel Tea	10%†	...	Same	5	12
MINING					
Clydesdale (Transvaal) Collieries	10%†	Aug. 11	7%†	17	12
Frontino Gold	3%*	July 1	5%*	...	...
Gopeng Consolidated	5%*	July 7	3%*	...	...
Malayan Tin	7%†	June 18	...	10	6
Malayan Tin Dredging	30%*	June 18	...	...	...
Pahang Consolidated	10%*	June 24	Same	...	...
Siamese Tin	10%*	June 24	...	...	...
Southern Malayan Tin	20%*	June 17	...	...	...
Tekka-Taiing	5%*	July 20	1%*	...	...
OTHER COMPANIES					
African Land and Investment	8d. ps	...	...	1/2 ps	8d. ps
Allied Ironfounders	7%†	...	6%†	11	10
Anglo-Egyptian Oilfields "B"	10%†	...	10%†	25	15
Anglo-Iranian Oil	20%†	...	...	7	7
Argus and Sundial Laundries	4%†	June 15	Same	20	20
Argus Press Holdings	10%†	...	Same	15	15
Aron Electricity Meter	3%†	June 23	7%†	8	12
Barnagore Jute Factory	4%†	...	Same	8	8
Beer (George) and Rigden	7%*	July 1	...	...	...
Berry Hill Brickworks	45c. p.s.	July 15	40c. p.s.	8	3
British Columbia Power "A"	5%†	...	...	2	Nil
British New Guinea Development	2%*	...	2%*	...	...
British North Borneo Company	2%*	June 30	Same	...	...
British Northrop Loom	10%*	July 1	Same	...	...
British Tobacco (Australia)	10%*	...	...	...	...
British Vacuum Cleaner	110%†	...	...	115(c)	10
Brown (John) and Co.	40 cts ps	June 30	Same	...	...
Canadian Celanese	75 cts ps	July 1	Nil*	...	...
Celanese Corporation of America	24%†	...	Same	4	4
Coast Lines	...	July 1	...	7	Nil
Consett Iron	(c) 6%*	...	Same	7	7
Crompton Parkinson Ord. & A. Ord.	5%†	...	...	...	...
Dalton's Blackburn Brewery	14%*	June 8	2%*	...	...
Estates and Agency Co.	24%*	June 23	...	15	12
Feson, Packard and Prentice	...	...	...	10	10
Field (J. C. and J.)	3%*	June 15	Same	...	...
Forsters Glass	17%*	...	First	...	...
Fremfins	25c. p.s.	June 30	Same	8	7
Gale, Lester and Company	6%†	...	5%†	17	12
Gillette Safety Razor	11%†	...	...	15	12
Goldschmidt Mort and Company	7%*	July 1	Same	...	...
Hattersley (Ormskirk)	4%†	...	First period	6	...
Hely's	7%†	...	First period	10	...
Henkeys, Ltd.	18%†	...	19%†	12	11
Hick Hargreaves	...	June 30	...	10	7
Hill (F.) and Sons	2%*	...	Same	...	...
Holbrooks	2/- p.s.	June 30	Same	...	...
Hope (Henry) and Sons	1%*	June 30	Same	...	...
Hyderabad (Deccan) Company (I)	82c. ps.	July 15	30c. p.s.	4	4
Imperial Tobacco (Canada)	2%*	...	...	20	17
International Harvester	12%†	...	10%†	20	20
Manchester Collieries	5%*	...	...	15	15
Manchester Corn, etc.	5%*	...	...	...	...
Mansfield Brewery	(c) 12%*	...	Same	(c) 20	20
Marston Valley Brick	12%†	June 29	Same	15	15
Metropolitan Association, etc.	4%*	...	2%*	...	...
Mid Lincolnshire Electric	5%*	...	Same	...	...
Mono Containers	5%*	...	Same	...	...
Northampton Brewery	5%*	...	Same	...	...
Oceanic Laundry	5%*	June 16	First period	10	30
Pretoria Portland Cement	15%†	July 29	Same	30	30
Purnell and Sons	3%*	June 15	Same	...	...
Reed (Albert E.)	6%†	June 14	Same	9	9
Revo Electric	12%†	...	Same	17	17
Ribble Motor Services	(c) 6%*	...	Same	(c) 10	10
Roberts and Birch (Burton)	...	June 18	...	12	12
Second British Steamship Trust	2%*	June 30	2%*	...	...
Second Covent Garden Property	3%*	June 15	First interim	...	...
Shipley Collieries	8%†	June 16	5%†	12	8
Smethwick Drop Forgings	22%†	...	First year	30	...
Smith (S.) and Sons (Frid.)	7%*	June 10	5%*	...	...
Spencer (Walter) and Company	6%†	June 30	Same	10	10
Stanton Ironworks	6%†	...	Same	...	...
Sussex Brick (Defd.)	4%†	June 18	Same	...	...
Tate and Lyle	...	June 15	Same	...	...
Tredgair Iron and Coal (A and B)	...	...	...	24	13
Trinidad Central Oilfields	...	...	...	6	Nil
Trust Union	6%†	...	5%†	9	8
Twyford	11%†	...	8%†	18	12
United Tobacco (South)	(a) 3%*	June 30	Same	22	10
Venezuelan Oil Concessions	15%†	...	11%†	20	18
Vitamins	18%*	...	14%*	35	35
Wenlock Brewery	22%†	...	...	5	...
Westburn Sugar Refineries	...	...	...	...	...
Whitehead Iron and Steel	...	...	...	...	...
Wiggins and Co. (Hammersmith)	...	June 30	...	...	...

† Free of income tax. (a) Free of South African normal income tax. (c) Paid on a larger capital. (d) Also tax free bonus of 50 per cent. out of reserves.

ANGLO-EGYPTIAN OILFIELDS.—Dividend on "B" shares for 1936 of 12½ per cent., against 10 per cent. for each of the preceding five years.

ARGENTINE GREAT WESTERN RAILWAY.—Arrears of 2½ per cent. on 5 per cent. debenture stock to October 1, 1933, are to be paid.

BANK OF NEW ZEALAND.—Profits for year to March 31, 1937, £600,008, against £565,181. Ordinary dividend 10 per cent. as before. Carry forward increased from £339,100 to £364,889.

BARCLAYS BANK (DOMINION COLONIAL AND OVERSEAS).—Interim dividend on "A" and "B" shares raised from 5 to 5½ per cent. per annum.

BRITISH NORTH BORNEO COMPANY.—Divid

CARDIFF.—Active conditions have prevailed in all branches of the South Wales iron and steel industry. All available blast furnaces are in operation; the steel furnaces are also working under pressure to meet the inland and export trades, and the output of tinplate has rapidly recovered from the relatively low percentage of 69 to which it fell during Whit week. There is no change in prices, which are now under effective regulation. Shipments of tinplates at Swansea last week totalled 8,193 tons, compared with 7,630 tons the previous week, and 3,411 tons in the corresponding period of 1936.

OTHER METALS

COPPER.—Movements have been rather wide this week, but price closed a little down. Sales on the London Metal Exchange: 1,900 tons on Monday, against 2,500 tons last week; 1,250 tons on Tuesday, against 3,100 tons last week; 2,900 tons on Wednesday, against 2,200 tons last week. Domestic spot was quoted at 14.05 cents per lb. in New York on Wednesday, against 14.15 cents a week ago and 14.02½ cents a month ago. Wednesday's official closing price for standard cash in London was £61 2s. 6d. to £61 5s. per ton, compared with £61 10s. to £61 12s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 10,726 tons, showed a decrease of 1,355 tons, while stocks of rough copper, at 5,402 tons, were 1,297 tons larger.

LEAD AND SPELTER.—Business has been small and prices are more or less unchanged. Sales of lead on the London Metal Exchange: 700 tons on Monday, against 2,250 tons last week; 1,050 tons on Tuesday, against 1,650 tons last week; 850 tons on Wednesday against 1,700 tons last week. The New York quotation on Wednesday was 6.00 cents per lb., against 6.00 cents a week ago and 6.00 cents a month ago. Wednesday's official closing quotation in London for soft foreign for shipment during the current month was £24 8s. 9d. per ton, compared with £24 7s. 6d. last week.

Sales of spelter on the London Metal Exchange: 1,800 tons on Monday, against 1,850 tons last week; 1,200 tons on Tuesday, against 1,400 tons last week; 1,750 tons on Wednesday, against 1,200 tons last week. Wednesday's quotation in East St. Louis was 6.75 cents per lb., against 6.75 cents the week before and 6.75 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £23 10s. per ton, against £23 7s. 6d. last week.

TIN.—Little of note has occurred in the past week. Sales of tin on the London Metal Exchange: 325 tons on Monday, against 225 tons last week; 65 tons on Tuesday, against 330 tons last week; 450 tons on Wednesday, against 300 tons last week. The New York quotation on Wednesday was 56.12½ cents per lb., against 56.00 cents a week ago and 55.37½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £255 to £255 5s. per ton, compared with £252 to £252 5s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 2,459 tons, an increase of 522 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was quoted at £14 18s. to £14 18s. 6d., as against £15 12s. to £15 12s. 6d. last week per flask of 76 lbs. Chinese antimony was quoted at £70 per ton, ex warehouse, as against £72 to £73 last week. Chinese wolfram for "June-July" shipment was quoted at 58s. to 60s. per unit, c.i.f., compared with 57s. to 58s. for "May-June" shipment last week. Refined platinum was quoted on Wednesday at £11 5s. an ounce, the same as last week.

TEXTILES

COTTON.—Manchester.—The past week has not brought any increased activity. Spinners and manufacturers have dealt with a fair amount of inquiry and numerous quotations have been given out, but on the whole the response from buyers has been rather poor. Traders in some quarters have been rather uneasy, owing to the rumours concerning the future price of gold. Much satisfaction has been expressed at the abandonment of the N.D.C. proposals in the Budget.

THE FINANCIAL NEWS

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

MONDAY AND TUESDAY, JUNE 7 AND 8.—THE GOVERNMENT'S ELECTRICITY SUPPLY REORGANISATION SCHEME. Proposals for the reorganisation of the Electricity Distribution Industry, as embodied in the memorandum sent to certain people in the industry, are causing much consternation both within the industry and in political circles. It has been discovered, with surprise, that the proposals depart fundamentally from the recommendations of the McGowan Report, and the Supply Companies feel that their legitimate interests and those of their shareholders are gravely endangered.

MONDAY'S ARTICLE will deal with the general provisions for amalgamation and regrouping of the industry.

TUESDAY'S ARTICLE will deal with the provisions for the buying out of existing undertakings and the position of the regrouped undertakings under the proposals as they stand.

WEDNESDAY AND THURSDAY, JUNE 9 AND 10.—CHINESE BONDS. Continuing our series of articles on the Foreign Bond Market, we turn this week to a country which, at present, is making as much progress, both economically and politically, as perhaps any other country in the world.

WEDNESDAY'S ARTICLE will deal with China's position generally and with the Customs and Salt issues.

THURSDAY'S ARTICLE will discuss the many and varied investment opportunities amongst the Chinese Railway Bonds.

FRIDAY, JUNE 11.—COMPANIES AND THEIR PROFIT-EARNING CAPACITY—NO. 45. This week we celebrate the death of N.D.C. by including in this series a company which was due for earlier inclusion, but which was unavoidably postponed by the Finance Act: RHOKANA.

THE FINANCIAL NEWS

(Twopence Daily)

On sale at all railway bookstalls and good newsagents everywhere

There has not been any distinct change in the level of raw cotton prices. Fluctuations in prices during the next month or two will depend on the progress of the crop in the United States. On the whole, the outlook is favourable, as during the last few days beneficial rains have fallen where wanted. The Government forecast of the acreage will not be published until early in July.

Quotations throughout the yarn market have been firmly held. New business, however, has again been on a limited scale. Considerable attention has been centred on deliveries against old contracts. American twists are as scarce as ever. Egyptian descriptions have been purchased rather sparingly. A rather featureless state of affairs has prevailed in the cloth market. Inquiry has not been absent by any means, but the turnover has consisted of retail lots to meet urgent wants, bulk lines being unknown. Operations for India have been of a restricted character and buyers seem to be of opinion that if a waiting policy is adopted, more favourable opportunities of purchasing will exist in the near future. A mixed business has been done in fancies for China and Java, and useful orders have been secured in sheetings, printers and satens for South America. Occasional lines have been booked in heavy finishing styles for Scandinavia. Home trade purchases have not been at all important.

COTTON PRICES

	1937				Corresponding Date	
	May 11	May 19	May 26	June 2	1935	1936
Raw Cotton—Mid. American per lb.	7.30	7.28	7.28	7.38	6.79	6.72
„ Sakellaridis Fully Good Fair						
„ Egyptian per lb.	11.35	11.13	11.43	11.52	7.99	8.75
Yarns—32's twist per lb.	14½	14½	14½	14½	10½	10½
„ 40's twist per lb.	13½	13	13	13½	10½	10½
„ 60's twist (Egyptian) per lb.	20	19½	19	19½	15	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 30's s. d.	20 9	20 6	20 6	20 9	17 6	17 4
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's s. d.	28 5	28 2	28 2	28 4	24 0	24 6
38 in. ditto, 38 yds., 18 by 16, 10 lb. s. d.	11 6	11 5	11 5	11 6	10 4	10 2
39 in. ditto, 37½ yds., 16 by 15, 8½ lb. s. d.	10 6	10 5	10 5	10 6	9 2	9 2

JUTE.—Dundee.—Raw jute prices are still displaying some irregularity, due to the operations of speculators in Calcutta, but there is a gradually declining tendency. Consumers at all centres are showing very little interest yet, as it is generally anticipated that quotations will be lower owing to the favourable statistical position. The present crop will yield about sufficient to meet the requirements of the world without consumers having to fall back upon their stocks, while everything points to a big crop of jute for next season. There have been reports of too much rain having fallen in some districts in India, causing damage, but these are not being taken seriously here, as jute is a plant which can do with much moisture. The Indian jute mills have purchased approximately six million bales during the present season and the quantity exported will probably be over 4,500,000 bales by the end of this month, when the season ends. New crop is being more or less neglected at present high prices, which are about ½ per ton dearer than they were last year at this period, when the full group of Daisee-2/3 was sold down to £15 17s. 6d. Sellers here are asking £21 2s. 6d. for the full group of old crop and would do business at £21 for new, but buyers are indicating at least £2 less. The full group of Tossa-2/3 is quoted at £21 15s. and four at £21 5s., June/July, with new crop assortment available at £22, October/November. Old crop white jute is offered at £23 2s. 6d. for Green Circle Ram Lightnings and £22 2s. 6d. for Heart Ram-D/E, June/July, while new crop is available at £23 for Lightnings in a short group and £22 for Hearts, August/September.

Jute yarns are very quiet, but spinners continue busy with orders in hand, and prices are steady enough all round. Common 8 lb. cops are still at 2s. 4d. and 8 lb. spools at 2s. 5d., while twist is obtainable at 4½d. to 4½d. for 3-ply 8 lb., and sacking yarns are unchanged at 2½d. for 24 lb. weight and 3½d. for 8 lb. chains. Rove is slow but unaltered at £22 lowest for 48 lb. and £17 10s. for 200 lb., while carpet yarns are quiet but firm at 3½d. for 14 lb. warp. Orders for jute cloth are few and far between, and prices rule more or less nominally unchanged. Manufacturers might shade their terms if decent business were offered, but they are still quoting 2½d. for 10 oz. 40 in. and 2½d. for 8 oz. Calcutta goods have declined a little, but there is a steady undertone because of labour troubles at some of the Indian mills, where the workers are on strike, thus affecting production to some extent.

WORLD TRADE IN RAYON FABRICS.—World trade in rayon fabrics showed marked expansion in the first quarter of 1937, demand being particularly strong in the Asiatic markets, a feature which is very much to the advantage of Japan, now the greatest exporter in this class. From returns available, imports into Asiatic countries from all sources (but mainly Japan) showed an increase over the corresponding period in 1936 of 24 million yards, or nearly 50 per cent. India accounted for 6 millions, Manchukuo for 7 millions, Hongkong for 5 millions, and Malaya and the Dutch East Indies for 2 millions each. In the aggregate there was little change in Europe. African demand was reduced by the restrictions on Japanese goods in Egypt, whilst a similar cause resulted in lower shipments to Australia.

GRAIN MARKETS

WHEAT.—Following improved weather and the growing optimism of crop estimates, prices have been a little easier this week. Continental buying continues since crops may be delayed, but Danubian shipments are surprisingly large.

On Wednesday last, "July" futures were quoted in Chicago at 110½ cents per bushel, against 118 cents the week before and 119½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern, Manitoba ex ship, not quoted; last week 51s. 6d. per 496 lbs.; No. 2 Northern Manitoba, ex ship, 49s. 6d., as against 51s. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week amounted to 1,495,000 quarters, against 1,617,000 quarters in the previous week and 1,091,000 quarters in the corresponding week a year ago.

FLOUR.—Business is still extremely small for both home milled and imported flour, and prices have moved down once again. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 40s. per 280 lbs., as against 52s. a week ago; delivered inner London, 39s. 6d., as against 41s. 6d. a week ago. Manitoba patents, ex stores, 37s. to 38s. 6d., as against 37s. 6d. to 39s. a week ago. Australian, ex store, 33s. to 34s., as against 33s. to 34s. a week ago.

BARLEY.—Business remains on a small scale. Spot supplies are scarce, but buyers are awaiting the new crop. "July" futures were quoted at 63½ cents per bushel in Winnipeg on Wednesday, as against 66½ cents last week. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 35s. to 36s., as against 35s. to 36s. a week ago; "English malting" at farm, 36s. to 42s., against 38s. to 45s. last week. "English malting," ex ship, 50s. 6d. to 53s., as against 53s. 6d. a week ago. Chilean, California, ex ship, 44s. 9d. to 50s., as against 44s. 9d. to 50s. a week ago.

OATS.—On Wednesday, "July" futures were quoted at 43½ cents a bushel in Chicago, against 43½ cents a week ago and 44½ cents last month. Quotations in London, Wednesday: "English black," at farm, 26s. to 27s. per 336 lbs. a week ago, as against 26s. to 27s. a week ago; "English White," at farm, 26s. to 27s., as against 26s. to 27s. a week ago; mixed Canadian feed (Vancouver), landed, 26s. 3d. per 320 lbs., as against 26s. a week ago.

MAIZE.—There has been much more activity in this market during the past week. Continental and United States buyers have been active, and quotations generally have risen. "July" futures were quoted on Wednesday at 122½ cents per bushel in Chicago, against 121½ cents a week ago and 119½ cents last month. Quotations in London, Wednesday: "Plate," landed, 29s. 3d. per 480 lbs., as against 28s. 9d. a week ago; "Plate," ex ship, 28s. 3d., as against 27s. 8d. a week ago; "Plate," May, 28s. 3d., as against 27s. 8d. a week ago; yellow maize meal, ex wharf, was quoted at £7 7s. 6d. to £7 8s. 9d. per ton, as against £7 2s. 6d. to £7 5s. last week.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-37:—

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	June 3, 1936	Dec. 30, 1936	May 26, 1937	June 2, 1937
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	82½	84½	77½	129	130½	119½
Chicago (No. 2, Winter) —Cents per 60 lb.	98½	101½	84½	135½	120	110½

The visible supply of wheat in Canada amounts to 58,880,000 bushels, against 60,689,000 bushels last week, and 93,884,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1933-34 to 1936-37.

	1933-1934	1934-1935	1935-1936	1936-1937
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to May 29	148,673	169,755	168,252	164,010
39 weeks to May 29	9,883,408	12,454,531	12,472,292	9,825,808
Average price of English wheat per cwt.	s. d. 4 11	s. d. 5 6	s. d. 6 10	s. d. 9 11

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding weeks in each of the years from 1933 to 1936:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
May 27, 1933	Cwts. 104,826	Cwts. 55,177	Cwt. 22,172	s. d. 5 11	s. d. 6 8	s. d. 5 8
May 26, 1934	148,673	13,710	27,728	4 11	7 5	6 2
June 1, 1935	169,755	29,045	19,134	5 6	7 0	7 3
May 30, 1936	108,252	13,460	18,393	6 10	8 11	6 2
May 22, 1937	143,967	14,960	36,817	9 9	9 11	9 1
May 29, 1937	164,010	11,115	21,420	9 11	10 0	8 11

OTHER FOODS

BACON.—As during last week business remains small, and prices have been weak in several sections of the market. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 86s. to 90s.; Canadian, 82s.; Danish 92s.; against 88s. to 92s., 82s., and 95s. last week. Arrivals in London last week included: Danish, 13,952 bales; Canadian, 9,211; Dutch, 2,857; Lithuanian, 1,389; and Polish, 2,332; as against 13,802, 7,933, 2,436, 1,467 and 3,346 bales, respectively, in the previous week.

BUTTER.—Prices continue to rise gradually. Quotations (per cwt.) on the London Provision Exchange on Monday were: New Zealand, finest salted, 110s.; Australian, choicest salted, 109s.; Danish, 114s.; compared with 109s., 108s. and 114s. to 115s., respectively, a week ago.

CHEESE.—In this market, quotations have been firm for all imported brands, and several rises have taken place. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: Canadian, finest coloured, 77s. to 78s.; and New Zealand, finest coloured, 74s.; against 76s. to 78s. and 74s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 7½ cents per lb., as against 7½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "October-December," was quoted at 36s. per 50 kilos., c.i.f. Continent, against 36s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 5,505 bags; delivered, for home consumption, 10,366 bags; exported, 914 bags; stocks, 293,992 bags, against 175,574 bags a year ago.

COFFEE.—On Wednesday, Rio No. 7 (cash) was quoted at 9½ cents per lb. in New York, as compared with 9½ cents per lb. last week and 9 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered, for home consumption, 56 cwt.; exports, 31 cwt.; stocks, 2,053 cwt., against 10,499 a year ago. Central and other South American: Landed, 4,573 cwt.; delivered, for home consumption, 2,562 cwt.; exported, 626 cwt.; stocks, 115,968 cwt., against 125,767 last year. Other kinds: Landed, 4,608 cwt.; delivered, for home consumption, 3,690 cwt.; exported, 216 cwt.; stocks, 121,994 cwt., against 178,078 last year.

EGGS.—The prices remain steady for English and for imported eggs. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about

15-15½ lb.) realised 10s. 3d. to 10s. 6d. per 120, against 10s. 3d. to 10s. 6d. last week; while Danish (15½ lb.) made 8s. 6d. to 8s. 9d., as against 8s. 6d. to 8s. 9d. last week.

FRUIT.—The turnover at Covent Garden has been considerable, but prices remain fairly satisfactory. Very large foreign arrivals have depressed most apple prices, but English Bramleys are doing well at anything up to 12s. per box. New Zealand boxes are unchanged at 14s. to 18s., but Australian Granny Smith and Tasmanian Coxes have fallen. The price of pears is steady, but peaches, nectarines, strawberries and green figs are in considerable request. Oranges and lemons of good quality are scarce and very expensive. French and Italian cherries and Spanish apricots are getting good prices.

MEAT.—At Smithfield Market on Wednesday last, Argentine chilled hindquarters were quoted at 4s. 10d. to 5s. per 8 lbs., as compared with 4s. to 4s. 4d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,147 tons, a decrease of 1,553 tons on the corresponding week last year. Beef and veal accounted for 4,453 tons, mutton and lamb 2,594, and pork and bacon 681, as compared with 5,274, 3005 and 848 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, Singapore white Muntok, spot, was quoted at 6d. per lb. in bond, against 6d. per lb. a week earlier. Black Lampung, spot, in bond, was quoted at 3d. per lb. sellers, compared with 3d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, 30 tons; delivered, 2 tons; stocks, 1,938, against 1,759 last year. White, landed, 16 tons; delivered, 50 tons; stocks, 11,929 tons, compared with 12,181 a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 10s. per cwt. ex warehouse, on Wednesday, as compared with 10s. per cwt. a week ago. "June-July," in singles to Continent and U.K., was quoted at 9s. per cwt., against 9s. for "May-June" last week. Movements in London last week were as follows: Landed, 153 tons; delivered, 73 tons; stocks, 1,078 tons, against 1,282 a year ago.

SUGAR.—The New York spot quotation was 3.35 cents on Wednesday, as compared with 3.35 cents per lb. last week and 3.45 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August" delivery at 6s. 6½d. to 6s. 7½d., against 6s. 5½d. to 6s. 6d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 25,748 tons, against 42,362 in the previous week and 18,355 in the same week of 1936; deliveries, 20,654 tons, against 23,867 and 19,455 tons, respectively; stocks, 205,432 tons, against 200,338 and 170,010 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
May 21, 1936	d. 12.41	d. 13.00	d. 14.21	d. 10.81	d. 10.21	d. 11.75	d. 12.81
Apr. 22, 1937	14.79	16.38	17.36	14.81	13.08	13.98	15.68
Apr. 29, "	15.04	16.37	17.35	13.68	12.73	14.18	15.68
May 6, "	15.26	16.15	17.28	14.52	13.23	14.31	15.80
May 11, "	15.58	16.58	17.15	Nil	Nil	14.83	16.23
May 27, "	14.76	15.25	16.11	13.24	12.17	14.03	15.10

At this week's public auctions in Mincing Lane, 35,865 packages of Indian and 26,838 packages of Ceylon tea came up for disposal.

VEGETABLES.—According to *The Fruitgrower*, prices have tended to rise in the vegetable market, demand being considerable and supplies none too large. Cucumber prices are firm at 4s. to 5s. per dozen. Asparagus, despite larger arrivals, is selling well, and forced marrows fetch 6d. to 1s. each. Tomatoes realise 9s. 6d. to 10s. per dozen lbs. for pink and white and crosses, while Dutch imported earn 8s. to 8s. 6d. Jersey new potatoes fetch 28s. to 29s. per cwt., and Spanish Mataro 22s. to 22s. 6d. The demand for old potatoes is declining, but the best siltand King Edwards went at 9s. 6d. to 10s. 6d. per cwt. at the Borough on Tuesday, as against 10s. to 11s. last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Very quiet conditions continue, and only a small business is reported in any direction. A little Calcutta linseed has been taken by British crushers at full prices, and Plate seed has been in some demand on the Continent, but no substantial quantity has changed hands. In the present state of the oil market, crushers are far from eager buyers, and shippers, on their part, with a comparatively small unsold balance, are not pressing sales, and apparently are content to await developments of the situation in America. Great uncertainty still persists concerning the ultimate size of the new crop in the United States and the effect of weather conditions upon it. Shipments from the river Plate have fallen off considerably in recent weeks. According to the Argentine Ministry of Agriculture, the balance unsold on May 29th was 631,000 tons. Indian new crop appears to be moving off better, but shippers with a good home market are only inclined to sell for export if and when prices are satisfactory to them. Over 300,000 tons may be available for shipment, but the price obtainable is likely to be a strongly deciding factor. At present linseed is fairly steady and day-to-day fluctuations only slight. The quantity afloat for Europe has dropped to 89,300 tons (including 29,900 tons from India) and for America to 51,900 tons. Linseed oil remains steady at around £29 10s. per ton, naked, ex Hull delivery to the end of the year. Cottonseed has declined further to £8 and the trade in oil continues poor, Egyptian crude offering freely at £28 per ton ex Hull. Oilcakes are in fair demand for the time of year and prices are maintained.

RUBBER.—Prices have again fallen slightly on the week as a whole, but there have been considerable fluctuations. The Spanish crisis caused a sharp break on Monday, but the withdrawal of N.D.C. was followed by an equally sharp recovery. But the outlook as a whole remains uncertain, and consumers are only buying very cautiously. The spot price in New York on Wednesday was 20½ cents per lb., compared with 20½ cents per lb. a week ago and 21½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 10d. per lb., as against 10½d. on the corresponding day last week. In forward positions, business has been done at 10½d. to 10½d. for "July" shipment, as against 10½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 46,687 tons, against 46,935 tons a week earlier. A year ago stocks amounted to 130,560 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, June 2nd

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

CEREALS AND MEAT				POTATOES				WOOL				INDIGO			
GRAIN, Etc.—				English King Edward				English Southdown, greasy, per lb.				Bengal, gd. red.-vio. to			
Wheat—				per cwt.				" Lincoln hog, washed				fine			
No. 2, N. Man. 496 lb.				9 6 10 6				17 1/2				0 9 1/2 0 10			
Eng. Gaz. av., per cwt.				8 11				31				Best heavy ox and heifer			
Barley, Eng. Gaz. av.				10 0				N.S.W. greasy, super endg.				0 7 1/2 0 8 1/2			
Oats				8 11				N.Z., grsy., half-bred 50-56				0 7 0 7 1/2			
Maize, La Plata, landed				29 3				Crossbred 40-44				0 7 1 0 1/2			
480 lb.				29 3				Tops—							
Flour, Lon. stan. ex mill,				38 3				Merinos 70's average							
280 lb.				38 3				" 64's							
Rice No. 2 Burma, per cwt.				9 0				Crossbred 48's							
								" 46's							
MEAT—								MINERALS							
Beef, per 8 lbs.—								COAL—							
English long sides				5 0 5 6				Welsh, best Ad'ty., ton							
Argentine chilled hinds				4 10 5 0				Durham, best gas, f.o.b.							
Mutton, per 8 lbs.—								Tyne							
English wethers				3 4 4 0				Sheffield, best house, at							
N.Z. frozen				4 6 5 6				pits							
Lamb, per 8 lbs.—				4 4 5 0				IRON AND STEEL—							
N.Z. frozen				4 4 5 0				Pig, Cleveland No. 3, d/d.							
Pork, English, per 8 lbs.				4 4 5 0				Bars, M'brough							
								Steel rails, heavy							
								Tin plates							
OTHER FOODS								METALS—							
BACON—								Copper, Electrolytic, ton							
English				86 0 90 0				Sheets (Strong)							
Irish				88 0 95 0				Standard							
Danish				92 0				Lead, Eng. pig							
Dutch				89 0				Soft foreign							
HAMS—								Spelter G.O.B.							
Canadian				92 0 97 0				Tin—English ingots							
United States				93 0 96 0				Standard cash							
BUTTER—								PETROLEUM PRODUCTS—							
Australian				109 0				Motor Spirit, No. 1,							
New Zealand				110 0				London							
Danish				114 0				Petroleum, Amer. rid.							
CHEESE—								Fuel oil, in bulk, for							
Canadian				77 0 78 0				contracts, ex instal.							
New Zealand				74 0				Thames—							
English Cheddars				46 0 54 0				Furnace...per gall.							
Dutch								Diesel...per gall.							
COCOA—								ROSIN—							
(Duty, British grown,								American							
11/8; foreign, 14/- cwt.)								per ton 20/5/0							
Accra, f.f.				35 6 36 0				RUBBER—							
Trinidad				78 0 82 0				St. ribbed smoked sheet							
Grenada				67 0 80 0				per lb.							
COFFEE—								Fine hard Para per lb.							
(Duty, British grown,								SHELLAC—							
4/8; foreign, 14/- cwt.)								TN Orange							
Santos supr. c. & f. cwt.				54 6				SHELLS—							
Colombian, good				58 0 65 0				W. Aust. M.-o.-P.							
Costa Rica, med. to good				64 0 90 0				TALLOW—							
East Indian				70 0 90 0				London town...per cwt.							
Kenya, medium				58 0 72 0				TIMBER—							
EGGS—								Swedish u/s 3 x 8							
English				10 3 10 6				per std.							
Danish				8 6 8 9				" 2 1/2 x 7							
FRUIT—Oranges—								" 2 1/2 x 4							
Valencia				13 0 20 0				Can'dn Spruce, Dis.							
Brazilian				14 0 22 0				Pitchpine							
Lemons, Malaga				22 0 25 0				Rio Deals							
Sicilian				22 0 25 0				Teak							
Apples: Amer. (var.) bris.				6 0 11 0				Honduras Mahg. logs							
(var.) boxes								African							
Onions—								Amer. Oak Boards							
Valencia, case				5 6 6 6				Ash							
Egyptian, bags				10 0 15 0				English Oak Planks							
Grapes, Almeria, barrels								Ash							
Grapefruit, Jaffa															
Amer.															
LARD—															
Irish, finest bladders.				66 0 74 0											
U.S.				70 0 72 9											

stratively linked with health, the MINISTER mentioned the inquiries being pursued by the Registrar-General and the Population Investigation Committee and foreshadowed their extension. It is reassuring to know that population is now officially recognised as a problem; and that the necessary preliminary investigations by a private body have received such encouragement.

In Housing, the extraordinary activity of the last few years continues. In the MINISTER'S words "if there is a house building boom, it dies hard." In the last year the number of houses built was the record figure of 346,000. It is still true that far too few of these houses are built to be let at low rents to the poor; but it is less true than it was, since 142,000 of the total were built to let, most of them presumably in the cheapest class. In large part this result is due to the rapid progress now being made with the slum clearance programme. Four years out of the five allowed for this programme have now expired. The MINISTER announced that the period will be extended by nine months, but at the end of that time the full programme will have been accomplished. Indeed it has grown in execution, for the original total of 207,000 houses has now been increased to 265,000. This activity is encouraging, but there is a danger signal to be found in the rise of building costs. The average price of houses included in contracts let by local authorities has risen in one year from £311 to £338 or even higher. Moreover, only £11 of this increase can be ascribed to the higher costs of labour and materials. The remainder is due to "the excessive pressure on the industry and the uncertainty of the ready availability of skilled labour and certain kinds of material." This sounds suspiciously like a circumlocution for boom finance.

All this, and many other matters mentioned by SIR KINGSLEY WOOD in a lengthy speech, make a creditable administrative achievement. But it is impossible to be complacent about the state of affairs as they are in any of the departments of the Ministry's work. There have been advances in the treatment of diabetes and some

other diseases, but influenza and the common cold remain responsible for a disturbingly large proportion of illness and deaths. While old scourges decline, cancer and neuroses increase in effect. While children become less prone to severe attacks of infectious diseases, the diseases of old people grow in virulence. The Ministry of Health can hardly be blamed for the remaining imperfections of medical science; but too much of our national ill-health is institutional in character. Rheumatism and tuberculosis, for example, are very largely the result of bad housing and bad nutrition. It is true, as the MINISTER claimed, that the existing health services are not used to the full; but it is also true that they leave many lacunae unfilled. Some districts are a long way below the average standard; and all over the country some classes of people are insufficiently provided for.

The same general comment can be made on housing. The present programmes for the clearance of the slums and the abatement of overcrowding are little more than a small beginning compared with the magnitude of the task. It is still a fair criticism that housing activity does not chiefly help those who need it most. It has never been satisfactorily demonstrated that unassisted private enterprise can provide houses that the poor can afford. And even if it is true to-day, it may not be true to-morrow, when rising costs, and possibly rising interest rates, have raised the cost of houses, while rising food prices reduce the fraction of income available for rent. The truth of the matter is that our present standard of living, though it has risen fast in the present century, still leaves only the most precarious margin for the full health and true welfare of the majority. So long as that is true, the Ministry of Health will perforce have to concentrate on the palliation of distress rather than the nurture of positive welfare. The Ministry more nearly touches the real springs of human happiness than possibly any other. That fact in itself imposes on the MINISTER an especial responsibility for seeing that there is no pause in the steady unfolding of the nation's welfare services.

Europe Breathes Again

LAST Saturday, exactly a week after the bombs fell on the "Deutschland" at Iviz, the British Foreign Office received from our Ambassadors in Berlin and Rome the German and Italian Governments' replies to the British proposals for preventing the recurrence of such incidents.

Little is known of the precise wording of these replies; but the chief concern of the British Government is well known. It is to prevent, on the one hand, attacks by either side in Spain on the patrolling forces of the Non-interventionist Powers; and we should do well to remember that warships are not alone engaged on this work. There are French, British, Scandinavian, Belgian, Dutch and other countries' patrols of observers along the land frontiers of Spain; and they are liable to accidents of war. On the other hand, the British Government's right and proper concern is to prevent indiscriminate reprisals for attacks on a Non-interventionist country's patrols, such as the German warships' bombardment of the unfortified town of Almeria.

To these ends, the British Government suggested two sets of measures. First, extensive safety zones should be established by agreement with both sides in Spain; secondly, if events like the bombing of the "Deutschland" recur in spite of these safety zones, the Non-interventionist Powers should agree to take no individual action—except, of course, legitimate self-defence during

the actual time of the attack—until after general consultation with the other Non-interventionist Powers. These proposals take their origin in the very core of the new international concept of Non-intervention. They were devised to uphold the collective nature of that concept, as well as of the supervision scheme to which it gave rise. They imply, as the concept of Non-intervention by agreement implies, an agreed measure of limitation upon the legal right of any sovereign State to do as it likes. If, therefore, the principle of Non-intervention is conceded, the requests which the British Government have made to Germany and Italy are natural and right.

The German and Italian Governments, in association, are reported to have replied by urging their right to take immediate action in self-defence—which none disputes—and, further, to take any punitive measures *ex post facto* which, in default of a decision by the Non-interventionist consultants satisfactory to Germany and Italy, they consider warranted. This second point is theoretically nothing but an extension of the first, an insistence upon the very letter of the law of State sovereignty. Every State, having incurred consultative obligations, has the right, if dissatisfied, to quit the common council and proceed to sovereign acts. In the present instance, however, Non-intervention is being tried out as a precedent in international law and

behaviour; and the participants have, from the outset, agreed to make it work. To that extent the recourse of any single participating State to sovereign acts because it is dissatisfied with the way Non-intervention works, or because one of the Spanish contestants (they are not parties to the Non-intervention agreement) behaves badly, must tear up Non-intervention itself, and plunge every State back into the maelstrom of conflicting power-policies.

Happily, there is good evidence that the German Government have realised the risks to which Europe would be subjected if such a course were pursued. HERR VON RIBBENTROP arrived back in London from two days of consultation with HERR HITLER and his officials on Wednesday; and it is understood that both Germany and her *alter ego* in European diplomacy, Italy, have only asked that their legitimate sovereign rights should be recognised in the final formula. Naturally, they are not enamoured of the British proposals, which draw no distinction between the Spanish contestants, and uphold the collective nature of the Non-intervention scheme. But they infinitely prefer them to the proposals of France, which, in reply to the British suggestions, went so far as to declare that events like the bombing of the "Deutschland" were really due to the organisation of national patrol fleets in separate sectors, that the fleets should be mixed, and that other warships than those of the four Western Great Powers should be included. Both the French and Russians, and some of the smaller Powers, feel strongly that division of the task of supervision between the two democratic Great Powers and the two Fascist Great Powers, along separate sectors of Spanish coast, savours too much of public recognition of the ideological division of Europe. It looks to them like the dubious Four-Power-Pact in action; and it seems to invite the recurrence of such incidents as that of last week. Indeed, the SPANISH AMBASSADOR in London and the RUSSIAN AMBASSADOR

have this week pointed out the dangerous possibilities inherent in the scheme as at present organised, and the latter has reminded the Non-intervention Committee that the insurgents have attacked British and French ships and French aircraft without incurring reprisals or even discussion in the Committee itself.

Nevertheless, even the ability to breathe again is to be welcomed. By next week the agreed proposals are expected to be placed before both Spanish contestants, and Germany and Italy are expected back in the Non-intervention Committee and the supervisory scheme. Meanwhile, we turn once more to the course of the conflict in Spain itself. There we find little evidence of a speedy end. GENERAL FRANCO is massing troops for a final assault on Bilbao, which still defies his efforts; and—a more disturbing report—it is said that between 40,000 and 100,000 new troops for his army are coming from Spanish Morocco. Whether they are all black Moors, or whether some may be white and hail originally from European territory, are questions that are being asked but not answered, in other European capitals. But the sorry campaign goes on; the capital of Spain and other cities are being reduced to ruins by the indefatigable assiduity of foreign aircraft and artillery; and, though both sides are tiring, the one thing that does not diminish is the intensity of the hatred of each side for the other. Over the whole Iberian peninsula, and even beyond it in Africa and the Western Mediterranean, hangs the cloud of foreign intervention. By this time open or indirect support for one or other of the contestants can scarcely be abandoned by any one Power for fear of loss of prestige. Is it too much to hope that, as soon as the Non-intervention Committee holds its next plenary sessions, it may intervene to save both the combatants and the interveners and give to all of them a line of retreat? There is now more than a slight indication that such a move might be successful.

Patent Medicines—I

Æsculapius in Bottle

OF all the evils that have plagued mankind since publicity invaded Eden none has been more widespread, or more costly in its consequences, than human credulity. In the twentieth century men and women who no longer seek to propitiate or to stone magicians and witches, can still be persuaded that fortune hides in a wild-cat company prospectus and health in a quack's potion. Bitter experience may reiterate the lesson that what is most precious must be dearly bought. But our legislature is still occupied with the consequences of the obstinate belief of many of the King's subjects that the makers of patent remedies have discovered an elixir for every human ill.

A few weeks ago a Select Committee on Medicine Stamp Duties presented a brief report* proposing drastic changes in the existing law on proprietary medicines. The Committee's inquiries revealed such an unsatisfactory state of affairs that it is scarcely conceivable that new legislation will not eventually be introduced. Indeed, in his Budget Speech MR CHAMBERLAIN only excused his present inaction on the grounds of the pressure on Parliamentary time—an excuse which may not unreasonably be interpreted as half a promise. It may be appropriate,

* "Report of the Select Committee on Medicine Stamp Duties, 1937." H.M. Stationery Office. 3d.

therefore, to review the present situation of the patent medicine trade and discuss in brief outline the future.

The duties on medicine now in force derive from three Acts of 1802, 1804 and 1812, which superseded the original Acts of 1783 and 1785. Apart from a change in the scale of duties made in 1915 and the indirect effects of the Drug Acts and Acts dealing with indecent advertisement, those Acts of GEORGE III still control the industry in 1937. They provide two duties, one on persons who sell medicines without being "regularly bred to the profession of doctors, apothecaries, etc.," and one on the medicines themselves. Though there are anomalies connected with the first of these duties, the second mainly claims our attention here. It applies to all medicines claiming to prevent, cure or relieve human disorders or complaints except, first, pure single drugs sold by qualified chemists; secondly, known, admitted and approved remedies; and, thirdly, artificial waters. To put the same thing in another way, all medicines are dutiable which are secret, or proprietary, or are claimed to be such, or are recommended for any ailment.

Under cover of these apparently simple phrases there has grown up a mass of fantastic anomalies. Many articles advertised to cure, prevent or relieve ailments are not medicines. Obvious examples are tonic foods,

appliances, meat extracts and the like. Beverages are another group of non-medicinal products. They may be highly alcoholic, but they may nevertheless be advertised as curative because they contain a little quinine or meat extract. Again, a preparation may not *claim* to be any form of cure. For that reason back and kidney pills are not liable, though backache pills are. Cough mixture is dutiable, but chest mixture is not. Corn paint is dutiable, but toe paint is not; and so on.

The list of anomalies, indeed, is almost endless. Well-known single drugs can be sold by chemists without a stamp under fancy names. They may be backed up by immense advertisement and sold at ten times the cost of the material. They may claim to be a cure for almost anything under the sun, provided the claim is not obviously fraudulent. The same applies to any preparation of "known, admitted and approved remedies." Anyone who so desires can produce a medicine which, while not claiming to cure anything, is labelled "to compete with" or "equivalent to" a well-known product which does—and he is not liable to stamp duty. Finally, the exception of mineral waters has exempted from duty almost any powder which fizzes in water.

The results of these modes of legalised evasion are clearly revealed in the following table, which shows the number of excise licences granted, and the yield of the duties on the medicines themselves:—

MEDICINE STAMP DUTIES			
Year	Licences for Makers or Vendors of Stamped Medicines		Medicine Stamp Duties Net Receipts
	Number	Receipts	
1913-14	43,156	£ 10,791	£ 360,377
1921-22	45,804	11,453	1,328,448
1927-28	76,429	19,102	1,249,445
1929-30	105,603	26,391	1,234,199
1931-32	121,117	30,271	974,955
1932-33	131,475	32,863	882,006
1933-34	139,933	34,976	777,131
1934-35	147,173	36,778	709,046
1935-36	154,578	38,647	747,930

In drawing any conclusion from these figures, allowance must be made for the considerable growth in the number of separate pharmacies, which has been associated with the rise of the great chain shops. Nevertheless, it is highly probable that the number of manufac-

turers has increased; and at all events it is quite certain that the decline in yield of the duties is not caused by any reduction in the consumption of patent medicines of one kind or another.

What is actually spent annually upon patent medicines in this country is impossible to estimate with anything like accuracy.

The next table, drawn from recent reports of the Import Duties Act Inquiries gives some indication, but many of the products tabulated are far from being patent medicines within the meaning of the law, and many which are have not been included:—

PRODUCTION OF DRUGS, MEDICINES AND MEDICINAL PREPARATIONS			
	(£'000)	1933	1934
Glycero-phosphates		8	9
Quinine and quinine salts		181	253
Acetyl salicylic acid (aspirin).....		152	152
Salvarsan, neo-salvarsan, etc.		93	93
Novocain, Eucain, etc.....		56	65
Ointments and liniments		606	653
Infants and invalids foods:—			
Malted, including malt extracts		1,937	2,063
Other, including medicated wines		1,144	1,133
Proprietary medicines*		4,341	4,226
Pills, medicated lozenges, capsules and tablets, not included above		3,135	3,189
Medical plasters		268	316
Medicinal oils*		4,575	43
Other drugs and preparations*			4,742
Total		16,496	16,937

* Not elsewhere stated.

The Committee's own estimate, which they considered to be conservative, put the sum spent on proprietary medicines as a whole at £20 millions. Another figure given by the Committee was £28 millions. The present yield of the duties altogether is 4 per cent. of the more modest estimate. The scale of duties in force is not equi-proportional but on an average it is probably about 20 per cent. On this computation, it would appear that, roughly speaking, about four-fifths of the trade escapes tax.

It was this strange jumble of chaos and evasion which led to the appointment of the latest committee. In a subsequent article we propose to consider what changes in the law are required in the light of the Committee's report and of earlier inquiries.

Electricity Reform

THE Government's proposals for the reform of the electricity distribution industry, which are fully summarised on page 611, have not made their *début* under very favourable circumstances. They were circulated, in confidential form, to the representatives of the industry some two months ago. Knowledge of their general tenor, however, inevitably leaked out, and Members of Parliament were justifiably irritated to receive representations from their constituents on a matter of which they themselves knew nothing. As a result, the proposals earned an unenviable notoriety as the "Secret White Paper," and it is not unlikely that annoyance at the manner of their presentation may have been transmuted into dislike of their actual content. The representatives of the industry, who had no reason to share this objection to the procedure adopted, have taken a violent dislike to the actual proposals. Quite a violent campaign of opposition has consequently sprung

up before the public has had time to inform itself of the subject of dispute.

A brief glance at the proposals is sufficient to indicate why they are not popular with the large electric supply companies, for they envisage quite a substantial reduction of the scope and freedom, and even of the number, of these companies. But the companies themselves would not claim that their own interests are either identical with, or superior to, those of the community at large. There are wider considerations to be borne in mind, and it may be said at the outset that the proposals do not seem to merit the full violence of the criticism that has been directed against them.

The main lines on which the further reorganisation of the electricity industry should proceed, as laid down in the Report of the McGowan Committee last year, are fairly widely accepted. The argument for the concentration of the generation of electricity in units large enough

for maximum efficiency met with some opposition ten years ago; but it has been proved up to the hilt. The case for a similar concentration in the distributing end of the industry is not so overwhelming on technical grounds; but it is none the less conclusive.

It is agreed that the country should be divided into a number of areas, each large enough for efficiency and sufficiently varied in its geographical and industrial composition to secure the full benefits of a diversified load. Within each of these areas there should be only one electricity distributing undertaking. Diversification is required not merely between an industrial and a residential load in different quarters of the same town, but also between urban and rural areas. A thinly-populated rural area, if it were compelled to stand on its own feet, could have electricity only at prohibitively expensive rates. If it is allied with a densely-populated urban area there are considerable commercial economies to be reaped (apart from the technical economies of centralised generation, which are already secured through the "grid"). There is the further possibility of a definite subsidy being paid to the rural districts at the expense of the urban consumer by the equalisation of charges. To do this would be to follow the example of the railways and the Post Office. If this element enters at all, it clearly reinforces the case for large unified districts, so that the burden of the subsidy can be distributed as evenly as possible throughout the country. The ultimate aim of all reorganisation should be, first, to secure the greatest possible efficiency, and, second, to provide a substantial degree of uniformity of charges, if not throughout the country, at least as between similar areas in different parts of the country.

Disagreements begin when the attempt is made to translate these general principles into a detailed scheme, and the clamour against the Government's proposals is in part the reflection of the extent to which they have had the courage to be specific. The McGowan Committee recommended that separate district investigations should precede the drafting of schemes, and great objection has been taken to the fact that the Government's proposals intend to entrust this function to the Electricity Commissioners. The Government proposal, however, seems the more likely to prove effective, as there is a definite shortage of persons with the necessary technical qualifications but without a stake in the industry as it is. District investigations would involve either the Commissioners going on circuit or else the appointment of insufficiently qualified persons.

Discussion will naturally turn very largely on the actual areas chosen to serve as districts. The Government proposals list seventy-six proposed districts, but they suggest that many of these might be further subdivided. This seems to be making the average district unduly small in size, thus defeating one of the aims of the scheme. But on examination it appears that many of the larger municipal undertakings have been constituted districts in their own right, leaving the surrounding rural and semi-rural areas to form distinct districts—the reason being, presumably, political rather than economic. The effect of this tenderness to the town councils is definitely to reduce the economic justification for the grouping and to constitute perhaps the most serious blemish on the proposals as a whole. If the municipalities are not prepared to contemplate the amalgamation of their undertakings with the surrounding areas, any real reorganisation of electricity distribution will be impossible. To secure the assent of the municipalities is, admittedly, a political problem; but it cannot be solved by running away from it.

Once the districts have been delineated, the next problem will be to determine the methods by which the numerous undertakings now operating in a district can be amalgamated into one. The McGowan Committee recommended, broadly speaking, that the privately-owned power companies should serve as the nuclei. The Government proposals envisage a more elastic method, which would provide for four types of undertaking—private companies, Government-appointed distribution authorities, joint boards of local authorities, and single municipal undertakings. In so far as there is

any bias in the proposals it is towards distribution authorities. Here, again, the balance of preference appears to be on the side of the Government proposals. The distribution of electricity, being an industry of vital importance, a natural monopoly, and one in which routine necessarily plays a very large part, seems to be naturally marked out for public ownership, in one form or other. This general presumption has for many years been enshrined in legislation in the shape of the provisions for eventual purchase of undertakings by local authorities. The time is perhaps not yet ripe for nation-wide public ownership, but there is a great deal to be said for public boards in those districts where amalgamation can best be effected in this form.

The encouragement of public boards (a better solution than municipal ownership) involves, as has been pointed out, no new departure in principle. In practice the desirability of its application depends largely on the methods adopted for compensating the existing undertakings. If the compensation is too generous, the new public boards will be saddled with unduly heavy charges, and the ideal of cheaper electricity will be greatly deferred. On the other hand, fair compensation must be paid. The crux of the matter lies in the compensation to be paid to private owners for the loss of future profits. Some payment can fairly be made under this head, but it would be unreasonable to capitalise excessive monopoly profits. The solution proposed is to assume that monopoly exploitation would be made impossible in the future by suitable methods of control of the companies by the Electricity Commissioners, and to assess the compensation on the basis of the profits which would then be earned. In general and without regard to details, this seems to be a fair basis.

These measures of control for private companies are not intended to be merely an element in a calculation. They are to be imposed on all private companies remaining in existence. As will be seen from the summary of the proposals on page 611, they cover a wide field. Whether they are, in detail, too strict will be a matter for discussion. But that some element of control is necessary and desirable can hardly be denied. The desirability arises out of precisely the same sort of considerations as make the industry a good case for public ownership. Control undoubtedly and necessarily involves an element of bureaucracy, but that is a fact which has to be faced. Indeed, it has already been faced in the gas industry and the railways. In the case of the electricity industry there is the further problem of holding companies. In view of the abuses which have attended utility holding companies in other countries, and the suspicion that these abuses are not entirely unknown here, it can hardly be argued that no element of control is needed. The institution of a sliding scale, by which charges have to be reduced concurrently with any increase of dividends above a specified "standard revenue," is another principle which is not new even in its application to the electricity industry, since the Act of 1925 applied it in London. Whether the scale suggested, which would allow only one-sixth of any increase in profits to go to dividends, provides sufficient incentive to maximum efficiency is debatable, but the principle is eminently reasonable.

The Government's proposals, in short, though far from perfect and open to severe criticism in at least one major particular, should serve adequately as a basis of discussion. The defects seem to be more mistakes of detail than errors of principle, and can thus be removed in the course of discussion without overturning the whole basis of the scheme. We confess to some astonishment at the virulence of the attacks which have been made on the proposals—a virulence which is entirely out of proportion to their merits or demerits. An attempt has been made to suggest that the Government have already been frightened into disavowing the proposals. There is no case whatever for any such precipitate withdrawal, although detailed amendment will obviously be needed. Propaganda of the type which has been organised against these proposals usually finishes by defeating its own objects, and deserves to do so.

A New Chapter in Burma

ON April 1st last Burma was "separated" from India and began her independent existence. Geologically, Burma forms part of Indo-China and the Malayan Archipelago. Geographically, the Arakan Yoma ranges of Alpine age form a formidable land barrier between Burma and India proper. Ethically, her peoples belong to the Mongoloid stock. Culturally, two streams are found side by side in that charming country. The "backward" peoples, especially those inhabiting the eastern portions of the Province, are linked to the Indonesians, while amongst the Burmese themselves, Indian influence holds an abiding place. The Simon Commission urged the separation of Burma from India, to satisfy Burman sentiment and to overcome the constitutional difficulty of conceding Burma a satisfactory place in any scheme designed to advance the realisation of responsible government in British India.

Burma has an area of 234,000 square miles and a population of 14,700,000, according to the 1931 Census. Thus she has an area approximately equal to that of France, has one-third of France's population and she is wedged between two of the most densely populated countries in the world—India and China.

There are, in fact, two Burmas—the "Modernised" Burma, open to outside influences, and the "Backward" Burma, which occupies the remote, inaccessible interior parts, covers 45 per cent. of the total area and contains over 2,500,000 inhabitants. The "Burma of the Reforms" is a picturesque country, with monasteries and monks, dignified men and dainty, independent ladies. The colourful costumes of both men and women proudly proclaim the "silken East." The Burmese are an artistic, generous and impulsive people, who consider the Government an earthly nuisance, whereas the Indian *ryot* looks upon the *Sircar* as an earthly providence. The Burmese are Buddhists. Communal differences and caste distinctions are alien to the country, and the proportion of literacy among both the sexes is high. The Burman lacks, however, political experience.

"Backward" Burma generally fringes the land frontiers and covers the plateau region. It is the home of some seventy different tribes, many of whom are quaint, picturesque, manly and virile, and occupy different cultural levels in the ladder of civilisation. The Naga tribes, on the Burma side of the Patkoi range to the west, and the Wild Was, inhabiting the extreme east, practised head-hunting and human sacrifice till the Burma Government put an end to these practices. The Chins and Kachins from the Hills are short, stocky little men, like the Gurkhas, and form an appreciable part of the fighting force of the Burma Rifles and the Frontier Battalions. Karens from the Karenni State also supply a large part of the Burma Rifles. The Shans of the Shan States are a gentle and courteous people, resembling their Siamese neighbours, and they have already established their place in the Frontier Battalions of the Military Police. Immigrant Indians number over a million, and Chinese and Indo-Burmans are found mostly in the coastal tracts, plains and towns.

Burma is endowed with rich natural resources—agricultural, sylvicultural, plantation and mineral, but its economic development in the past has been greatly neglected. The area under the plough has increased from 7.2 million acres in 1900 to 19 million acres in 1930, but, even so, only 27 per cent. of the cultivatable area is under cultivation. Burma's chief crops are paddy, oil-seeds, maize, *jowar* and wheat, while rubber and tea are important plantation products. Nearly half the total area, however, is under forests yielding teak, whose hardness and durability are world famous. After Trinidad, Burma is the leading producer of petroleum in the British Empire. The Bawdwin mines in the Northern Shan States yield lead, zinc, silver and copper. Cassiterite and wolfram, the important ores of tin and

tungsten, come from the Tavoy and Mergui districts. Burma supplied the bulk of the Allied tungsten requirements during the Great War. The country is rich in precious stones like ruby, sapphire, jade and gem tourmaline, and other minerals, like marble, lignite and oil shale, await development.

Burma's transport facilities are decidedly backward. Even to-day the Irrawaddy and its tributaries form the principal highways of the country. There are 2,000 miles of metre-gauge railways, which generally supplement riverine transport, and the same length of metalled road. The main industries are based on the working up of primary products. Rice mills, saw mills, petroleum refining and mines and quarries employ over 80,000 persons. In the slack agricultural season the rural population take to rice husking, silk-weaving and dyeing. Lacquer working and the manufacture of cheroots are other important industries.

Though Burma is no longer associated with India politically, that great semi-continent has played, and must continue to play, an important part in her material development. Indians numbering over a million are concentrated in the Coastal, Delta and Central divisions. They form nearly half the total population in the larger industrial towns and more than one-fifth in the remaining towns. Well over one-third of Burma's export trade is with India, more than a third with other parts of the Empire and one-fifth with foreign countries. Two-thirds of Burma's rice, all her oil, and 80 per cent. of her teak go to India. Every year India sends 300,000 agricultural labourers to harvest Burma's rice crop. One-half of Burma's import trade is with India, and only one-fifth with countries outside the Empire.

The future prosperity of Burma depends on her successfully solving the problems arising out of her separation from India; and this, in turn, postulates more vigorous internal economic development. She will now receive an estimated £1,340,000 a year from Customs, Excise, salt duty and income tax, which formerly went to the Government of India. Against this, she incurs new obligations. Defence services will now cost her £950,000 and the Frontier Force another £405,000 annually. She will remain provisionally within the Indian currency system. The Indian Reserve Bank will manage her currency and carry on banking business in Burma. In order that the free flow of trade between the two countries shall not be disturbed during the early years of Burma's independent existence, it has been decided that free trade shall continue between Burma and India, her best customer, for three years after separation. For imports from other countries the Indian tariff will remain in force. There is to be no restriction on Indian immigration into Burma for at least three years, and the new Constitution provides that no Bill affecting immigration into Burma shall be introduced in the Legislature without the previous sanction of the Governor.

Under the Reforms scheme, the Burmese Legislature is to be bicameral, consisting of the House of Representatives and the Senate. There are seven separate political parties, which centre round personalities rather than clear-cut political principles. In the recent elections no single party secured a working majority, but the Pro-Constitution Party, led by Mr U. Ba Pe, has the largest number of adherents—some 43 members. Although Mr U. Ba Pe has failed to obtain sufficient support from the Independents (numbering 33), the Indians (13) and the Europeans (9) to create a Coalition with a clear majority, the All-Burma Coalition Party has secured enough support to form the Ministry under the new Constitution. The task of guiding the destinies of Burma at the outset of her independent career will be a severe test of goodwill and statesmanship, but there is no reason to believe that these indispensable qualities will be lacking. Britain and India alike wish her good fortune and success in her new rôle.

The Government's Electricity Proposals

A SUMMARY

THE following is a summary of draft proposals circulated by the Government for legislation to implement the recommendations of the McGowan Committee on Electricity Distribution which reported a year ago. The proposals are discussed in a Leading Article on page 608. At present there are in Great Britain 626 bodies with power to supply electricity, excluding the Central Electricity Board: 247 companies, 371 local authorities and 8 joint authorities or public boards. These bodies vary widely in the size and type of area served, in output, tariffs, voltage and conditions of supply. The McGowan Committee accordingly recommended that the number of undertakings should be substantially reduced by their consolidation into larger groups.

The effect of the draft proposals will be to reduce the existing 626 undertakings to 123; and the Government's memorandum outlines the proposed principles and conditions of amalgamation. Thirty distribution districts are suggested by the Electricity Commissioners to supersede the various electricity districts determined or projected under the Electricity Act of 1919. In each district the Electricity Commissioners will prepare schemes to consolidate existing undertakings by compulsory amalgamation in one or more groups.

Three alternative bases of grouping in the area covered by a scheme are proposed. One undertaker may acquire the other undertakings in the area (*Basis A*). All the undertakings in the area may be transferred to a newly-constituted Distribution Authority to consist of members appointed by the Minister of Transport after consultation with local organisations (*Basis B*). Finally, the undertakings of a number of local authorities may be transferred to a newly constituted Joint Board (*Basis C*).

The principles according to which such schemes should be prepared are laid down. The reduction in the number of undertakings should be effected by the substitution of larger and more economic units. Wherever possible the new areas of supply should embrace a reasonable diversity of demand; should include both rural and urban areas; and should be constituted by the retention of the larger and more efficient of the existing undertakings. The Electricity Commissioners should facilitate as far as possible the formulation of voluntary and agreed schemes; and local authority undertakings should, for preference, be transferred only to other local or public authorities.

No scheme should be approved by the Electricity Commissioners unless it is likely to result in greater efficiency, economy or convenience, and lead ultimately to lower charges to consumers. Only in exceptional cases should the proposed amalgamations be allowed to involve higher charges; and provisions will be made to afford interested parties the opportunity of making representations regarding schemes. Agreed schemes will become operative when approved by the Electricity Commissioners; but in cases of disagreement the schemes will not take effect until confirmed by the Minister of Transport and authorised by each House of Parliament.

Unless the purchase price is agreed at an approved figure between the purchaser and the vendor, the price to be paid for the acquisition or transfer of an existing undertaking will be determined according to specified terms set out in *Schedule B* of the memorandum.* An Arbitration Tribunal will approve agreed prices; and determine purchase prices where not agreed. It is further proposed that company undertakings which are retained should not hold their franchise for longer than fifty years at the most; and should be purchasable at the end of their tenure by an existing or new public body.

Moreover, the company undertakings retained under area schemes will be subject during their tenure to various conditions and controls to be exercised by the Electricity Commissioners. A sliding scale provisionally set out in *Schedule C* of the memorandum† prescribes a *standard rate of dividend* on ordinary share capital and the basis, on which any *surplus* profits should be allocated between consumers and ordinary shareholders. The approval of the Electricity Commissioners will be necessary for the distribution of surplus profits, the terms and form of any new issue of capital, and the terms of any temporary borrowing between companies. Authorised undertakings

will also be required to offer approved charges, equipment and facilities and to carry out approved extensions in undeveloped areas. At the same time provision will be made to ensure that the revenues of the Central Electricity Board, guaranteed for an approved period of years by the Electricity Act of 1926, will not be adversely affected. The revenue received by the Board from the amalgamated undertakings will be approximately the same under the proposed Act as the revenue which would have been received had the undertakings not been amalgamated.

Thus the body of the memorandum gives in outline the preparation, bases, principles and conditions of amalgamation schemes; the terms of purchase; and the conditions of tenure. Three *Schedules, A, B and C*, add more specific details about district and area groupings, terms of purchase, and the proposed sliding scale to relate profits to prices.

Schedule A, which enumerates the 30 suggested Distribution Districts and the 123 proposed amalgamated undertakings, is a blue-print of the new plan in its geographical application. It is provisional, since the area schemes finally prepared and approved by the Electricity Commissioners may differ from these suggestions which are no more than a basis for consideration. It is incomplete, since it is only possible to guess, from an examination of output statistics, etc., on what *basis (A, B or C)* amalgamation within the proposed groups would be effected. One or two implications, however, are reasonably certain. Just short of 30 of the 123 undertakings under the proposed reorganisation will be companies. The remainder will be municipalities or public bodies. In brief, *Schedule A* maps out the scope of the scheme and enumerates 76 possible groups of undertakings within the Distribution Districts; and indicates a further 47 individual undertakings or sub-groups within the proposed groups as being possibly convenient units of independent administration.

Schedule B states in detail the items which will be included in the purchase price of undertakings transferred or acquired compulsorily under schemes: the amount properly expended by the vendor for capital purposes and attributable to the physical assets used for the purposes of the undertaking at the date of transfer, together with capitalisation of interest, less depreciation calculated according to the Scale of Depreciation (Purchase of Electricity Undertakings) Special Order made by the Electricity Commissioners in March, 1937; the valuation of stocks and stores; the outstanding liability in the case of local authorities for expenses properly being liquidated over a period of years; and compensation in the case of companies for loss of future profits. Future profits will be calculated by first fixing the annual profit on physical assets, adjusted for over- or under-charges for maintenance, and assessed to take into account the effect on profits of present statutory provisions regarding prices and dividends and of such future provisions as the Government may embody in legislation. The result of this calculation is defined as the *net maintainable income*. To arrive at the compensation for future profits, from the *net maintainable income* will be subtracted the income which would be derived from the investment of the cost of assets in electricity company stocks.

Schedule C outlines the sliding scale relating prices and profits to which retained company undertakings will be made statutorily subject. If in any accounting year, the total revenue of a company exceeds working, establishment and maintenance charges, depreciation according to the approved scale, contributions to contingency or special purposes not exceeding one per cent. on capital expenditure, interest on consumers' deposits, debentures and loans, and dividends on preference shares and on ordinary shares at the standard rate, then five-sixths of the surplus will be allocated to an income-suspense account and one-sixth to a dividend-suspense account. The income-suspense account will be applied to reduce charges and tariffs or to grant rebates to consumers. The dividend-suspense account will be available for additional dividend payments to ordinary shareholders. The *standard rate of dividend* to ordinary shareholders will be determined by the Electricity Commissioners after consideration of the capital structure of the company undertakings concerned and their average rate of profits during the previous three years, of the existence of free reserves, and of the operation of existing powers and additional powers imposed by Parliament to control retained companies in the issue of capital and the fixing of maximum prices.

* See summary of Schedule B at end of this article.

† See summary of Schedule C at the end of this article.

Notes of the Week

Earl Baldwin and Viscount Samuel.—No conquering king ever chose his titles more aptly than have the ex-Prime Minister and his Liberal companion in honour, Sir Herbert Samuel. The former, fleetingly Sir Stanley, has gone for his title to the quiet Worcestershire scene of his books, his pipes and his pigs, and has become Earl Baldwin of Bewdley. The latter has spanned two continents in his choice. He is Viscount Samuel of Mount Carmel because in Palestine he left the mark of a notable High Commissionership and the signs of a generous faith in the Jewish national home; and Viscount Samuel of Toxteth because in the city of Liverpool where he was born his family have worked for two centuries. Meanwhile there comes to Mr Oliver Baldwin the derived title of Viscount Corvedale, perhaps an embarrassing gift for the prospective Labour candidate at Paisley. The House of Lords was unwontedly crowded on Wednesday with visitors and peers when these two commoners laid aside their sombre garb and low estate and, clad in scarlet and ermine, answered their writs of summons. They successively swore anew their allegiance to King George and, in the rich company of the Earl Marshal, the Lord Great Chamberlain, Garter King of Arms and their noble sponsors passed in turn to their seats. It was a curiously emotional scene of hail and farewell; but the rôles of Earl Baldwin and Viscount Samuel do not end with their entry into the serene air of the Lords. The one, indeed, may only have laid down the cares of office and the leadership of the Conservative party to assume the wider task of Imperial adviser—if Mr Walter Elliot's forecast of an Empire tour is correct. The other has still a part to play in politics in refashioning Liberalism nearer to the heart of the electorate.

The Week in Parliament.—The past week has been remarkable in the House of Commons for two ministerial surveys, by Mr W. S. Morrison recording a year's progress in agriculture, and Sir Kingsley Wood covering the health services from mortality to hop-pickers. These were statistical *tour de force*. Less exacting on the House were the new Chancellor's cautious pronouncement on Tuesday that no change was intended in the Government's monetary policy, and a series of cut and thrust discussions on Imperial trade on Wednesday. One of the ministerial feats of endurance, the Minister of Health's annual review of the work of his department, is discussed in a leading article on page 605. The other pointed to the improved consumption of butter (noted in a different vein by our Danish correspondent on page 620), the improved production of bacon, and the setback in poultry farming due to disease and the high price of feed. The debate ranged even more widely: much was made of the very low wages of agricultural labourers and even more of the chronic indebtedness of farmers. The cap was appropriately set on the discussions by Mr Lloyd George who stated again with vigour his policy for the land—reorganisation, reclamation, reconditioning and rebuilding. To the end, however, the voice of the Government still remained the voice of Mr Elliot. Wednesday's debate on Empire trade had been ominously heralded on Tuesday when the Parliamentary Committee of the Empire Industries Association warned the Prime Minister not to tamper with the production and tariffs of the Empire. Their memorandum discussed the proposed Anglo-American trade agreement as "an illusory project to revive internationalism"; and it was upon this "illusory project" that Wednesday's discussions turned. The task of the Government was to prove that the retention of Imperial Preference was compatible with an American trade agreement. Mr Oliver Stanley refused to abate the extent or duration of existing preferences, or to surrender the prospect of an agreement with the United States. On the one hand he was told that Ottawa and Imperial Preference must give way to freer trade. On

the other, and notably by Mr Amery, he was told that the pursuit of American wild geese must not be allowed to leave unprotected our Empire trade. Auguries for an effective Anglo-American trade agreement were not very propitious when all had been said.

The Imperial Conference.—The Imperial Conference has passed with remarkable rapidity from its initial to its final stages. Already it has received and adopted a number of reports from Committees, including those on the work of the Imperial Economic Committee and on constitutional questions. A final decision will doubtless be taken very soon on the problems of air and shipping communications that have been before the Conference, especially the problem of enabling British ships to compete on something approaching level terms with subsidised American and other foreign lines on the Pacific and elsewhere. Sir Edward Beatty, president of the Canadian Pacific Railway, stated this week that if the necessary financial guarantees were forthcoming from the Imperial and Dominion Governments, the Canadian-Australasian Line would place immediate orders for two fast ships of about 22,000 tons each. This is an important cross-wind in the discussions upon the proposed Anglo-American economic pact. The attitude of the Dominions chiefly concerned—Canada, Australia and New Zealand—towards the American proposals has become fairly clear as a result of the Imperial Conference discussions. The United Kingdom will therefore be in a position to embark on detailed negotiations with Washington knowing the terms on which the Dominions would agree to give up some of their relative privileges in this market in order to be able to trade on more favourable conditions with the United States. No decisive statement on these issues is expected from the Conference, and it appears equally unlikely that any published resolution on foreign affairs or defence will reveal the substance of the deliberations that have been taking place in Whitehall and St. James's. The somewhat vague formula that allows for all susceptibilities is familiar in British Commonwealth relations, and this Imperial Conference may prove more forcibly than ever the handicaps of preserving a facade of uniformity.

Labour's Path.—That the leaders of organised labour have made up their minds to pursue a constitutional course in political and industrial affairs has been shown in many ways during the past few weeks. The repudiation of Marxist allegiances and the outlawing of the Socialist League by the Labour Party have been paralleled in the trade unions by the abrupt termination of the London bus-strike over the heads of its extremist leaders and the repudiation by the Amalgamated Engineering Union of militant strike action in the aircraft industry. Recent events have emphasised this policy still more strongly. A national campaign to popularise Socialism and to win a million new votes for Labour has been planned by the National Executive of the Labour Party, and its organisation has been placed in the capable and essentially constitutional hands of Mr Herbert Morrison. The need for determined action in the constituencies has perhaps been learned from the militant example of the Left extremists; but the gospel which will be carried to the millions is one of progressive reform repudiating revolutionary creeds and class doctrines. Indeed, in the words of Mr Morrison, "our campaign will invite not only manual workers but the professional and middle classes as well." Almost identical steps have been taken in the trade unions, which will co-operate with the Parliamentary Labour Party in the national campaign. The Central Bus Committee in London has been suspended by the Executive of the Transport and General Workers' Union pending an inquiry into their relations with Communist organisa-

tions during the strike. The National Executive of the A.E.U. has repudiated the Aircraft Shop Stewards' National Council, and the general secretary has denounced its militant proposals for strike action as "shameless advocacy" and a "blustering challenge" fundamentally opposed to democracy. Here again, however, the need for alternative action has been realised. Both the Engineering Union and the Labour Party have outlined a programme of industrial amelioration and "holidays with pay."

This attempt by a progressive policy to steal the thunder of the extremists, stimulated perhaps by the intransigent reconstitution of the forbidden Unity Campaign within the Labour Party, may chime in well with the recent recrudescence of Liberal sentiment, with the sage pronouncements of Viscount Samuel on the bases of democracy, and Mr Lloyd George's appeal for the Empire to lead the pacification of the world. Official co-operation between Liberal and Labour parties has been ruled out, but in the constituencies common support for progressive candidates becomes increasingly practicable. In most of the eleven by-elections now pending, the return of the Government nominee is almost certain; but in a few a decided increase in the Left vote is likely, and at Chertsey the Liberal candidate is fighting on a Popular Front platform with support from Labour organisations.

Prison Reform.—Sir Samuel Hoare's first speech on prison administration last week contained some admirable truths and some encouraging facts which might have been more encouraging still if they had been rather more detailed. It is profoundly true, as Sir Samuel said, that one of the greatest enemies of reform is the ignorance of the general public. Nothing could be more desirable than to spread the knowledge of what goes on inside prison walls, and those who have tried to make speeches on prison life know that there is no subject on which people are more attentive, on which it is easier to interest an audience. But it is very exceptional for anyone either in the Government or the Civil Service to stimulate public interest in the subject and it is to be hoped that this early hint of Sir Samuel's may point to an alteration in the official attitude towards a reasonable publicity. Of the reforms he mentioned the most concrete is the introduction into other convict prisons of the wages system which has for some years been in force at Maidstone—an admirable step in the humanisation of prisons and the restoration of a prisoner's self-respect. But why not introduce it in "star prisons" like Wormwood Scrubs? One important matter on which Sir Samuel was unfortunately vague was the change of policy he mentioned in dealing with privileges. The Commissioners have come to the conclusion, he said, that it is wiser to start a man from the moment he comes into prison "with a share of certain privileges." It has

taken them a long time to discover this obvious fact and even now we should like to know what "a share of certain privileges" means. Is the solitary confinement of the week-end to be abolished as the first step? Is the plank bed to be done away with for the hard labour prisoner? Is a prisoner to be allowed a reasonable supply of books at once? Is he at stated times to mix with his fellow-prisoners from the start? We hope he is, and that Sir Samuel really means to introduce these urgently needed reforms remembering (if we may misapply Disraeli's dictum on protection) that the repression theory of imprisonment has for years been damned but not dead. If Sir Samuel wills it, he will have justified his pious reference to his great great-aunt Elizabeth Fry.

Air Crashes.—Public opinion has been gravely disturbed after the last two week-ends by the appearance of two formidable lists of air crashes, in which the toll was 13 dead in eight crashes on "Air Day," May 29th, and 8 dead last week-end. On May 29th, during nation-wide displays, four R.A.F. machines crashed, two in separate aerobatic evolutions and two in formation evolutions. The remaining two crashes were by civil planes, and in both cases errors of judgment were probably made. As to aerobatic displays and formation-flying by the R.A.F., none of these accidents, so far as the evidence goes, was due to collision in the air. The machines which crashed in separate evolutions provide one hint of a possible cause. They both crashed from a fairly low altitude. A pilot needs four times the height normally required to come out of a spin in order to be really safe; for the controls may develop a defect which, with still thousands of feet to fall, may be righted or offset. If not, he may be able to use his parachute. "Stunts" and manœuvres—safe under Service conditions—should not be permitted at aerial displays below a certain altitude. The public at the Hendon R.A.F. air pageant on June 26th will be disappointed if they have to peer at marvellous evolutions between two and four thousand feet above them. The risks of Service training are great enough. They need not be enhanced merely to make the public catch its breath.

Last week-end there were two "solo" crashes. But by far the most disquieting of all recent crashes were those of three R.A.F. machines, each of which was wrecked, killing its two occupants, in thick mist. Two were in a batch of 10 machines flying from Stranraer to Hucknall, Notts. One crashed while still in Scotland, the other 1,500 feet up a Pike in the Lake District. By a strange mischance, the third of the ill-fated trio left Bristol to fly to Scotland; and that, too, crashed against the crags of a Lakeland Pike. It has been suggested that, as Commanding Officers are overborne by responsibility for their men in the R.A.F., they do not give them adequate experience of flying in

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mist over their home stations. Consequently, on a long flight, if they encounter mist they are unused to flying in it. But this is scarcely convincing. Flying in mist is not really dangerous, as long as the pilot maintains height sufficient to take him clear of all possible obstacles, and as long as he does not get over the sea. This is difficult to do when one actually flies into mist, for the normal instinct is to come down and "nose about" for an opening. And that is precisely when the machine "hits the deck." If (as the Maybury Committee recommended for all commercial aircraft) every route or flight is undertaken in constant contact with directional wireless stations, mist would be less dangerous. More and more does the provision of complete national wireless equipment for commercial and R.A.F. flying become necessary. It is the logical solution. We shall go on paying for it in lives if we attempt to postpone paying for it in cash.

Holland Leads the Way.—When Belgium-Luxemburg and Holland wanted to realise in practice the Ouchy Convention of 1932 for mutual lowering of tariffs, the British Government, about to conclude its own Ottawa agreements, objected to any mutual Belgio-Dutch concessions which were not automatically accorded to the United Kingdom under the most-favoured-nation clause in its commercial treaties with those countries. That promptly stopped a move, during the depression, for freer trade. Now, after the Oslo Powers' agreement noted in these columns last week, Holland has immediately extended the concessions which she extends to her Oslo associates to Great Britain and Germany. We obtain these concessions, small but beneficial, without lifting a finger or giving anything to the Oslo Powers in return. No more can we hold with Canning, that "In matters of commerce the fault of the Dutch, is giving too little and asking too much." The Dutch to-day are confident in the mutual benefits of any actions, anywhere, to render trade less constricted and hampered by regulations. So are the French, the Americans, and most other democratic States; and M. van Zeeland sails for Washington next week to discuss possibilities of a general lowering of trade barriers with President Roosevelt and his far-sighted advisers. The movement for freer commerce is growing in strength; but it needs to be realised on as wide, not as narrow, a scale as possible. For that reason, the attitudes of the United Kingdom and Dominion Governments may well be decisive.

New Moves in South-East Europe.—The Central and South-East European stage has been dramatically filled during the last week or two. The urge of Austria, Hungary, Roumania and Bulgaria to turn more towards the Western democratic Great Powers, so noticeably disconcerting to Germany and Italy, is the result of economic pressure; for these primary-producing debtor States find it more and more profitable to sell their surpluses for free foreign exchange proceeds, or in expanding markets. Roumania had an export surplus of 5,000 million lei in the first five months of this year—not all of which is in free foreign exchange. But the improvement is striking. Czechoslovakia is negotiating for a short-term loan in Amsterdam against increased imports from Holland. And the export figures of Austria, Hungary and Bulgaria show a considerable improvement. The rise in prices is weighing heavier and heavier upon the rigid economies of Italy and Germany; and they are hard put to it to contrive acceptable exports to their smaller neighbours in payment for the imports required. Moreover, the blocked balances belonging to Hungary, Bulgaria and Yugoslavia in Germany and Italy are still nowhere near unfrozen. Thus, Baron von Neurath's tour this week to Belgrade (where anti-Nazi demonstrations greeted him), Sofia and Budapest is almost certainly more with the aim of arresting the obvious drift away from Italy and Germany in these three countries than, as has been suggested, of riveting these States on to the Rome-Berlin axis.

Signor Mussolini's hurried pact with Yugoslavia three months ago, and the earlier Yugoslav-Bulgarian pact, show that the Rome-Berlin axis is not intended to guarantee territorial revision for Hungary or Bulgaria. The Quai d'Orsay has allowed it to be reported that France will only envisage a Western Locarno pact and an understanding with Germany if it is linked with a Central and South-East European pact duly guaranteed. Such is said to have been the gist of M. Blum's recent talk with Dr Schacht. If France's declaration of solidarity with her friends in outer Europe holds good, recent developments in that region of the Continent promise well for the general security. For example, this week the President of Poland and Colonel Beck are repaying a visit to Bucharest. The recent defeat of the Roumanian Iron Guard in local elections, and the firmer tone of King Carol and his Prime Minister, M. Tatarescu, indicate that Roumania will not budge from her alliances in order to make a Polish-Roumanian neutral bloc. The improved trading opportunities of Austria and Hungary are continuing to drive them to closer economic collaboration with Czechoslovakia, France and this country. And the solidarity of Germany and Italy over the bombing of the "Deutschland" and the reprisals against Almeria have, strangely enough but understandably, led to heartsearchings in Austria, Hungary and Yugoslavia. That unhappy event emphasised the risks which close allies of Germany and Italy may be called upon to incur in future. In Czechoslovakia, the extreme Right-wing Agrarians seem to be overreaching themselves in their demands on the Coalition Government and its moderate Agrarian Prime Minister, Dr Hodza, for a more uncompromising home policy; and the recovery in business is strengthening moderate political counsels. The ability of Central and South-East European countries to secure their share of continuously expanding trade is the touchstone of appeasement in that vexed area of the Continent. And the countries with the freest trading and currency systems naturally profit most at such a time.

Industrial Violence in America.—The intensive labour campaigns waged by the Committee for Industrial Organisation, after the surprising ease of its earlier victories, is now resulting in the violence which the more pessimistic predicted from the first. The struggle is concentrated for the moment on the three large "independent" steel companies in the State of Ohio. Steel strikes have always had an unenviable reputation for bloodshed, even in comparison with the violence which seems to be inseparable from labour disputes in any American industry. The steel towns have always been the centre of the vicious "company police" system, and strikers have had to meet repression with force. What with intimidation and the importation of strike-breakers on the one side, and the employment of far from peaceful picketing on the other, it is quite impossible to ascertain what would seem to the outside observer to be the essential fact—whether or not the majority of the workers voluntarily support the strike. The workers, in fact, tend to become the *corpus vile* over which the employers and the union officials fight—and, with both sides armed, the metaphor is only too often literally accurate. This is not the only element of confusion, because it becomes increasingly difficult to know who is fighting whom and for what object. The American Federation of Labour is fighting the Committee for Industrial Organisation; the rank and file are fighting their officials; and it is far from easy to tell why a strike is called—to coerce the employer, to repudiate the union, or merely to show that a rival union is not the only one that can strike. Sooner or later, determined action by the public authorities will be needed to canalise all this energy within the more orthodox channels of labour dispute. But hitherto public officials have been very chary of taking sides.

Much the same confusion is apparent at Washington, though in this case it is little more than is normal at this time of the year. Congress has spent most of the

present session over the President's plan for Court reform, without either side securing an advantage. Mr Roosevelt refuses to compromise, but it begins to look as if he will not get his way at this session, and the Bill may have to stand over. Meanwhile he is plying Congress with legislation in the hope that pressure and haste will give him more of what he wants—on matters other than the Court—than leisurely debate. Not content with the Bill setting up a Labour Standards Board—himself a major measure—he has now proposed the creation in each of seven large regions of a body similar to the Tennessee Valley Authority, charged primarily with control of the rivers, soil erosion, fertility, etc., but also with the public generation and sale of electric power. This again is an enormous proposal, which Congress is expected to pass in a few weeks. Beside these two proposals, such matters as the prevention of tax evasion or the voting of \$1,500 millions for relief seem to be trifles.

Armistice on the North-West Frontier.—The campaign against the disaffected tribes of the Indian North-West Frontier seems to be drawing to its close. The Faqir of Ipi, though still at large, has been dislodged from his lair, and is reported to have lost prestige and following after the recent military reverses of the tribesmen. The Tori Khel area, the main seat of disaffection, has been occupied by troops, a tribal jirga has accepted terms of armistice, and the Mahsuds in the neighbouring country have been effectively warned. Though doubtless further precautions will be taken, and some time will be allowed to elapse before the troops are withdrawn, barring accidents the latest of "Britain's little wars" seems to be in its last phases. The future, however, must be giving the authorities in Whitehall and Simla much anxiety. The possible repetition of such a frontier campaign, which has cost the Indian budget a large sum of money, and India and Britain scores of brave and valued lives, is not a prospect to be accepted with complacency. Economic, administrative and military issues are inextricably intertwined in the problem of the North-West Frontier, and it is to be hoped that the present opportunity will be taken to initiate the most complete and expert examination of the principles of frontier control.

Liberal Split in Canada.—In part, no doubt, the divorce between the Liberal party in Ontario and the Dominion Liberal organisation reflects a sharp difference in temperament and character between the provincial and federal leaders of the party. There could scarcely be a greater contrast than that between the sharp-tongued, unpredictable Mitchell Hepburn, Premier of Ontario, and Mr Mackenzie King, whose even-keeled steering between political Scylla and Charybdis has kept him in office at Ottawa, with one break of a few months and another of five years, ever since the war. But the conflict goes much deeper than personalities. The party labels tend to wrap very different parcels in the various provinces of Canada, and at different periods of Canadian political history. The forces that brought the Liberals into power in Ontario in 1934, after thirty years in the wilderness, had virtually nothing in common with the forces that sustained the Liberal Government of M. Taschereau in almost permanent power in the next-door province of Quebec, and not much in common with those that have given Mr Mackenzie King his long leases of the Prime Ministry. They were, indeed, much more akin to the forces that in 1936 deposed the Quebec Liberals in favour of a new Opposition, of nationalistic and almost Fascist colour, under M. Duplessis. Mr Hepburn, like M. Duplessis, has campaigned against Big Business—his treatment of the hydro-electric power companies brought him his chief notoriety outside Canada. But, again like M. Duplessis, he has almost as violently attacked Labour radicalism, with which the Canadian federal Liberals have been ready to compromise much as President Roosevelt has compromised in the United States. The Ontario Premier's bitter hostility, provoked by Canadian motor strikes, to the

extension of the methods and organisation of Mr John Lewis's C.I.O. into Canadian industry was the immediate cause of his split with Ottawa. Neither this divorce nor his open admiration for the Quebec regime is therefore surprising in itself. But it opens up an era of Canadian politics which will be full of interest and even excitement, not only for Canadians but also for a great many people beyond the borders of the Dominion. Fascism, localism, racialism are disturbing ingredients in Canada's present-day political broth.

Rise in Employment Checked.—For various reasons the usual expansion of employment between April and May has failed to take place this year. According to the Ministry of Labour's estimates, on May 24th the number of insured persons in employment (aged 16-64) was about 11,387,000. Though this was 460,000 more than a year ago it was 7,000 less than on April 19th. But the number of unemployed also fell, by 3,113 in the month, and by 253,712 since a year ago, to 1,451,330. Some of the changes in particular industries are shown in the following table:—

Industrial Groups	UNEMPLOYMENT, BY INDUSTRIES			
	May 25, 1936	April 19, 1937	May 24, 1937	1937
Coal mining.....	216,676	124,051	156,065	
Iron and steel	30,244	21,544	23,184	
Engineering	60,508	41,316	39,257	
Metal goods manufactures.....	39,804	28,495	28,648	
Shipbuilding and repairing.....	49,460	36,591	39,017	
Building.....	103,297	113,997	110,408	
Public works contracting	110,169	107,759	103,762	
Cotton	70,930	43,380	46,319	
Woollen and worsted	21,828	15,500	22,387	
Tailoring	12,485	12,349	14,241	
Boot and shoe	15,165	13,151	22,207	
Hotel boarding house, etc., service	60,003	63,566	54,011	
Road transport services	39,199	34,668	31,346	
Distributive trades	194,834	179,229	169,317	
All persons registered (including other trades)	1,705,042	1,454,443	1,451,330	

Part of the decline in employment is due to the conclusion of Coronation festivities, which had been the explanation of the very sharp rise in the earlier month. And in part holiday stoppages, especially in the coal-mining and woollen industries, have affected the figures. The busmen on strike in London enter neither into the totals of employed nor unemployed persons. Nevertheless, it would seem that industrial expansion has been checked for the time being. Among heavy industries, only in engineering has there been any significant increase in employment; all the other increases have taken place in distributive trades and services. But the complete totals mark a fall of 80,844 in the category of wholly unemployed and a rise of 78,573 in the number temporarily stopped. There has also been a welcome fall of 7,000 in the number of persons unemployed for over twelve months.

Shipping Rates Still Rising.—Owing to the limited volume of shipping tonnage available freight rates continued to advance during the past month. The significance and extent of the advance in freight rates is revealed by the chart overleaf which shows the trend of *The Economist* index during the past ten years. Current rates, it will be seen, are substantially higher than in the years before the depression. The rapidity of

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the advance during the past twelve months is the result of the coincidence of a reduction in idle tonnage with a marked revival of international trade and rising prices for primary products. The index for May shows a rise of no less than 74½ per cent. over the corresponding month a year ago:—

	(1898-1913 = 100)				
	Average, 1913	May, 1936	March, 1937	April, 1937	May, 1937
European waters	110.0	88.0	130.4	157.9	171.8
North America	113.1	89.0	117.4	121.0	123.1
South America	123.4	85.2	119.3	115.0	119.9
India	106.3	92.5	151.4	147.7	152.7
Far East and Pacific	117.4	85.6	143.3	162.0	159.4
Australia	127.9	92.6	145.1	167.7	169.7
Total	116.3	88.8	137.8	150.3	154.9
1913 = 100	100.0	76.3	118.4	129.1	133.1

Advances were again substantial except on the Far Eastern trade routes:—

	Index No.	Inc. or dec. Points		Index No.	Inc. or dec. Points
Home trade	137.1	+ 9.3	South America:—	98.3	+ 6.0
Outwards	220.2	+ 51.4	Outwards	200.5	+ 2.6
Homewards	235.5	+ 3.2	Homewards	138.9	+ 12.6
Mediterranean:—			India:—		
Outwards	161.6	+ 27.3	Outwards	166.6	+ 2.5
Homewards	157.2	+ 0.4	Homewards	159.1	+ 2.9
North America	123.1	+ 2.1	Far East, etc.	169.7	+ 2.0

There are no indications of an early change in the trend of freight rates.

Cotton Trade Reorganisation.—A pamphlet just published by the Joint Committee of Cotton Trade Organisations surveys the present position of the industry and discusses the measures needed for further recovery. It is a most interesting document for several reasons, and not least because of its defects. The analytical sections are excellently presented and include some very valuable statistics of post-war developments. The plight of the industry is ascribed mainly to the meteoric growth of the Indian cotton industry, which has meant the loss to Lancashire of no less than 85 per cent. of that market. The growth of such local industries accounts, according to this report, for about two-thirds of the total loss of exports, the remaining third being due to Japanese competition. All this, however, is common knowledge, and one would have thought that an authoritative body would have used it merely as a preface to detached proposals. But the Committee contents itself by expressing the pious wishes that overseas markets should be preserved by the aid where necessary of the British Government, and that facilities should be given for internal reorgan-

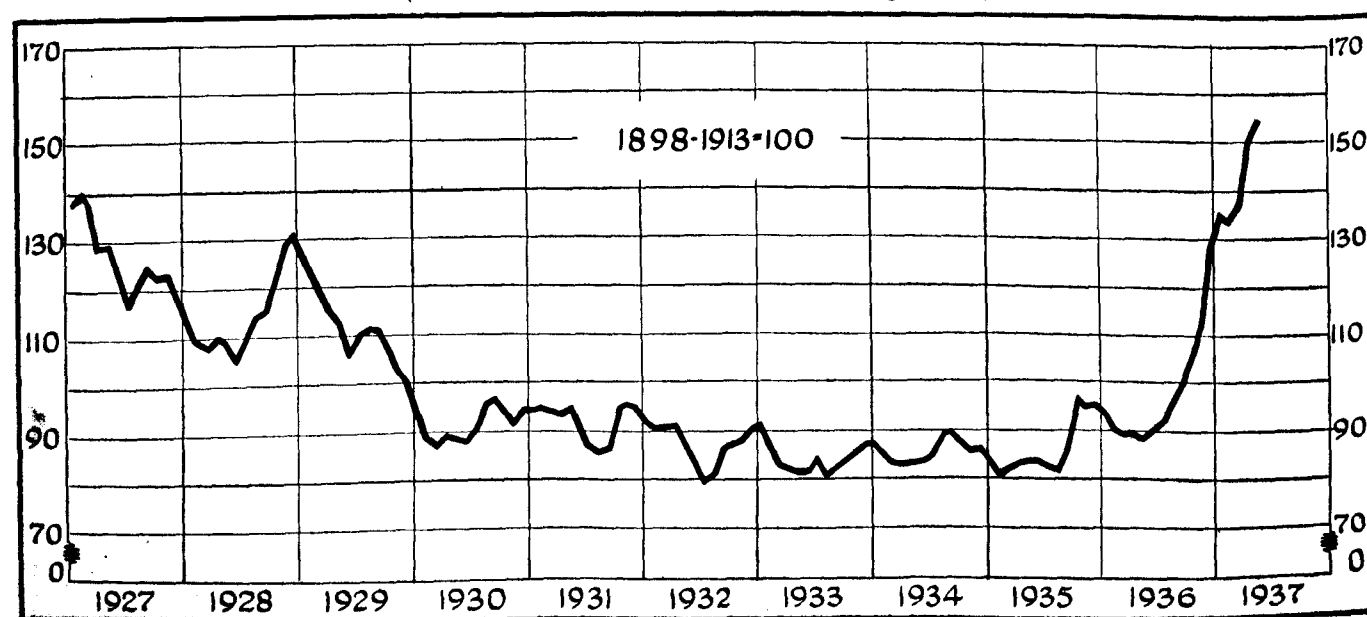
isation with a view to strengthening the competitive position in export trade. Legislative assistance may be needed to enforce industrial agreements in Lancashire. But the industry will have to produce something more like a plan before it can be considered.

Industrial News.—This week's industrial news suggests that activity is maintaining an even tenor. Supplies of coal are becoming less scarce, and output in the last week of May showed an increase of 17 per cent. over the corresponding week a year ago. Electricity generated by authorised undertakings in May was 11.3 per cent. higher than a year ago. New business in iron and steel remains limited by the inability of manufacturers to add to their commitments, but pressure for delivery under contracts is as strong as ever. The stringency in materials has been somewhat relieved by heavier imports. As our Cardiff correspondent points out on page 657, exports of tinplates are twice as heavy as a year ago. Business in cotton and wool textiles remains small, partly owing to the sagging tendency of raw material prices. In other sections of industry the fall in the prices of imported raw materials has had little effect on new business. The general outlook remains promising, though a seasonal lull in business activity is imminent.

A Census of Distribution.—The need for an official Census of Distribution has been urged on the Government by statisticians and business men for some time past. To reinforce an already strong case, five firms, acting under the auspices of the British National Committee of the International Chamber of Commerce, have conducted an experimental census in six towns. These towns—Jarrow, Chorley, Kidderminster, Stafford, Wycombe and Weymouth—were selected as having almost identical populations but a wide variety of other circumstances. Quite substantial differences were found between their distributive equipment. Jarrow, as might have been expected, shows the smallest number of shops. But the largest number is to be found in Chorley, the second most depressed of the six towns. Prosperous Wycombe, in an agricultural and residential area, has the fewest greengrocers but the most dairies. Chemists are thickest on the ground at Weymouth—a health resort—and sparsest at Stafford. Unfortunately, an unofficial enquiry such as this could not secure what would be the most valuable figures of all—those of turnover—and rateable value figures are a very imperfect substitute. But the information contained in the report is amply sufficient to clinch the case for an official and universal census.

SHIPPING FREIGHT RATES SINCE 1927

(Based on *The Economist* Monthly Index of Freight Rates)



Overseas Correspondence

From Our Special Correspondents

United States

The President and Congress

WASHINGTON, June 1.—The magic spell of President Roosevelt over Congress is pretty well ended. The Supreme Court fight was the means by which it came to an end, but not the cause, for the cause was the too great victory of the Democrats at the polls last November. Overwhelming majorities are beyond discipline, as every democracy knows; and the one formula for maintaining leadership over them—to undertake as little as possible—works only for a time. Mr Roosevelt has not aimed at being inactive. He has not even kept to the middle of the road, the natural impulse in leading a party with Right and Left wings. He has led the Left, in his attack on the Supreme Court, in his proposal for the reorganisation of Government, and in his sympathy for the Lewis movement in organised labour. This has not, however, been Liberalism as his Liberal followers understand it. In each instance, the President was reaching out for more personal or executive power. In attacking the Supreme Court this feature estranged many liberal Democrats. They are nonplussed, too, by the reorganisation plans for the same reason. And the harmony between the Administration and the Committee for Industrial Organisation is giving rise to suspicions that the President is playing with the idea of a third term.

The suspicion is based on nothing tangible, but whispers of it go through the cloakrooms at the Capitol. The President authorised Mr Arthur Krock, of *The New York Times*, to deny that he would accept another term, but the rumours will not die down. What is more likely is that the President may be weighing the wisdom of letting his party split, to make of 1940 a rallying of Liberal forces on the Democratic side, the Conservatives being left to coalesce with the Republicans. This is no new idea in Washington, and Europeans will not understand the hesitancy of Americans to shape party politics on a clean division between Conservatism and Liberalism. That there would be advantages is undoubted. But there are also disadvantages. Theoretically ruled by a two-party system, America actually divides its Government among four groups. Both the Republican and Democratic Parties consist of Right and Left wings. And as the mood of the nation changes from Conservatism to Liberalism each Party can come forward with the leadership appropriate to the occasion. Thus the Democrats are now ruling with the Left wing, the conservative Right remaining in the background and maintaining a reserved loyalty for Party reasons. The Republicans, sensing the trend, nominated a Liberal last year in Governor Landon, and his poor showing was not so much due to his Liberalism as to the inconsistencies in it, which became more glaring as the campaign proceeded. This four-group system does not operate consciously or clearly, but it is a characteristic of American political life. For a nation as large and as decentralised politically as the United States it may be more workable than the ever-recurrent clash between abstract issues. It makes elections, fought usually around personalities, more manageable in so large an area than if fought primarily about ideas.

The Next Election

The President now is beginning to feel the brakes put on by the Conservatives in his own party. Though in the main they are unvociferous, they constitute his real opposition. It is natural that he should think in terms of a party purge, and be ready to see the next campaign

raise the issue of continuing the New Deal rather than centre on the person of the new leader. It is too early to predict that he will encourage a party split, or to name the leader he has in mind for a campaign for liberal ideas. Gossip, however, is active with this theme, and Secretary Wallace of Iowa is often mentioned. Since Mr Wallace was not a Democrat before he entered the first New Deal cabinet, he would appeal to Liberals in both parties. He would also estrange conservative Democrats, particularly in the South. Gossipers credit Mr Wallace with enjoying already the favour of Mr John L. Lewis. In backing him Mr Lewis might feel that he was moving in the direction of a farmer-labour party, which is commonly accepted as the destiny of radicalism in this country.

Mr Roosevelt's handicap at present is that the inherent tendency of his large majority to divide is accelerated by his reaching out for power. The newspapers already write about a revolt in Congress. But the word should not be understood as meaning that Congress is taking the leadership away from the President, or is determined to establish something like congressional government in the United States. Congress simply does not enjoy being led, and does not relish pressure or discipline. It has recurrent seasons of disaffection, and is in the midst of one to-day. It is preparing to offer resistance to the plan for the reorganisation of government, which will enormously reduce the patronage of congressmen. It already has shown its intractability in the Supreme Court fight. In the question of money it shows signs of withholding delegated authority from the President. The conservative Democrats have been pressing for a 10 per cent. cut in all appropriations, to bring the Budget nearer to balance, and offer an effective gesture against inflation. But the Administration asks for a 15 per cent. discretionary cut, the discretion to rest with the President. The President's critics say that he is merely asking for a billion dollars with which to influence members of Congress. His supporters answer that the problems of government spending, particularly on relief, are much too delicate to be dealt with by an automatic formula.

What Congress does not appreciate is that the country as a whole is not following its humours closely, and does not care much about them. The President has lost his hold at the Capitol, but not in the country at large. Even the President's followers who did not like the method of his dealing with the Supreme Court have not, on the whole, turned from him for that reason.

Federal Control of Hours and Wages

NEW YORK, June 1.—The wage-hours proposal submitted to Congress by the President is described as a variation of the 30-hour Bill which has been before Congress a long time, or the National Recovery Administra-



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tion revived. In its present amorphous form it is actually neither. The N.R.A. was a broad concept along the lines of the Corporative State; while the present Bill is concerned solely with labour relationships. The Bill does not prescribe a minimum working week or a minimum wage, although the 40-hour week and a 40-cent an hour minimum wage have been suggested. As the Bill stands the hour and wage provisions are left blank, to be filled in either by Congress or by the Board of five members. The essence of the Bill is the creation of this Board endowed with broad discretionary powers over hours and wages. In conjunction with the Labour Relations Board, which is in being under the Wagner Act, the proposed hours-wages Board would put almost the entire field of labour relations under Federal control. Indeed, so complete would be the control that it is doubtful if it would leave any room for collective bargaining, as the term has been understood. The child labour provision is hardly more than nominal, since there is practically no industrial child labour in the United States; there is child labour in agriculture, which presumably will be exempted from the operation of the Bill. Because the Bill is drawn in blank, discussion cannot be very concrete. The prevailing rate of operation in industry at present is about 41 hours, and the prevailing minimum hourly wages in large industries, at least in the northern industrial areas, is well above 40 cents. On the face of it, therefore, the Bill if enacted would have little effect on the larger firms of manufacturing; yet the sponsors of the Bill claim that some 4,000,000 persons would benefit from it.

There are two basic ideas in the Bill: the spread-the-work idea, which was responsible for the 40-hour provision in the N.R.A., and has been the primary purpose of the 30-hour proposals; and the equalisation of regional competition. Just how important this latter factor is would be hard to say; but it is a frequent topic of complaint among manufacturers. There can be no doubt that costs of production are materially higher in some sections of the United States than in others; but it is never entirely clear that this is mainly a difference of labour costs, although there is wide variation in wage rates between different parts of the country.

Business Lacks Confidence

Between the third quarter of 1934 and the fourth quarter of 1936, there was a period of exactly two years without any labour disturbance of note. Beginning with the maritime strike in the fourth quarter of 1936, there has been a continuous succession of important strikes. For the most part they have been free from violence, at least on any large scale. The steel strike, however, developed a violent phase almost immediately. It is an open question whether or not the unsettled condition of labour relations has cut or is cutting into the profit margin or earning capacity of corporations. Industrial production is now close to the 1929 rate, while earnings appear to be lower than at that time. However, the recovery both in volume and earnings has been so rapid that one cannot say that the profitability of our economy has had a free chance to express itself. The enigma of Wall Street still exists. Not for many years have current earnings been capitalised so cheaply as in our present equity prices; and when these returns are set against the so-called long-term rate of interest, the disparity is equally striking. It is quite clear that the market has no confidence in the maintenance even of the current rate of profit on industrial undertakings. The paradox, far from being resolved, has become more striking as the second quarter has developed.

Indices of Recovery

The level of production which was recorded in April was scarcely changed from March; for six months the index adjusted for seasonal variation has not exceeded 121 (in December) or fallen below 114 (in November and January). The unadjusted index is used in the following table, and shows the sweep of the recovery movement more vividly than the corrected index.

FEDERAL RESERVE BOARD INDEX OF PRODUCTION
(1923-25 = 100)

	1934	1935	1936	1937
January	83	88	96	112
February	83	91	95	117
March	87	91	96	122
April	88	89	104	121
May	89	87	105	
June	84	86	104	
July	73	83	105	
August	73	87	106	
September	73	90	108	
October	75	97	111	
November	74	98	115	
December	78	96	114	

In 1935, except in July, the so-called seasonal recession was only nominal, while in 1936 the summer period showed no recession whatever. On the other hand, in both of the last two years the autumn has brought a steep upturn, which in 1936 continued into the first quarter of 1937.

FEDERAL RESERVE BOARD INDICES
1923-25 = 100 (Adjusted for Seasonal)

	April, 1936	March, 1937	April, 1937
Industrial production (total) ...	101	118	118
Manufactures	100	117	118
Minerals	106	128	114
Construction contracts (total)...	47	56	56
Residential	30	45	48
All other	60	64	62
Factory employment	88.6	100.9	101.7
Factory payrolls	79.3	101.1	104.8
Freight car loadings	69	83	82
Department store sales	84	93	93

Of these series the one showing the largest gain over last year is residential building, which has risen more than 50 per cent. The next largest gain is in factory payrolls, which are over 25 per cent. higher. On the other hand, residential building, which spurred sharply in the first half of 1936 from 25 in January to 44 in July, has since that time done little more than hold that level. While the index of 48 in April is the highest yet reached, the developments of the spring have so far been rather disappointing. The reason generally given is increased costs. Although unemployment data are withheld there is no doubt that there is now little industrial unemployment.

France

Crisis Ahead?

PARIS, June 10.—Politically and socially the country remains calm. The situation is apparently more favourable than at the time of the stay-in strikes a year ago. There is a certain revival of business, unemployment is declining, and debtors have derived advantages from a number of circumstances of which the devaluation and the consequent rise in prices was not the least important. But everyone now knows that this relative improvement is principally due either to monetary depreciation, which cannot be repeated, or to the rearmament programme and great public works, that is, to expenditure covered by loans. The present level of public funds—the 4½ per cents. are quoted at 66—suggests that since more than 100,000 million francs have been borrowed in five years, public credit does not stand very high.

The Government's policy will be known in a few days. Its objective is to obtain from taxation the sums necessary to cover the estimated deficit on the ordinary Budget, which may reach 4,000 million francs. This could be done by an increase in income tax, in the succession duties, in the duties on tobacco and matches, in the indirect taxes on alcohol, petrol, coffee, chicory, and sugar, or in the charges for transport by rail and road, or for posts, gas, and electricity. All these devices would still further increase the cost of living, and the Radical Socialists, it is rumoured, are opposed to such a solution. Moreover these measures would hardly provoke the revival of confidence which in the past made new loans possible, and it is probable that the

Government will still propose an increased issue of Treasury Bonds to be rediscounted by the Bank of France or other public savings banks.

The Dilemma of Democracy

By this new inflation the Government would gain time once more, but what will happen in the autumn when the Exhibition is over, still remains uncertain. The full difficulty of the situation can be seen if one adds that the trade unions will in the near future have to support further claims for increased wages, and that certain industries like textiles are asking for new protectionist measures, a vicious spiral which bids fair to become rapidly contradictory to the policy of the Tripartite Agreement and to the efforts to lower trade obstacles and to revive international business.

The present financial difficulties will not prevent the Government from laying before the Chamber a Bill for old age pensions, which will cost between 2,000 and 5,000 million francs, and a Bill to relieve agricultural distress. It is improbable that Parliament, or at least the Chamber, will refuse to vote these new expenditures. M. Blum has said: "If we must fail, I do not believe that the responsibility would be ours personally: it will be due to the inability of democratic institutions to give to the workers the reforms of progress and justice which they expect." And M. L. Jouhaux has declared that "if the Government is thrown down the trade unions will not accept the verdict. . . ."

Germany

The Penalties of Intervention

BERLIN, June 9.—The Bourse, which was firmish in late May, suffered a sharp setback on the news of the Iviza-Almeria affair. It was no doubt inevitable that this affair should make a great stir internationally, but in reality it was only one more incident in the "sorts of wars" that have been going on between different European countries and the Spanish factions for nearly a year; and as Berlin and Valencia have not yet declared real war on one another the formal position has presumably not been changed. Many persons will see in the incident new proof of the wisdom of those governments which have maintained strict neutrality. From the first, neutrality appeared to many competent Germans to be the Reich's right policy; and as the Spanish civil war went on it even seemed that all the intervening countries themselves were realising the risks and unprofitability of intervention. The recent episode shows, however, that it is easier to get into complications than to get out of them; and this will probably be shown again if, as is unluckily more likely than not, similar incidents occur again. Should Germany be the Power concerned, she may ultimately be pushed into formal, systematic, and large scale operations against Valencia. That would involve formal co-operation with General Franco, and the taking of responsibility for his success and for his maintenance in power after he succeeded. Such a task would probably be beyond the Reich's military power, even if other countries tolerated the attempt. The obvious remedy is for Germany, Russia, and Italy to observe strict neutrality in word and deed. The German public cannot indeed be expected to realise that; for they do not admit that other European Great Powers are neutral. Not only Russia but also France and even Great Britain are presented to them as partisans and active helpers of Valencia. As regards Great Britain this view appears with great emphasis in the Reich Press, and it must therefore be considered the official view.

After suffering its brief setback in consequence of the Iviza-Almeria affair the Bourse has been firm. Nearly all the companies whose business year terminated in December 1936 have by now issued their annual reports. According to a bank analysis, 84 companies out of 180 maintained their dividends unchanged, 60 increased their dividends, 20 remained dividendless,

and only 8 (of which three were leading potash companies) reduced their dividends. Seventy-five per cent. of all listed shares are now quoted at over 100. The number of industrial shares now quoted in Berlin is only 385 against 933 at the end of 1934.

Centralisation of Taxation

The Reich Loan of Rm. 800 millions is reported to have been fully subscribed, and the total of Reich consolidation loans issued since early 1935 (including Rm. 500 millions by the Reich Railways Co.) has now reached Rm. 5,700 millions. The Finance Minister has again repudiated inflation, pointing out that against a 36 per cent. increase in national income since 1932 the currency circulation has risen by only 21 per cent. About the movement of total public taxation and its distribution the following statement has been published:

	Reich	States	Municipalities	Hanse Cities	Total
	Millions of Marks				
1933-34	5,038.5	2,090.3	3,229.3	242.1	10,600.2
In %	47.5	19.7	30.5	2.3	100.0
1936-37	9,000.0	2,060.0	4,000.0	260.0	15,340.0
In %	60.0	13.0	26.0	1.6	100.0

The figures for 1936-37 are estimates, but official. Whereas tax revenue as a whole has increased some 45 per cent., the sum raised by the Reich has risen nearly 80 per cent. The yield of the Reich Flight Tax is now becoming important owing to the expatriation of Jews and of politically depressed persons. This tax, which is 25 per cent. of the entire property of persons leaving Germany for good, and which is imposed equally on property taken away or left behind, yielded less than Rm. 2 millions in 1931-32, Rm. 45 millions in 1935-36, and Rm. 70 millions in 1936-37. The Government announce new tax concessions of a very comprehensive kind for large families.

The *Reichspost* reports favourably on the development of business in the first quarter year. The debts of all the German States at the end of 1936 were Rm. 2,441 millions, of which Rm. 218 millions were due abroad. The debts of the Hanse cities were Rm. 655 millions, of which Rm. 82 millions were due abroad.

The index of wholesale prices on June 2nd reached a new high level of 106.1, against 105.9 on May 26th. Agricultural prices have risen sharply. Drastic new regulations to control crops are semi-officially forecast, including long terms of imprisonment for purchasing without the prescribed delivery certificate. On the subject of foodstuffs consumption the Reich Statistical Bureau has issued new data, adopting as the unit the "full person," whereby changes due merely to shifts in the age of the population are eliminated. The per capita consumption of meat is shown to be lower than before the War, to have recovered in 1934, and since then to have again declined. Fish consumption has

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£5,000,000

Total Assurances in force at November 15th, 1936, in Great Britain and Ireland

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lately risen, and is much higher than before the War. The consumption of butter has risen since the depression, and is higher now than before the War. The consumption of eggs is slightly higher than before the War, but has fallen enormously compared with 1932. Sugar consumption has steadily risen, and is above pre-war level. Per capita consumption in 1936 was (in kilograms): meat 50.4, fish 13.7, butter 9.6, margarine 8.4, and sugar 26.0. The consumption of milk per head in 1935 was 121 litres, and in 1936 132 eggs per head were consumed.

Machine Trades Fully Employed

Industry is very active. The number of persons employed in April was 7.5 per cent. higher than in April, 1936. It is officially stated that in the past twelve months orders for armament and for the Four Year Plan, as well as foreign orders, have increased the intensity of employment in the important investment-goods industries more than 20 per cent. Building is being hampered by shortage of steel. Ingot-steel output in April was 1,644,530 tons; in the first four months of 1937 it was 6,279,700 tons, against 6,107,600 tons in the same months of 1936. The new signs of inactivity in the world steel market are much commented on, the surmise being that too high steel prices have begun to check enterprise. The value of machinery exported in January-April was Rm. 250 millions, which is 31 per cent. more than in the same months of 1936. The weight of machinery exported was 137,900 tons, against 336,000 tons in the whole of 1936. As a whole machine manufacturing is occupied to 94 per cent. of capacity; but if certain branches which are hampered by vetoes on investment are eliminated, the industry may be said to have more orders than it can execute. The export of automobiles continues to rise; some 19,200 private and commercial cars were exported in January-April, against 10,500 in the same months of last year. The trade balance in rayon has greatly improved; there was an export surplus of Rm. 3 millions in the first four months of 1937, against an import surplus of 6.5 millions in 1935.

The following figures of wool imports show the extent to which Australia and New Zealand have been ousted as deliverers by South Africa, and, relatively, by Argentina:

	1933	1936
	(In 1,000 tons)	
Total imports.....	166	103
From Australia.....	63	17
From New Zealand.....	21	3
From South Africa.....	25	20
From Argentina.....	21	16

In 1935 imports from South Africa were actually double those from Australia.

Denmark

The Silver Jubilee

COPENHAGEN, June 5.—On May 15 King Christian X celebrated the silver jubilee of his reign. The importance of this anniversary was accentuated by the visits of the King of Sweden and the King of Norway to Copenhagen. King Christian's political flair and sense of realities are appreciated by all parties, and within the narrow limits left to the initiative of a constitutional monarch the King has in critical moments given admirable proofs of his character and ability of judgment. It is now openly admitted that it was due to King

Christian that Denmark was saved on August 5, 1914, from being dragged into the Great War. The King's judgment of what was politically sound in the Slesvig question is also universally appreciated. The united homage paid to King Christian on his 25th anniversary was an overwhelming proof of his popularity. He has lived up to the pledge he made at his accession: "I have dedicated my life to the furtherance of the well-being of my country."

The future of Danish agriculture is again under discussion. The poor harvest of 1936 and the rising prices of imported feeding stuffs, coupled with the falling trend in the prices of butter, bacon, and eggs, have reduced the profitability of farming, and the forthcoming payments of half-yearly interest dues will not be easy. Various measures were discussed before the Rigsdag session ended, but a decision was postponed until the new session commences in October.

In the money market a certain stringency is apparent. The Nationalbank has for months carried out a policy of moderate credit restriction, partly from sheer necessity to economise the scanty foreign exchange resources, and partly to prevent the upward trend of business from developing into an uncontrollable boom. A striking effect of this policy was to bring to a halt the boom in steamship shares, in which the whole country was speculating. At present it is hoped that the forthcoming harvest will be better than last year, and this, together with the much increased earnings of Danish shipping, is expected to ease the foreign exchange situation. The earnings of the Danish mercantile fleet employed abroad was 201 million kroner in 1935 and 215 million kroner in 1936; and at present the freight index is about 30 points higher than the average for 1936, which was 127.8.

New World Situation

The Association to further Danish Industry and Trade held its general meeting on May 20th. In his report the chairman emphasized that facts had to be faced, and in spite of the talk in many countries of freer trade the statistics told a different tale. The British bacon industry had grown by 15 per cent., and although British butter imports had risen since 1929 from 325 million kilogrammes to 500 million kilogrammes Danish butter exports to Great Britain had fallen. A similar trend was evident in our trade with Germany. Denmark's business had to be adjusted to these changes, and it would be a forlorn hope to expect the return of former times.

In a recent publication the Department of Statistics prepared various tables to illustrate the economic development of Denmark during the last decade. An extract from these tables is given below:—

	1927	1932	1937
	(average)	(average)	(Jan.-March average)
Note circulation (in million kroner).....	354.2	322.2	375.6
Yield on capital invested in farms.....	1.1%	+0.4%	3.5% (1936)
Sterling rate (kroner to pound).....	18.18	18.64	22.40
Wholesale price index (1931=100).....	134	103	140
Market quotations—			
Butter, kroner per 100 kgs.....	301.13	178.35	206.03
Bacon, kroner per kg.....	1.35	0.82	1.62
Eggs, kroner per kg.....	1.62	1.01	0.86
Foreign trade (monthly average in million kroner)—			
Total imports.....	138.5	95.2	135.3
Total exports.....	129.3	94.7	119.3
Import surplus.....	9.2	0.5	16.0
Index of industrial production (1931=100).....	86	91	134
Unemployment (percentage).....	22.5	31.7	31
Mercantile fleet employed (in thousands of gross reg. tons).....	946	822	1,030
Freight index (1931=100).....	128.2	102.4	158.2
Consumption of electricity (in million kwh).....	28.3	41.8	68.6

The improvement since the crisis year of 1932 has in most respects been remarkable, though unemployment has scarcely moved at all, and the import surplus has risen considerably.

Chile

Business Active

SANTIAGO, May 18.—Business during the first quarter of the year was generally satisfactory. Mining production advanced 47 per cent. compared with the output for the first quarter of last year. This increase was chiefly due to the production of bar copper, which rose 78 per cent., from 59,000 to 105,000 metric tons. The output of iron and coal also rose 21 and 15 per cent., respectively, while the total production of gold fell 18 per cent. The activities of the principal manufacturing industries were maintained at the level of the past year; the general index of production, comprising fourteen of the most important commodities, only shows an insignificant increase of 4 per cent. House building and construction activities have continued to decline appreciably. The projects presented during the first quarter of the year, compared with the same period of last year, disclose a drop of 45 per cent. in area and of more than 50 per cent. in cost.

The cereal harvest was somewhat smaller than last year. Only 7.8 million metric quintals of wheat were harvested, against 8.7 quintals in the first quarter of last year. The yield of the barley crop was 984,000 quintals, compared with a little over 1 million quintals in the first quarter of last year. Only the harvest of oats increased slightly to 1 million quintals, compared with 987,000 quintals. On the other hand, the harvest of lentils was 358,000 quintals, the largest ever obtained.

Exports increased by 70 per cent., the total turnover for the first quarter of the year being 285.3 million gold pesos, against 167.6 million gold pesos in 1936. This increase was due principally to larger exports of copper. Imports, on the other hand, showed an increase of barely 9 per cent., being 86.1 million gold pesos, against 79.3 million gold pesos in the first quarter of 1936. Germany is still the most important exporter to Chile, with 25.3 million gold pesos, against 23.5 million gold pesos in the first quarter of 1936; the United States comes second with 24.8 million gold pesos, compared with 18.5 million gold pesos in 1936; and Great Britain third, with 10.4 million gold pesos, compared with 12.9 million gold pesos.

Rising Prices and the Peso

The continued rise in prices is a serious problem. Between March of last year and March of this year the general index of wholesale prices increased 27 per cent. and the index of the cost of living rose over 10 per cent. The Monthly Bulletin of the Banco Central attributes these rises to two factors: first, to a certain internal inflation which took place last year; and, secondly, to the international reaction in prices, especially of raw materials and agricultural products. The first of these factors no longer appears important, and the rise in prices during the current year is due principally to the international increase in prices. On the other hand, the Exchange Control Board continues to maintain a fixed rate for export exchange on the basis of 26 pesos to the U.S. dollar. In these circumstances, the rise in prices abroad must necessarily be directly reflected in the domestic price level. The Press has for some time past been publishing articles dealing with the question of the revaluation of the peso by means of a gradual drop in the rates for export exchange. The President of the Banco Central has admitted the possibility and convenience of adopting such a policy.

That the situation is favourable for a revaluation of the peso is also shown by the marked drop in the rates of the chief foreign exchanges ruling in the unofficial market, where the dollar is at present quoted at slightly over 26 pesos and the pound sterling at 128 pesos; that is, at rates almost equal to those of the Exchange Control Board for export exchange. In reply to various direct inquiries, the Minister of Finance has declared, however, that the Government has not thought of effecting a revaluation nor of introducing any change in the present system of exchange control.

The members who were elected to Congress at the elections held on March 7th, when the parties of the

Right obtained a slight majority over those of the Left combined in the Popular Front, will meet for the first time on May 21st. The chief problems with which Congress will be confronted will be the monetary situation and the state of the public finances. The Minister of Finance has announced that the financial results of this year will probably show a deficit of some importance.

Canada

Uncertain Wheat Prospects

OTTAWA, May 22.—The Federal Government lately offered to the public a conversion loan to liquidate an issue of 232 million dollars of 5½ per cent. tax free Victory bonds which matures on December 1st, no new money being asked for. It was offered in three denominations of two year, five year and twelve year bonds. Over 113½ million dollars' worth, or nearly half the outstanding total of the Victory bonds, were converted. The completion of the operation is planned for the autumn and will eliminate the last of Canada's tax-free bonds. The Treasury will save about \$3,400,000 per annum in interest charges.

In the prairie provinces the seeding of wheat is almost completed, considerably earlier than in any recent year, and the planting of coarse grains is well advanced. In Manitoba and the northern districts of Saskatchewan and Alberta warm weather accompanied by adequate rainfall has made seeding conditions very propitious, and with a good seedbed germination has been satisfactory. But in the southern areas of Saskatchewan and Alberta, which have suffered so severely from drought in recent years, the grain crops have again started badly through lack of moisture. Regular heavy rains within the next few weeks will be necessary to avert another crop failure. The problem of this drought-afflicted area occupied the attention of a conference recently held at Regina. It was attended by representatives of the Federal and Provincial Governments, of municipalities, of railways, of banks, and of mortgage and land companies. Eventually, it was recommended that some of the money voted for the salvaging of these areas should be spent on a series of small irrigation projects, the provision of better water supplies, and the establishment of community pastures. Another severe drought this year will undoubtedly face the authorities with the problem of transplanting thousands of farming families, who have been subsisting on relief, to more favoured districts.

The first crop survey of the Bureau of Statistics places the intended area of spring wheat, which is practically all grown in the West, at 24,367,000 acres, compared with 24,779,000 acres in 1936. There will be virtually no change in the acreage allocated to oats, barley and other coarse grains. In Eastern Canada the seeding season started early, but in the last fortnight there has been an abnormal rainfall and farmers have been greatly handicapped in their operations. With the reopening of navigation on the St. Lawrence the export of grain has increased; and on May 14th the visible stocks of Canadian wheat had been reduced to 64,150,238 bushels, little more than one-third of the 184½ million bushels recorded at the same date a year ago.

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Steady Business Activity

The April record of general business was very satisfactory, and a provisional calculation of the Bureau of Statistics has placed the general economic index for the month at 123, the best figure since October last. Beginning with the week ended April 24th the Bureau's indices for successive weeks have been 112.8, 109.6, 110.9 and 108.0.

Week ended	Car Loadings	Wholesale Prices	Bank Clearings	General Index
May 16, 1936 ...	79.3	71.9	94.4	105.0
May 1, 1937 ...	80.9	85.1	106.5	109.6
" 8, 1937 ...	84.3	85.2	104.2	110.9
" 15, 1937 ...	85.9	84.7	87.2	108.0

At present the business community is more or less marking time while it waits for news about the success or failure of the western wheat crop and about the outcome of the moves for freer world trade.

The arrival of warmer weather has stimulated the sale of lighter clothing and footwear, of paints and different kinds of building supplies. In the manufacturing field most plants are well supplied with orders and the iron and steel firms are enjoying something like a boom. The textile companies profess to be making no profits, but the largest of them, the Dominion Textile Company, has lately announced plans for increasing its plant at Magog in Quebec, at a cost of half a million dollars. The mining interests have lost the buoyant optimism which prevailed two months ago and are still worried about the uncertainty surrounding the future price of gold; while the fall in the price of base metals has upset other calculations. The nickel industry still flourishes, however, and exports for April amounted to 131,533 cwts. compared with 109,665 cwts. in April, 1936. The newsprint industry maintains output at a high level. Perhaps the most encouraging feature of the April returns was a sharp advance in new construction; the value of contracts placed was 24½ million dollars, about 150 per cent. above the figure for April, 1936.

In April the automobile industry suffered from the strike at the plants of General Motors and only produced 17,081 vehicles compared with 24,901 in April, 1936. There is still a good deal of labour unrest, which takes the form of demands for higher wages and better conditions. There have been a series of strikes mainly settled by granting most of the workers' demands. Employers are still worried about the activities of the C.I.O., which seems to be gaining Canadian recruits steadily.

Foreign trade in April was, as usual, below the level of March, but it was well ahead of the total for April, 1936.

	April, 1936	April, 1937
Exports	\$ 57,974,176	\$ 66,907,258
Imports	42,217,004	58,000,000*

* Provisional.

The yield of Federal revenues in the first month of the new fiscal year was \$30,271,016, a gain of 8 millions over the yield for April, 1936, while expenditure was 26½ millions, a decline of a million.

Books and Publications

The Crisis of Liberty

THIS brave and honest little book,* which has been received with unthinking execration by Russians with whom Gide still sympathises, and with unthinking jubilation by enemies of Russia whom Gide still detests, should be read by all those who can say, with the author, "There are things more important in my eyes than myself; more important than the U.S.S.R. These things are humanity, its destiny, and its culture." "What went ye out for to see?" is the question such people

* "Back from the U.S.S.R." By André Gide. Translated by Dorothy Busay. Secker and Warburg. 121 pages. 2s. 6d.

Letters to the Editor

The Gold Problem

TO THE EDITOR OF THE ECONOMIST

SIR,—In your issue of May 29th you were good enough to publish my letter on this subject to which you attached a note wherein you state in terms that you disagree with my contentions. I say "in terms" because in fact you do agree that gold is the measure of value; true, you go on to say that this state of affairs will continue only "so long as we care to use it as such," and "if any other unit of account be adopted gold would cease to be the measure."

I was writing of affairs as they exist to-day when gold, as you admit, is the measure of value. The possibility of some other unit of account being adopted is inconceivable. You say there is "nothing inherent in gold which makes it the measure of value." A measure of value must be uniform throughout the world, and limited in supply, though adequate, i.e. not an article like silver which is a by-product nor a primary product the production of which can be increased at will and the quality of which varies. "Fine gold" has these characteristics; they are inherent in it and are not to be found elsewhere.

This is the reason why gold is and will continue to be the measure of value internationally.

Yours faithfully,

JOSEPH RICARDO.

Temple, E.C.

State Money and Bank Money

TO THE EDITOR OF THE ECONOMIST

SIR,—Sir Arthur Verdon-Roe's views concerning currency (on page 458 of your issue of May 22nd), seem very valuable—so far as they go; but I think he is for shutting the stable door too late. No doubt during the period between the drawing and payment of a cheque against State currency lying in a bank on deposit there is, in a way, a duplication of money—"temporary money"—though it is a fairly negligible one except, e.g. in the case of a cheque sent to Australia. But the real trouble is that much of the bank deposit itself may not be State currency, or ever have been, for it is bank credit. Only a portion of it is represented by State currency in the till, the rest being "temporary money" backed by some security pawned with the bank. But this security actually represents money which is already doing work elsewhere, and so not available, e.g. a 3-months' Treasury bill which is engaged in paying Government salaries. To say that it can be realised by the sale of the security to a third party is only very restrictedly true, for it leaves the total situation unchanged, and so only confuses the outlook.

In your analysis of the first chart on page 6 of your *Banking Supplement* you make no mention of the very remarkable parallelism between the movements of deposits and discounts—while that between deposits and discounts plus investments is even more close. It would be very interesting to learn the mechanism of this effect, for it seems, *a priori*, to suggest a distinction between deposits and State currency such as I have noted above.

Yours faithfully,

Kew.

L. WALLACE.

Shorter Notice

"Studies in the Theory of International Trade." By Jacob Viner. 650 pages. 18s.

This book is a remarkably lucid and comprehensive collation of theories about trade, currency and exchanges since the days of Hales and Gresham. Mun, Hume, Smith, Ricardo, Torrens, Mill, Taussig, Wicksell, Marshall, Pigou and Keynes are all expounded and discussed. The pattern of international trade is clearly drawn; relative price levels, the terms of trade, movements of goods and specie, exchange rates and comparative purchasing powers are given their proper place in the science of trade between nations. The conditions of trade are discussed, and the relative implications of a single specie standard and banking manipulation. The roots of trade theory are uncovered in two chapters on comparative costs and the maximisation of real income. The nature and purpose of trade are made abundantly clear. Professor Viner, an eminent successor to Taussig, has the expository gift of the great teacher, and his erudition is vast. It may be that the critical parts of the book are no more than the balancing of well-known views; that the author is too detached from the hold and the warehouse; that too little is said about the organisation of trade and the actual goods which are its objects; and that the modern regulative devices, quotas, exchange controls and clearing agreements, are inadequately surveyed. But this is an excellent book.

Books Received

Elements of Economic Theory. By E. Roll. (London) H. Milford. 276 pages. 5s. net.

Germany: The Last Four Years. An Independent Examination of the Results of National Socialism. By "Germanicus." (London) Eyre & Spottiswoode. 116 pages. 5s. net.

Banks, Credit, and Money in Soviet Russia. By A. Z. Arnold. (London) H. Milford. 559 pages. 20s. net.

England, Cradle of Co-operation. By Sydney R. Elliott. (London) Faber & Faber, Ltd. 287 pages. 8s. 6d. net.

India's Balance of Indebtedness, 1898-1913. By Y. S. Pandit. (London) Allen and Unwin. 210 pages. 10s. 6d. net.

India's Balance of Indebtedness

by Y. S. PANDIT

A brilliant study of India's Balance of Payments similar in style and scope to Professor Viner's classic on Canada. It has a statistical analysis of trade between 1898 and 1913, and a careful appraisal of every item in the balance sheet. It is a book of paramount importance, not only for the expert economist, but for anyone wishing to understand the monetary basis of the problems affecting India to-day: the book is furnished with numerous tables and graphs.

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what they understand by humanity and culture; and only if they feel that these things mean to the reporter more or less what they mean to them can they hope to learn what they really want to learn from a book like this. Gide is such a reporter; his book is such a book.

When, during the summer of last year, he visited Russia in order to represent France at the funeral of Maxim Gorki, Gide, who has spent his life "experiencing," submitted himself with characteristic openness to this new experience; but his eyes and ears were especially alert to perceive the progress of those ideals which had led him to announce his adherence to Communism three years before. Naturally, he found much to admire: the health and happiness of the children in all the pioneer camps, the Parks of Culture, and above all, the universal friendliness. "Nowhere, indeed, is contact with any and everyone so easily established, so immediately, so deeply, so warmly, as in the U.S.S.R. . . . Nowhere is the feeling of a common humanity so profoundly, so strongly felt. . . . In spite of the difference of language, I had never anywhere felt myself so fully a comrade, a brother."

At the same time, he was struck by the extreme indolence of the people, and, on being introduced to a Stakhanovite who had succeeded in doing the work of eight days in five hours, ventured to ask whether this didn't mean that to begin with he had spent eight days in doing the work of five hours?—a question that was "not very well received." He was depressed by the extreme depersonalisation of the model dwellings: "In each, the same ugly furniture, the same portrait of Stalin, and absolutely nothing else, not the smallest object, not the smallest personal souvenir." He noticed, and did not hesitate to describe, the entire shoddiness of the wares in all the shops, and quickly reached the conclusion that the people were contented with all this because they had no standard of comparison; and were assiduously taught to believe that all other nations were incomparably worse off. His remark that Paris, too, had its Metro, provoked a sceptical smile. What had once been temporary necessities were in danger of being accepted as established facts. The end seemed in danger of being subdued to the nature of the means it had been used to justify.

"We admire in the U.S.S.R. the extraordinary *élan* towards education and towards culture; but the only objects of this education are those which induce the mind to find satisfaction in its present circumstances and exclaim: *Oh! U.S.S.R. . . . Ave! Spes unica!* . . . I was soon obliged to realise that, apart from denunciations and complaints—the canteen soup is badly cooked or the club reading-room is badly swept—criticism merely consists in asking oneself if this, that or the other is in the right line. The line itself is never discussed. . . . The spirit which is to-day held to be counter-revolutionary is that same revolutionary spirit, that ferment which first broke through the half-rotten dam of the old Tsarist world. . . . What is wanted now is compliance, conformity. . . . The smallest protest, the least criticism, is liable to the severest penalties, and, in fact, is immediately stifled. And I doubt whether in any other country in the world, even Hitler's Germany, thought is less free, more bowed down, more fearful, more vassalised."

In conclusion, Gide insists on the distinction between "the U.S.S.R. itself and the cause it stands for." One is perhaps reminded of another age, of another revolution, of another great writer whose political allegiances changed as the expectations which accompanied them were disappointed, but whose fidelity to "the cause" remained unshaken: "What I have spoken, is the language of that which is not called amiss 'the good old Cause': if it seem strange to any, it will not seem more strange, I hope, than convincing to backsliders. Thus much I should perhaps have said, though I was sure I should have spoken only to trees and stones; and had none to cry to, but with the prophet, 'O earth, earth, earth!' to tell the very soil itself, what her perverse inhabitants are deaf to; nay, though what I have spoke should happen . . . to be the last words of our expiring liberty."

MONEY AND BANKING

What To Do About Gold

THE recent statements by President Roosevelt and Sir John Simon that no change in British or American monetary policy is contemplated have for the moment allayed the gold scare. In the London bullion market the discount below the dollar parity price has narrowed, and there has been some resumption of gold purchases for shipment to New York. Sir John Simon made it clear that official British purchases of gold were an integral part both of our general monetary policy and of the ways in which we are carrying out our responsibilities under the tripartite monetary agreement. He also attributed much of the recent offerings of gold in London to dishoarding. This view is supported both by City impressions and by the statistics of gold movements which we published last week. In any case, rapid dishoarding is a natural consequence of a general fear of an impending reduction in the price of gold.

It may be expedient, therefore, to view the gold problem once more in perspective. The question, clearly, has both a short-term and a long-term aspect. In Washington, President Roosevelt cannot at present reduce the dollar price of gold by more than a fractional amount without new legislation, which for various reasons is at present impracticable. If Great Britain reduced the sterling price of gold, it would be a unilateral act which would bring about an appreciation of sterling against the dollar. Such action would be contrary to the spirit of the tripartite agreement; it would also involve over-valuation of the pound against the franc as well as the dollar and the infliction of loss upon South Africa and the other gold-producing Dominions. In other words, such action would be a political impossibility.

Psychological considerations must also be taken into account. The past two months have proved only too clearly that a reduction in the price of gold would, rightly or wrongly, be interpreted as a deflationary measure by industry and the markets. Any attempt to wean the public from this belief might succeed only in teaching the public that gold no longer possessed a stable value, either in terms of money or commodities, and unless the present widespread belief in the value of gold is replaced by something equally assured, the undermining of this faith would inevitably lead to uncertainty and caution in business circles generally.

Moreover, there is as yet no imperative need of action. The recent flood of gold on the London market has been mainly due to dishoarding. This process cannot go on indefinitely, and we may soon be within measurable distance of its end. Again, it is reasonable that we in this country should accumulate considerable supplies, for part of the Exchange Fund gold is really earmarked against hot money, and in that sense it is not redundant. In fact, some statisticians claim that at present we have not a real surplus of gold at all. We must allow an adequate cover for our future note circulation. There may be future gold losses in respect of the Empire's balance of payments. Given further revival in world trade, the Empire central banks may need to replenish their gold reserves at home. India may resume hoarding and we ourselves may resume lending abroad. Mr Keynes, indeed, in *The Times* of June 10th, urges that we should accelerate and encourage some of these movements. If we also allow for the repatriation of hot money, these considerations suggest that there will be little margin left out of the gold held to-day by the Bank of England and the Exchange Equalisation Account.

From the British point of view, therefore, the short-term problem presents little difficulty. On the contrary,

there is a strong case for making no early change in our present policy.

The long-term problem, however, is more difficult to disentangle. The present price of gold is very profitable to producers, and, for the time being at all events, Russia has become a source of supply comparable in importance to the Rand itself. If equilibrium could only be restored by an increase in costs proportionate to the rise in the price of gold, it would mean an inflation of the price level far greater than is desirable. We must assume, therefore, that unless the price of gold is reduced we must be prepared to deal with a steadily increasing output, without allowing it to have its full effect upon prices. The present plan of purchase and segregation by the American and British authorities is not a permanent solution—for it cannot be contemplated that public resources will be used indefinitely in the purchase of unwanted gold.

If the price of gold is not to be lowered, there are two ways in which the long-term problem might be solved. One is that gold should be absorbed by more of the central banks, by Germany and by other countries that are not holding their normal proportion of the world's stock. This may come about with the further recovery of trade, and the increase in the world's gold supplies and the consequent rise in commodity prices should help to bring this about. Meanwhile, it would encourage the United States and Great Britain to continue their present policy if other countries which are in a position to do so would begin—even on a small scale—to take gold. The second method is an international agreement for the control of production. This is rejected by Professor Cassel in an article in *The Daily Mail* of June 9th; and while we do not accept his main arguments, we think that alone it would not solve the problem. Though new output from the mines is an important factor, the valuation of the world's huge stock is of far greater moment. The root of the trouble is that when the United States went off gold in 1933 it did not wait long enough for a new equilibrium to establish itself, but fixed a new price of gold which re-valued the reserves of the whole world at a level that the event has proved to be too high. The world's central banks are now counterbalancing this over-valuation by raising the percentage of reserves or setting gold aside in special funds. The difficulty would be more easily dealt with—though it would not be completely solved—if new production were under control.

It is thus possible—though by no means certain—that, if we play for time, we may be able—with the help of favourable trade developments—to avoid the drastic surgical remedy, advocated by Professor Cassel, of a reduction in the price of gold.

Meanwhile, there is a strong current of City opinion in favour of stabilisation. This, it is claimed, would stop dishoarding, remove the fear of deflation, settle the gold market and allow recovery to be resumed. But this is a short view. The present controversy on the price of gold shows that there is grave doubt whether the present is the right gold price at which to stabilise. If we fix at this figure with the intention of changing it if it proves an unsuitable level, confidence in the price will be lacking, and dishoarding will go on and production will continue to rise so long as the price remains high. If we contemplate lowering the price before stabilisation, we must immediately face a period of set-back and hesitation. In any case, the preliminary conditions so frequently laid down as necessary before Great

Britain can stabilise are not yet present. Having waited so long it would be a great mistake to take the plunge and risk the fixing of a new level while the French situation is still unresolved and Germany's intentions quite unknown.

Finally, as Mr Keynes points out, we need to know considerably more about the future supply and distribution of gold and also the future monetary demand for it. In the circumstances, the wise course would seem to be to make haste slowly and for the present to continue the existing policy without change, in the belief that some at all events of the immediate difficulties will thus solve themselves.

Financial Notes

The Foreign Exchanges.—Owing to official reassurances in London and Washington, arbitrageurs resumed gold dealings in London for shipment to New York, and the discount below the New York parity price for gold has shrunk from the wide margin of 7½d. to only 2½d. per ounce. It is thought, however, that the British Control continued to buy gold, though in smaller quantities. The New York exchange rate has been very steady. It eased from \$4.93 to \$4.93½ on the resumption of arbitrage gold dealings, but French buying of dollars against sterling has since brought it back to \$4.93½. Sales in London of dishoarded gold may not have much effect on the dollar even if the gold is resold to the United States, for there is a tendency on the part of the dishoarders to transfer the proceeds of their sales to New York; and the two operations neutralise each other, so far as the exchanges are concerned. Fresh nervousness has developed in Paris, with a further outflow of capital and a fall of rentes to the lowest price on record since the Poincaré stabilisation. It is thought in London that the French Exchange Account has had to sell sterling heavily this week, while the fall in rentes increases the French Government's borrowing difficulties. Incidentally, the French Control only sells francs against sterling, so that an outflow of French funds to New York leads to immediate offerings of sterling against dollars. Swiss francs were offered up to a few days ago. Much of the recent gold dishoarding emanated from Switzerland, and the Swiss francs obtained for gold were promptly sold for dollars. Dutch guilders are steady, with the Netherlands Bank continuing to buy dollars. Any Dutch gold dishoarding has not been followed by a transfer of the proceeds to New York.

The Money Market.—This week's Bank Return shows that the effects of the War Loan dividend payment have not yet worn off, and so money remains very plentiful and easy. Owing to the approach of the end of the half-year, the banks are not buying bills freely. They are naturally ready to take end-of-June maturities, but the market, of course, is not anxious to sell June bills. The banks, however, have bought some mixed parcels of June Treasuries at ½ per cent. and August Treasuries at ⅔ per cent. Hot Treasury bills are quoted at ⅙ per cent. or a fraction under.

	May 20, 1937	May 27, 1937	June 3, 1937	June 10, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	1	1	1	1
Short loan rate:—				
Clearing banks	1½-1*	1½-1*	1½-1*	1½-1*
Others	1½	1½	1½	1½
Discount rates:—				
Treasury bills	1	1	1	1
Three months' bank bills	1½-1	1½-1	1½	1½-1

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

The Treasury bill tender rate has hardened owing to the reluctance of the banks to buy bills. On June 4th, the syndicate secured 54 per cent. of the total allotment of

£45 millions, and the average tender rate was 14s. 1.02d. per cent. The total volume of tender Treasury bills which had remained unchanged during May is now rising again, and so discount rates are likely to remain a little firmer than usual until the end of the month.

The Bank Return.—There has been a further increase in the note circulation, and it is clear that the bulk of the currency withdrawn over the Coronation and Whitsun is not yet returning. In the absence of any further gold purchases, the Reserve is slightly lower than a week ago.

BANK OF ENGLAND					
	June 10, 1936	May 19, 1937	May 26, 1937	June 2, 1937	June 9, 1937
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	208.5	321.3	321.3	321.3	321.3
Note circulation	433.0	481.4	475.2	475.6	476.5
Banking Department:—					
Reserve	36.4	40.7	46.9	46.5	45.6
Public deposits	13.5	19.2	24.9	10.2	10.7
Bankers' deposits	86.5	97.4	91.4	109.5	107.4
Other deposits	37.1	37.6	37.5	37.3	36.8
Government securities	97.8	103.3	99.5	102.8	101.2
Discounts and advances	6.2	6.6	4.9	4.7	4.8
Other securities	14.6	21.4	20.3	20.7	21.1
Proportion	26.5%	26.4%	30.5%	29.6%	29.4%

The floating debt return for June 5th shows that the Government borrowed £9.5 millions from the Bank to help cover the War Loan dividend. This week's small reduction in Government securities suggests that little has so far been repaid. For the same reason bankers' deposits remain on the high side, while public deposits are below their normal size.

May Clearing Bank Averages.—The May returns of the ten English clearing banks show an increase in cash of £3.4 millions. This is explained by a parallel increase in bankers' deposits at the Bank of England. Reference to recent Bank returns shows that the Coronation and Whitsun expansion in the note circulation was more than off-set by the Bank's acquisition of gold and Government securities; and this accounts for the expansion in bankers' deposits and clearing bank cash. In short, the declared official policy of maintaining cheap and plentiful credit continues to be carried into effect.

(In £ millions)						
	May, 1936	Jan., 1937	Feb., 1937	March, 1937	April, 1937	May, 1937
Capital and reserves	131.8	132.5	132.5	132.5	132.5	132.5
Acceptances, etc.	102.8	110.4	115.0	122.2	126.2	125.5
Deposits (including undivided profits, etc.) ..	2,148.0	2,269.5	2,236.2	2,206.6	2,213.6	2,217.7
Total liabilities	2,382.6	2,512.4	2,483.7	2,461.3	2,472.3	2,475.7
Cash	216.9	234.4	226.9	222.4	226.2	229.6
Cheques, balances and items in transit	56.9	64.0	64.2	67.3	64.6	68.7
Money at call	153.8	174.1	161.2	164.8	171.6	168.4
Discounts	307.6	343.6	305.1	246.2	239.5	242.8
Investments	624.3	653.9	655.8	651.9	646.0	641.4
Loans and advances	850.3	864.6	888.0	918.8	930.6	936.6
Investments in affiliated banks	25.1	23.5	23.5	23.5	23.5	22.5
Cover for acceptances, premises, etc.	147.7	154.3	159.0	166.4	170.3	169.7
Total assets	2,382.6	2,512.4	2,483.7	2,461.3	2,472.3	2,475.7

The increase in the omnibus item "balances with other banks and cheques in course of collection" reflects increased spending during the Coronation. The drop in call and short loans, not fully off-set by the increase in the banks' discounts, appears surprising in view of the upward trend between April and May of the total amount of Treasury bills issued by tender. The reason is that early in May the market had little success at the weekly tenders, the bulk of the bills being allotted elsewhere. The upward trend of advances continues, though at a slightly diminished rate. Nevertheless the further expansion has had its counterpart in a fresh reduction in investments, in accordance with the general policy of the banks in keeping the total of advances and investments at not much over 70 per cent. of deposits.

THE STOCK EXCHANGE

Investment Trust Trends

DURING the past eighteen months higher dividends have been taken so much for granted that the ordinary shareholder allowed his objection to the now defunct National Defence Contribution to obscure his satisfaction that there was some growth of profits to tax. Investment trust stockholders, however, have the doubtful pleasure of feeling that it is not towards them that the former Chancellor cast envious eyes. Increases of 1 per cent. or 1½ per cent. in dividends are less significant than the fact that, among the larger companies in particular, present distributions are not very much higher than those of the worst slump year. At this stage of recovery the proverbial time-lag cannot wholly account for such a lack of buoyancy. The investor is asking himself whether it is a question only of time before earnings rise to their pre-depression level, or whether the forces at work are evolutionary rather than ephemeral.

Investment trust company reports as a whole are more informative to-day than ever before. Accordingly, we have been able to examine representative reports published this year, not only for changes in earnings, but also for variations in investment policy, as revealed by analyses of the portfolios by area and by class. The table at the foot of this page summarises, for twenty companies, the changes that have occurred between the worst and the latest year—the worst meaning in each case the year (since 1930) of lowest total revenue. This does not coincide, however, with the year of lowest security values. The contrast between the worst and the latest year for a company's valuation of investments is therefore probably greater than our table suggests. We have distinguished between trusts of pre- and post-war formation, as they present certain differences in their recovery prospects.

Inspection of the figures suggests that the comparative unresilience of dividends may give a misleading idea of the progress actually made by many trusts. In any case, a typical investment trust aims not so much at securing a maximum participation in prosperity, as at stability between the extremes of boom and depression. As far as debenture and preference holders are concerned, investment trusts have satisfied this criterion. Broadly

speaking, the fall in interest rates has reduced the income but not the fixed-interest obligations of the trusts, but those obligations continue, for the most part, to be met in full. The impact of depression has fallen upon ordinary shareholders, and with all the greater force because the capital of most trusts is highly geared. A company like the Debenture Corporation may earn for the equity in 1936 an amount only 1½ per cent. below the best earnings of the past decade. But such a record is unusual and latest net profits are in most instances well below the previous maximum. Will they return to their old levels?

The question brings us inevitably to consider the nature of investment trust portfolios. Even if the high yields of 1929 are ever obtained again, cheap money will have persisted long enough to have influenced fundamentally the medium-term prospects of trust ordinary shareholders. Conversions and repayments have been forced on unwilling recipients, and reinvestment at lower rates has been unavoidable. The hope of salvation for the holder of trust equities has lain in that part of the portfolio represented by ordinary shares. It has been a notable feature of recent reports that the proportion of ordinary shares to total holdings has consistently risen. The U.S. Debenture Corporation (whose analysis, being based on the cost of the securities, is a more reliable indicator than a comparison based on market values) had 19 per cent. of its portfolio in equities in the early part of 1932, and 43 per cent. at the end of the latest year.

Did trust managers endeavour to redirect their policy only after bitter experience, or is there evidence of a switch-over into equities before the worst year of the slump? A comparison of the percentage of equities to total holdings at the end of the year of lowest total revenue, with that of two years earlier, does not give uniform results for the different companies. It suggests, however, that some change in policy had already begun, much earlier in the depression. Trust directors, in fact, were in an unenviable dilemma. The sale of defaulted fixed-interest securities, for reinvestment in ordinary shares, involved the sacrifice of revenue that could not

be spared, while weeding out unremunerative investments meant the recording of a realised loss that could still less be afforded. For large investors, with a high-gear capitalisation, investment holdings tend in depression to become a species of Nessus' shirt, of which Hercules cannot easily divest himself, because it has become a part of his own skin.

So much for the distribution of investments between fixed interest and equities. In a world still distracted by currency restrictions and fluctuations, the geographical distribution of investments is a question of no less importance. It cannot be concluded from the total percentages of foreign holdings, shown in our table, that there has been a significant reorientation of policy. More detailed analysis, however, reveals a changed attitude towards individual countries—for example, there has been a move away from Europe towards, notably, the United States of America. It is doubtful whether the trusts could view with equanimity the threat of a permanent and effective embargo upon foreign investment. In the past, they have been accustomed to regard the risk of defaults or currency difficulties as being compensated by the higher interest rates prevailing in many foreign countries. Any trust with a highly-gear capitalisation (that is, a fairly typical trust) which hoped to earn a satisfactory rate on its ordinary capital could not afford, in the past, to ignore the more remunerative character of overseas investment. Some of these considerations have less relevance in the changed world of to-day, but it is difficult to say how far former policy is being continued deliberately, and how far the companies have found it necessary for the time being to maintain the *status quo* owing to the technical difficulty, or the inexpediency, of realising their interests in certain foreign countries.

Another question of considerable, if indirect, importance to the ordinary shareholder is the appreciation or depreciation of portfolio values compared with book values. Capital values, though admittedly less important than earning power, have a direct bearing on the need for appropriations from revenue for writing down securities, and therefore on ordinary dividends. Much also depends on the directors' attitude towards the creation of hidden reserves, since the appreciation of some securities above book values is not held to lessen the advisability of writing down other investments that have fallen in value.

On the whole, shareholders cannot complain that such recovery as has taken place already has not been passed on in higher dividends. It is clear from our table that in most cases the present margin between earnings and distribution is not extravagantly large. And immediate prospects of some increase in total income are as assured as any in the whole field of investment. Whatever happens in the latter part of 1937, the ordinary shareholder has only to wait patiently for the routine collection of profits that have already been earned. But over a period of say two or three years from now will he find that rising receipts are passed on as freely? Ten years ago many trusts were distributing to the holders of the equity only about two-thirds of available earnings—and it must be said that, in the absence of the writing-down of the book values of securities, thus made possible, the depreciation of portfolios during the ensuing depression would have been far more serious than was actually the case. Will earnings, in the immediate future, be buoyant enough for the stockholder to be at the same time rewarded for the lean years that have passed and protected against the lean years that are to come?

It would be optimistic, given the persistence of relatively low interest rates, to assume that he will have the best of both worlds. The post-war trusts, hit by a severe slump only a few years after formation and before there had been time for the accumulation of extensive reserves, secured no more than fractional earnings for the equity in many cases during their worst year. No less than seven of the ten post-war companies referred to in our table paid no ordinary dividend at that time. These newer trusts, it is true, which were severely hit in the depression, offer good recovery prospects; increases in dividends within a space of three years have already been substantial and are likely to go further.

But can these companies afford to pay higher dividends and also to accumulate reserves? Some instances of heavy depreciation in portfolios during the slump suggest at least a *prima facie* argument for a strengthening of future reserves. The older trusts, on the other hand, offer less exciting recovery prospects, but the book values of their investments have been at a more healthy level, and the maintenance of their earnings at or somewhat above current amounts may be better assured. There is nothing in the present situation to imply that former dividends can be both restored and maintained; it is not even certain that the old rates will again be reached. Only in two or three years' time, when trust directors will have had time to derive the maximum advantage from current conditions, can a final conclusion be reached. In the meantime, investors may, perhaps, be conservative in their expectations.

Investment Notes

Tails Down.—The stock markets still show constitutional inability to raise their tails from the ground. Last week's relief over the abandonment of the National Defence Contribution was entirely lost in a fresh outbreak of uncertainty over the status and prospects of gold. Kaffir shares, necessarily, were most affected, the market's indisposition being evident even more from its readiness to act, momentarily, on the most fantastic rumours than from the actual decline in share prices. The gilt-edged market took somewhat amiss the terms of Australia's conversion issued, referred to below. Industrial shares were hesitant and undecided, and another excellent batch of traffic figures had no perceptible effect on the home railway market. Incidentally, the combined receipts of the four companies for the last month show large increases over last year in passengers and coal, but a small decline in general merchandise. The Stock Exchange has, at least, been consistent in its recent inconsistency. The ostensible causes of its *malaise* have been various, but it has reacted to them all in the same way. Prices have fallen considerably in individual instances, but on the average they have not lost a great deal. The *Financial News*' index of thirty ordinary shares has declined from a high point of 124.9 last November only to 111.4 to-day. But reactions nowadays do not bring new buyers in, and dealers are chiefly anxious to even their books at the end of each day's business. The majority of investors are not yet apprehensive of an early recession in industry; but they are seeking increasingly to insure against a check to advancing earnings and a stiffening of general interest rates. To the question whether they were downhearted, they would give the usual reply. But they would give a good deal to know exactly who is sitting behind the equestrian figure of Prosperity.

★ ★ ★

The Australian Conversion.—This week the Commonwealth has launched her thirteenth conversion operation—a sequence which now enables her, in fact, to refund only a 15-year basis the 3½ per cent. registered stock and debentures which were issued as her first five-year conversion "short" in 1932. This week's operation, then, is a double conversion which has proved well worth while, for the stocks originally repaid by the £12,360,958 stock and debentures carried interest at 5½ per cent. The new stock now offered in conversion also carries interest at 3½ per cent., redeemable 1950-52, and is offered at £96 10s. per cent. In other words, the Commonwealth has not been tempted to replace a "short" by a "short," but has instead bitten the bullet of higher interest rates. Eighteen months ago she could still borrow on the basis of £3 6s. per cent. for a twenty-two year loan. To-day many observers regard the terms of this week's offer—yielding £3 16s. 3d. to redemption—as being cut a shade fine. The stock and debentures have been, almost from the first, a money-market security, and it is axiomatic that these institutions do not require a 15-year maximum stock. In

INVESTMENT TRUST RESULTS.

Company and Date of Latest Accounts	Total Revenue £'000			Earned for Ordinary			Dividend		Portfolio						Current	
									Overseas		Equities		Appreciation + or Depreciation—		Price	Yield
	Worst	Pre-vious	Latest	Worst	Pre-vious	Latest	Worst	Latest	Worst	Latest	Worst	Latest	Worst	Latest		
Pre-War Trusts				%	%	%	%	%	%	%	%	%	%	%	%	%
Alliance (Jan., '37) (a).....	597	603	660	26.9	29.3	28.3	22	23	...	...	...	...	...	...	...	...
Brit. Assets (Jan., '37) (a).....	262	286	310	Nil	3.6	8.8	Nil	7½	58	60	67	72	+ 8	+ 7½	602	3.82
Debenture Corp. (Dec., '36) (b).....	230	232	239	10.6	11.4	12.0	10	10	51	52	16	17	- 13	+ 19	15/3	2.46
Inv. Trust Corp. (May, '37) (b).....	442	455	476	12.2	14.3	16.0	12	13	51	51	22	30	- 5	+ 7½	239½	4.17
Ind. and Gen. Tr. (Mar., '37) (b).....	267	329	365	7.4	11.8	15.1	9	11	57	57	49	54	- 9	+ 4	308	4.22
Mercantile Inv. (Jan., '37) (b).....	318	341	350	10.6	11.5	12.5	10	11½	...	...	...	...	...	...	282	3.80
Merchants Tr. (Jan., '37) (a).....	170	172	177	7.1	7.2	8.0	7½	7½	49	...	24	...	+ 7	+ 27	283	4.06
Premier Inv. (Jan., '37) (b).....	125	137	144	Nil	1.3	2.2	2	2	54	37	42	18	- 18	- 5	179½	4.18
Scott. Amer. Inv. (Dec., '36) (a).....	249	279	308	4.0	6.0	9.9	5	6½	76	...	45	48	- 28	- 2	64½	3.10
U.S. Deb. Corp. (Jan., '37) (b).....	217	241	257	8.6	10.9	12.2	8	9	58½	58	66	66	- 16	+ 15	53/9	2.32
									58	57	20	43	- 11	+ 26	242½	3.70
Post-War Trusts				%	%	%	%	%	%	%	%	%	%	%	%	%
Eng. and N.Y. (Dec., '36) (b).....	58	66	73	2.1	3.0	4.7	2	4	63	67	39	51	- 31	+ 7½	96½	4.15
Eng. and Scott. Inv. (Jan., '37) (b).....	32	43	48	Nil	2.1	4.4	Nil	4	37	55	53	71	- 23	+ 10	85	4.70
Gt. Northern (Nov., '36) (b).....	122	146	161	0.1	5.3	7.5	Nil	5	11	18	42m	42m	- 11	+ 27	150½	3.32
London Border (Jan., '37) (b).....	83	99	109	0.1m	1.2	2.1	Nil	1½	59	63	56	58	- 35p	- 3p	54½	2.75
London and Lomond (Jan., '37) (c).....	26½	62	74	6.5	10.2	12.3	3**	5½	59	42	30	55	- 13p	+ 32	222½	2.47
Lond. Stockholders (Dec., '36) (b).....	22	25	34	Nil	0.2	2.5	Nil	Nil	56	75	59	52	- 46	+ 7½	17/6	Nil
1928 Inv. Tr. (Mar., '37) (b).....	37	44	51	0.6	2.2	4.2	Nil	3	64	68	35	44	- 24p	+ 7½	72½	4.20
Red. Sec. and Gen. (Dec., '36) (b).....	20	21	24	0.6m	1.2	2.6	Nil	1½	59	60	52	63	- 47	- 24p	71-	4.28
Scott. Stockholders (Nov., '36) (b).....	33	37	43	Nil	Nil	Nil	Nil	Nil	54	72	56	53	- 45	+ 7½	67½	Nil
Scott. Utd. Inv. (Dec., '36) (b).....	110	129	142	1.4	5.2	8.3	1½	5	44	53	53	62	- 19	+ 7½	127½	3.92

Year of worst total revenue was financial period ended on date nearest to end of (a) 1934; (b) 1933; (c) 1931.
 * Excludes British Empire. † 12½ month period, the first of the company's existence. ‡ Fully represented. § Amount of appreciation not disclosed. ¶ After various deductions. ** Excludes insurance. *** Applies to year preceding that of worst total revenue. **** Amount of appreciation not disclosed. ***** After various deductions. ***** per annum. * Year (since 1930) of lowest total revenue, not lowest portfolio values.

other words, the prospect of existing holders converting on any significant scale is so unlikely that an entirely new body of subscribers must be found to take up the loan. And recent experience suggests that lenders now have the initiative in the trustee market, and are inclined, where they can, to refrain from committing themselves far, even at the adjusted prices which now prevail. Nevertheless, Australia may congratulate herself (and her financial advisers) on having taken advantage of the heyday of low interest rates to convert £210,874,000 of debt. By the same token she may console herself that she has no appreciable conversion savings which are likely to miss the time-table over the next year or two.

Electricity Distribution Proposals.—While the electricity companies and the municipalities are keenly critical of the Government's now celebrated "secret memorandum" (which is discussed in a leading article on page 608 and summarised on page 611), the holder of electricity supply shares is chiefly conscious that uncertainty spells lower share prices. The shadow of the McGowan Report, however, had long been felt in the market. Any proposals for the improvement of electricity supply services, no matter how equitable or expedient, must inevitably cut across existing rights or into future prospects. But the basis of the present scheme appears to give some power companies (with perpetual rights) less prominence than the McGowan Report contemplated in the regional schemes. Some distribution companies would disappear, merging with local authorities' undertakings in a "Basis B" board. Such instances are the East Anglian groups and possibly Oxford. Others appear to be denied the opportunity of merger with a public undertaking, despite its proximity and technical similarity. In Northamptonshire, for example, the Northampton undertaking and its two subsidiaries are preserved, but the Kettering Urban District undertaking is to remain separate. Even more anomalous, from this aspect, is the exclusion of Darlington and Sunderland municipal undertakings from the North-Eastern group. On the other hand, the South Wales Power grouping with a large number of district council undertakings seems to have been contrived solely by excluding Cardiff, Newport and Swansea municipalities as separate undertakings.

Compromise and anomaly are perhaps inseparable from any scheme which attempts to reduce the number of undertakings from the present number of 635 to seventy-six major groups. The outlook for the holding companies, however, is considerably affected. The McGowan Report passed strictures upon certain practices of holding companies, such as charging construction work and repair work carried out for subsidiaries at non-competitive rates, and levying abnormal rates of interest on loans. Certain of these "empires" will be redistributed; and where such financial practices have been followed in the past loss of revenue must result. British Power and Light, whose interests are widely spread, will apparently be restricted to the North Wales Company, which is scheduled to absorb numerous small undertakings in its district. Similarly, the Edmundsons group will be restricted to Cornwall and the Cambridge, Wessex and "Three Counties" areas. Assuming, however, that the scheme met with general approval, future opportunities for equity investment in the industry would undoubtedly be limited by the restraint exercised by the Electricity Commissioners upon new capital issues and upon scales of charges and by the sliding-scale limitations upon the growth of dividends above the standard rate. Finally, the purchase terms are apparently to be drawn up, for companies, so that compensation for loss of future profits would be payable upon the difference between "net maintainable income" (subject to depreciation and to the effect of sliding-scale prices and dividends under the Bill) and the income which the vendor would receive if the amount expended upon capital account and stocks were invested in stocks

or shares "of a similar kind to those of the vendor company." These bases of compensation cannot be applied with any degree of certainty where existing companies are scheduled to be taken over; but they are complicated indeed, and do not appear in any sense generous to the companies. The upshot of the draft scheme is that investment interest in electricity undertakings would become largely of a fixed-interest character in the future.

Industrial Profits in May.—Reports published in May, still numerous and representative, showed an increase of 14.09 per cent in profits. The record of recent months is shown below:—

Reports published in 1936—	No. of Companies	Rise in Profits*	Reports published in 1937—	No. of Companies	Rise in Profits*
January	128	13.66	October ...	146	18.09
February ...	205	9.00	November...	177	13.49
March	236	17.39	December ...	175	15.49
April	254	9.66	1937—		
May	269	9.41	January ...	110	15.92
June	214	13.50	February ...	208	8.95
July	228	15.69	March	307	12.52
August	47	14.21	April	245	23.36
September ...	107	12.32	May	255	14.09

* After payment of debenture interest.

The total net profits covered by the May reports amounted to £25,053,946, compared with £21,958,530 for the preceding year. No single group contributed disproportionately towards the total increase of £3,095,416, though iron, coal and steel companies, including Stewarts and Lloyds, produced the best results among the larger sections, with a rise of 50 per cent. Breweries accounted for over 10 per cent. of the total profits, while forty-seven rubber companies contributed as much as £391,766 towards the month's increase.

Company Notes

Guest Keen and Nettlefolds Results.—The Guest Keen and Nettlefolds accounts show that the total profits of the company rose from £1,047,720 to £1,150,524 during the year to March last. The dividend has been raised from 5 per cent. tax free to 6 per cent. tax free, by the payment of a final dividend of 3½ per cent. tax free. Analysis of the accounts shows that ordinary earnings increased from £493,714 to £571,995, equivalent to 8.9 per cent. tax free, against 7.7 per cent.:—

	Years to March 31		
	1935	1936	1937
Total Profits.....	1,036,436	1,047,720	1,150,524
Depreciation	50,000	50,000	75,000
Obsolescence	75,000	75,000	75,000
Debenture Interest, etc. ...	102,623	102,274	101,797
Preference Dividend	798,196*	328,732	328,732
Ordinary Stock (tax free)—			
Earned	10,617	493,714	571,995
Paid	Nil	321,724	386,068
Earned %	7.5†	7.7	8.9
Paid %	Nil	5	6

Works Reorganisation

Carried Forward	459,568	100,000	150,000
	531,558	567,485	

* Includes three years' second preference dividend.
† Assuming normal preference dividend.

The directors' treatment of profits is again highly conservative. The company's position, indeed, differs from that of many steel companies in two ways. It is dependent, firstly, upon considerable outside supplies of materials, and therefore the recent increase in steel prices may be regarded as a relief from increasing costs, rather than as a positive pointer to a future profits

increase. Secondly, the reorganisation programme is not yet completed, and the directors have this year set aside £150,000 (against £100,000) towards the cost. Reorganisation implies a conservative distribution policy for some time to come. Meanwhile the Guest Keen Baldwins subsidiary resumed dividend payments with 2½ per cent. for 1936, and may be in a position to make a somewhat greater contribution during the current year. The directors comment that trading conditions have been good, despite difficulties in obtaining raw material supplies. The factors which at present make for hesitancy in the steel share market, however, apply with undiminished force to Guest Keen and Nettlefolds, whose £1 ordinary stock stands at 32s. 9d. to yield £5 19s. per cent. gross. The market, probably rightly, refuses to discount the possibility of a substantial increase in the dividend in the near future.

British Electric Traction.—It is wise to review the position of companies which distribute regular scrip bonuses with more than ordinary care, for a capital bonus is an attraction for which investors are invariably inclined to pay generously. For British Electric Traction, perhaps, this scrutiny seems superfluous, perhaps even ungenerous. There is nothing in the latest accounts which so much as hints at a change of trend in the geometric progress of recent years. The deferred capital is still low in relation to earnings; the 5 per cent. cash dividend and the 10 per cent. scrip bonus, indeed, are covered by earnings of nearly 50 per cent. While the regular march of profits continues on this scale, the surtax payer will still regard B.E.T. deferred as his strongest refuge. The following table illustrates the progress of the last three years:—

	Years to March 31		
	1935	1936	1937
Revenue from investments ...	411,385	447,449	528,833
Total income	465,514	505,245	585,673
Expenses, fees, and staff fund	55,719	56,442	56,109
Income tax	30,813	37,724	59,190
Debenture interest	79,479	79,479	79,479
Preference dividends	163,121	163,121	163,121
Deferred ordinary:—			
Earned	136,382	168,479	227,774
Paid	24,550	27,004	29,705
Earned %	34.4	39.4	49.6
Paid %	5	5	5
Deferred scrip bonus (10%)	49,100	54,010	59,411
Carried forward	1,309,831	1,397,296	1,535,954

It is not customary to regard B.E.T. as an investment trust in the accepted sense, but a majority of its investments are, in fact, of a general character. This part of the portfolio suggests further expansionary possibilities. On the precise position of the subsidiaries, perhaps, rather more information would be welcome. From the statement under Section 126, it appears that aggregate profits are brought in from the subsidiaries, although the note is not altogether clear. Certainly, investments are carried at conservative values, and the balance sheet, which includes well over £2 millions of free reserves, is of immense strength. For these advantages, it follows that the investor must pay the price. The deferred stock, which stood as high as 1760 last year, is now 1450. At this price, it offers a cash yield of 6s. 10½d. per cent., which must be the lowest return—above zero—in the Official List. For the plutocratic investor, however, its advantages have been well tried. They appear to be qualified by nothing more serious than the tendency of the road transport industry towards greater stability, and by the possible effects of the Government's electricity proposals upon the widely distributed interests of the B.E.T. Electricity Supply subsidiary.

Consett Iron Profits.—The latest accounts of this mixed steel, coal and chemical concern show that the reorganisation scheme last year was singularly well timed. Total profits, including rents, have jumped from £519,626 to £729,976. After this point, comparison with the 1935-36 results is hardly worth pursuing owing to

the capital re-arrangement. Some £636,762 remains net, after providing for debenture interest on the greatly reduced new scale, making £743,249 available for distribution and reserves. The directors commence with an appropriation of £125,000 for depreciation, in addition to maintaining the charge of £200,000 set up in the previous year for plant extensions and improvements. After providing for debenture redemption and preference dividend, the amount earned for the ordinary stock is £245,012, equivalent to 9.2 per cent. on the capital, which receives 7½ per cent. on the new 6s. 8d. units. Finally, £141,499 is carried forward, compared with £106,488 brought in. Investors who consented to the reorganisation scheme—and, indeed, those who were willing to subscribe for new shares at 8s. 6d. a year ago—have no reason to regret their decision. The units now stand at 12s. 7½d., yielding £3 19s. per cent. on dividend, and £4 17s. per cent. on the year's earnings. Even on the past year's results, however, it must be admitted that this level is somewhat forward-looking.

Distillers' Offer to Booth's.—Early in May, Booth's Distilleries £1 ordinary stock units stood at 34s. Then came an announcement from the board that negotiations likely to prove advantageous to the company were proceeding, and shareholders were advised not to sell their shares. Thereupon the price jumped to 45s. 6d., the market divining—correctly, as it transpires this week—that the second party in the negotiation was Distillers. The latter concern has now made an offer to purchase for cash part of Booth's Distilleries' capital, consisting of £200,000 6½ per cent. preferred ordinary and £600,000 ordinary stock. For each £1 of preferred ordinary, 28s. 6d. is offered, and for each £1 of ordinary stock 50s., with the proviso that the ordinary stock ranks for dividend to March last, at a rate not exceeding 8 per cent. The offer is conditional upon acceptance by 85 per cent. of each class of stocks, and the directors of Booth's Distilleries recommend its acceptance. These acquisitions would give Distillers full control of Booth's Distilleries, whose remaining capital consists of £195,250 5 per cent. and £500,000 6 per cent. preference stocks. Motives of strategy may, indeed, play a considerable part in the deal, which appears distinctly favourable to Booth's Distilleries. The last marking in the 6½ per cent. preferred ordinary was 26s., and the Distillers' offer corresponds to a yield basis of £4 11s. 3d. per cent.—not unreasonable for a well-covered third preference issue. A premium of 150 per cent. on the ordinary corresponds to a 3 per cent. dividend yield basis (slightly more if 8 per cent. is paid for 1936-37) and 6.9 per cent. on latest earnings. Such terms are bound to be attractive, despite the task of seeking alternative investments.

Great Universal Stores Questions.—The accounts of this concern show trading profits of £357,155, compared with £306,197 for the year to March, 1936. The amount earned for preference dividends has increased from £215,299 to £253,666, and the earnings for the ordinary shares from £190,960 to £220,237, equivalent to 76 per cent. after a full year's preference requirements. Ostensibly, therefore, the 50 per cent. cash distribution and the 10 per cent. scrip bonus, paid for the third year, are well covered, although even on these figures earnings have done little more than keep step with the increase in preference and ordinary capital during the year. When the trading profit is analysed more closely, however, certain adjustments appear to be called for to obtain a correct impression of true earnings. The

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figures include, in the first place, a gross dividend of £84,895, approximately representing eighteen months' profits of the manufacturing subsidiary. On a proportionate basis some £28,000 of this dividend must therefore be reckoned as extraneous to the past year. During 1936, moreover, the stores were separated from the main undertaking in a new subsidiary company, which now reports a loss of £31,378 after providing for depreciation. This loss has been carried forward in its own books, and the parent company has made no provision for it. All told, the actual profits of the group appear to be reduced by nearly £60,000 gross, and after adjusting for income tax, the net earnings for the ordinary would amount to, say, £175,000, compared with the £220,237 shown in the accounts. The former sum, indeed, just covers the cash dividend and the scrip bonus, leaving nothing to spare. The 5s. shares, standing at 36s. 9d., show no disposition to discount the indefinite maintenance of scrip dividends.

J. Lyons and Rising Costs.—After perusing Sir Isidore Salmon's address, shareholders in J. Lyons and Company may wonder whether the adjustments "for contingencies" which are an annual feature of the profit and loss account may not be interpreted as "from contingencies" under present circumstances. The burden of the speeches made at this week's meeting was the difficulty of maintaining profit-margins during a period of rising costs. Last year the company took the first step to compensate rising costs by increasing its prices for tea, but the chairman gave no information this week regarding the consequences. Mr Harry Salmon, who added some more detailed remarks on the question of costs, stressed the lag between rising wholesale prices and wages. In such a business as that of J. Lyons the free adjustment of retail prices to costs is limited by considerations of "what the traffic will bear." Ultimately, however, the consumer must pay, but the company's policy avoids any precipitate adjustment of prices which might affect turnover. The past policy of providing contingency reserves, apparently, is now assisting the company to maintain its distributable profits until full adjustment to rising costs becomes practicable. Meanwhile, the news that the company increased its total cash turnover last year is welcome, although it is by no means incompatible with a reduction in actual profits. If rising costs absorbed £150,000 more in 1935-36, it is hardly likely that the past year saw any reduction of this burden, or that the increased prices already effected fully covered the increase. They do not appear, however, to have

affected the volume of turnover. In these circumstances, the company can only adjust prices as occasion permits, and seek out every possibility of increased efficiency. The chairman, indeed, mentioned one unusual economy—a decimal system—which has already been successfully employed in the company's inter-departmental accounting.

Wm. Cory Progress.—The accounts of Wm. Cory for the year to March, 1937, are distinctly good. Net profits have increased from £646,330 to £719,536, thus reaching a new high level since 1930. The raising of the dividend from 17½ per cent. to 20 per cent. was announced at the end of May, and the report shows that the dividend is comfortably covered by earnings of 23.9 per cent. Out of the surplus, the directors have resumed reserve allocations with a transfer of £200,000, and have reduced the amount carried forward from £952,921 to £839,939. Nor is the balance sheet less impressive. A highly liquid position is invariably disclosed and investments now stand at £3,638,639, currently valued at £4,220,097. Further, the general reserve is now increased to £2,000,000, and it seems highly probable that a considerable part of the item of £1,750,000 shown as "creditors and contingencies" may be regarded as a reserve. The report is silent regarding the year's trading, but the company's world-wide coal and bunkering business is now well on the way to prosperity. Since the ordinary stock units yield £4 17s. per cent. at the present price of 82s. 6d., they cannot be regarded as unreasonably valued. There are many shares on a lower yield basis which have neither the impressive record nor the present recovery possibilities of Wm. Cory.

J. and P. Coats Report.—The full report of this leading thread concern subtracts but little from the disappointing nature of the preliminary statement, discussed in *The Economist* of May 29th, page 522. Total income is reduced from £2,116,102 to £1,925,137, while net profits have again fallen, by £211,596 to £1,794,744. No provision is required for exchange differences reserve, which absorbed £250,000 in 1935. The directors' report—never an informative document—is silent upon the significance of this further fall in profits, which in fact leaves the 10 per cent. dividend slightly uncovered. The group, however, has been more closely consolidated during the year. Interests in subsidiaries appear to have been funded on a considerable scale, for amounts owing by subsidiaries on current account are reduced from £7,260,373 to £5,182,027, while shareholdings in subsidiaries are increased from £16,947,468 to £20,756,519. Coats' ordinary stock, despite its stable dividend character, has been singled out for attention as an international trade recovery counter. So far these hopes have been belied, for British exports and American labour problems appear alike to have been limiting factors to the company's profits during the past year. The chairman will doubtless provide the survey of prospects which many investors must be anxious to have.

Philip Hill First Report.—This "issuer's issue" appeared last October, when more than half of the company's financial year had elapsed. The first accounts as a public concern show that the directors' anticipation of expanding profits has been fully realised. The prospectus estimate of £313,615 for the earnings of a full year is comfortably exceeded by the results of the past half-year alone, which show a balance of profits from dividends, commissions, sales of investments, etc., of £376,222, apart from the (now irrelevant) profit of £161,076 earned in the first half of the year. A 12½ per cent. dividend, described as "interim," has already been announced on the ordinary capital, and is covered

three times by earnings. Of the balance, £150,000 is transferred to dividend equalisation account—a prudent and praiseworthy procedure—leaving £29,855 to be carried forward. The balance sheet, again, shows great liquid strength, and quoted securities are carried by the group some £907,351 below their current values. It would however, be illuminating to have some more detailed description of these holdings. Their distribution, it is stated, has not materially changed since the issue of the prospectus, which showed 45 per cent. in industrials, 17½ per cent. in electric supply, and 16½ per cent. in aircraft. Presumably this classification embraced a number of issues which the company has itself sponsored, in which market operations may be of considerable importance in determining prices. While the investment of £1¼ millions received by way of share premiums has broadened the base of the portfolio, publication of a detailed analysis would be valuable and helpful.

Burmah Oil Prospects.—Mr Robert Watson's speech to the members of Burmah Oil (in the regretted absence of Sir John Cargill through indisposition) struck an encouraging note. Conditions in the Eastern oil markets, and particularly India, have not been of the happiest, and even last year economic improvement failed to protect the Burmah Oil company against a fall in Indian petrol prices. Such is the nature of competition in the Indian market, and the chairman referred pointedly, at a later stage in his speech, to the possible impact of the Bahrein production upon the Indian market, making a justifiable plea for a cautious marketing policy. The impression, therefore, remains that the distinctly satisfactory increase in the company's profits for 1936 was attributable largely to reduced costs and increased sales. Provided that the competitive position in the Indian market is not intensified, the

current prospect appears good. As the chairman pointed out, the separation of Burma from India preserves existing fiscal conditions for a period of three years. One other feature in the Burmah oil situation is always present in the mind of the investor—its holdings in Anglo-Iranian and Shell. The company held, directly and indirectly, 3,561,990 Anglo-Iranian ordinary, valued at 11s. 8½d. per unit, but the figures have now been altered by the new capital bonus to 5,342,985 units, at an average of 8s. 10-66d. These interests, together with the Shell holdings, promise increased revenue for Burmah Oil this year. The prospect, indeed, suggests that a price of 118s. od. and yield of £4 13s. 3d. per cent. for Burmah Oil is not unreasonable if the Eastern market remains sound.

Other Oil News.—After a succession of unofficial reports, interspersed by official protestations of ignorance from Mexico, it appears that the strike on the Mexican Eagle oilfields is now over. A Federal Arbitration Board, it seems, is to study the men's demands, and the other points which are at issue with the company. The fruit of the 120 days' notice of strike and ten days' stoppage, therefore, is peculiarly Mexican, and the market, at any rate, was disinclined to count upon an immediately favourable outcome of the arbitration when a six-months' conference with the employers had already failed. Meanwhile, further oil results show a general improvement, but have left the market unmoved. The Venezuelan Oil Concessions report is distinctly favourable, in view of the labour troubles during the close of 1936. Oil sales and stocks rose from £2,723,821 to £3,338,281, and net profits amount to £1,074,068, compared with £708,620 (excluding £150,000 from investment profits and £54,398 from surplus reserves). The net profit, in fact, just fails to cover the dividend of 22½ per cent already announced

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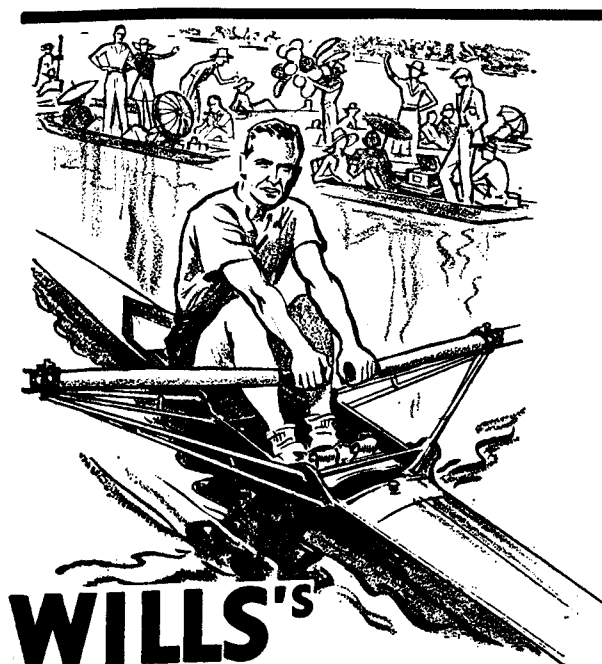
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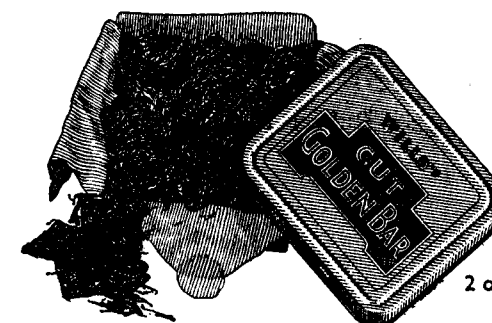
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LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1936	Prices, Year 1937	Name of Security	Price, June 2, 1937	Price, June 9, 1937	Rise or Fall	Yield, June 9, 1937
High-Low	High-Low					
107 1/2	107 1/2	British Funds				
107 1/2	107 1/2	Consols 2 1/2%	75 1/2	75	-1/2	3 1/2
107 1/2	107 1/2	Do. 4% Red. at par on or after Feb. 1937 (a)	109 1/2	109 1/2		3 1/2
107 1/2	107 1/2	Conversion, 2 1/2% 1944-49	107 1/2	107 1/2		3 1/2
107 1/2	107 1/2	Do. 3% 1948-53	109 1/2	109 1/2		3 1/2
107 1/2	107 1/2	Do. 3 1/2% after 1961	109 1/2	109 1/2		3 1/2
107 1/2	107 1/2	Do. 4 1/2% 1940-44	109 1/2	109 1/2		3 1/2
107 1/2	107 1/2	Do. 5% 1944-44	113 1/2	113 1/2		3 1/2
107 1/2	107 1/2	Funding 2 1/2% 1956-61	87 1/2	86 1/2	-1	3 1/2
107 1/2	107 1/2	Funding 2 1/2% 1953-57	92 1/2	91 1/2	-1	3 1/2
107 1/2	107 1/2	Funding 3% 1959-69	95 1/2	91 1/2	-4	3 1/2
107 1/2	107 1/2	Funding 4% 1960-90	109 1/2	109 1/2		3 1/2
107 1/2	107 1/2	Victory Bonds 4%	109 1/2	109 1/2		3 1/2
107 1/2	107 1/2	War Lm 3 1/2% after 1952	101 1/2	101 1/2		3 1/2
107 1/2	107 1/2	Local Loans 3%	87 1/2	87 1/2		3 1/2
107 1/2	107 1/2	Austria 3% 1933-53	87 1/2	87 1/2		3 1/2
107 1/2	107 1/2	India 2 1/2%	64 1/2	63 1/2	-1	3 1/2
107 1/2	107 1/2	Do. 3 1/2%	71 1/2	70 1/2	-1	3 1/2
107 1/2	107 1/2	Do. 4 1/2% 1958-68	113 1/2	113 1/2		3 1/2
107 1/2	107 1/2	U.K. & Col. Govts. 4 1/2% (1947)	104 1/2	104 1/2		3 1/2
107 1/2	107 1/2	Dom. & Col. Govts.				
107 1/2	107 1/2	Australia 5% 1945-75	106 1/2	106 1/2		3 1/2
107 1/2	107 1/2	Canada 4 1/2% 1945-75	106 1/2	106 1/2		3 1/2
107 1/2	107 1/2	Gold Coast 4 1/2% 1955-75	113 1/2	113 1/2		3 1/2
107 1/2	107 1/2	Nigeria 5% 1950-60	116 1/2	116 1/2		3 1/2
107 1/2	107 1/2	N. Zealand 5% 1946	104 1/2	105 1/2	+1	3 1/2
107 1/2	107 1/2	Queensland 5% 1940-60	104 1/2	104 1/2		3 1/2
107 1/2	107 1/2	S. Africa 5% 1945-75	112 1/2	112 1/2		3 1/2
107 1/2	107 1/2	Foreign Governments				
107 1/2	107 1/2	Argentina 4 1/2% Str. Bds	102 1/2	102 1/2		3 1/2
107 1/2	107 1/2	Austria 3% 1933-53	87 1/2	87 1/2		3 1/2
107 1/2	107 1/2	Do. 4 1/2% 1958-68	113 1/2	113 1/2		3 1/2
107 1/2	107 1/2	B. Aires (Prov.) 3 1/2%	70 1/2	71 1/2	+1	3 1/2
107 1/2	107 1/2	Belgian 4% red. by 1970	99 1/2	100 1/2	+1	3 1/2
107 1/2	107 1/2	Bulgaria 7 1/2% Loan	27 1/2	27 1/2		3 1/2
107 1/2	107 1/2	Chile 5% Fund. 1914	87 1/2	88 1/2	+1	3 1/2
107 1/2	107 1/2	Brasil 6% (1929)	25 1/2	25 1/2		3 1/2
107 1/2	107 1/2	China 5% (1912)	90 1/2	93 1/2	+3	3 1/2
107 1/2	107 1/2	Do. 5% (1912)	90 1/2	93 1/2	+3	3 1/2
107 1/2	107 1/2	Czechoslovakia 8%	109 1/2	109 1/2		3 1/2
107 1/2	107 1/2	Danish 3%	97 1/2	97 1/2		3 1/2
107 1/2	107 1/2	Danzig 6%	62 1/2	64 1/2	+2	3 1/2
107 1/2	107 1/2	Egypt Unified 4%	102 1/2	102 1/2		3 1/2
107 1/2	107 1/2	French 4% (British)	15 1/2	15 1/2		3 1/2
107 1/2	107 1/2	German 3% Dawes Lm	60 1/2	64 1/2	+4	3 1/2
107 1/2	107 1/2	Do. 5% (Young Lm)	45 1/2	49 1/2	+4	3 1/2
107 1/2	107 1/2	Greek 6% Stab. Lm	32 1/2	32 1/2		3 1/2
107 1/2	107 1/2	Do. 7% Refugee	40 1/2	40 1/2		3 1/2
107 1/2	107 1/2	Hungary 7 1/2%	57 1/2	58 1/2	+1	3 1/2
107 1/2	107 1/2	Japanese 5% 1936-65	86 1/2	88 1/2	+2	3 1/2
107 1/2	107 1/2	Do. 6% (1924) red 1959	92 1/2	93 1/2	+1	3 1/2
107 1/2	107 1/2	Norwegian 4% 1911	115 1/2	115 1/2		3 1/2
107 1/2	107 1/2	Poland 4 1/2% 1922	54 1/2	54 1/2		3 1/2
107 1/2	107 1/2	Romania 4 1/2% Con. 1922	64 1/2	62 1/2	-2	3 1/2
107 1/2	107 1/2	U.K. & Argentine 1933	113 1/2	113 1/2		3 1/2
107 1/2	107 1/2	Do. C. Certs. (3% Max.)	95 1/2	95 1/2		3 1/2
107 1/2	107 1/2	Corporation Stocks				
107 1/2	107 1/2	Berlin 6% 1932-57	25 1/2	25 1/2		3 1/2
107 1/2	107 1/2	Birmingham 5% 1946-56	115 1/2	115 1/2		3 1/2
107 1/2	107 1/2	Bristol 5% 1948-58	114 1/2	114 1/2		3 1/2
107 1/2	107 1/2	Danzig 7% 1935-45	74 1/2	74 1/2		3 1/2
107 1/2	107 1/2	E. London 5% 1960-70	116 1/2	116 1/2		3 1/2
107 1/2	107 1/2	Johannesb. 5 1/2% 1937-52	101 1/2	101 1/2		3 1/2
107 1/2	107 1/2	L.C.C. 3%	85 1/2	85 1/2		3 1/2
107 1/2	107 1/2	Seine (Dpt of) 4 1/2% 1952	98 1/2	98 1/2		3 1/2
107 1/2	107 1/2	Public Boards				
107 1/2	107 1/2	Central Elec. 5% 1950-70	114 1/2	114 1/2		3 1/2
107 1/2	107 1/2	London Passenger Transport Board				
107 1/2	107 1/2	4 1/2% "A" 1985-2023	116 1/2	116 1/2		3 1/2
107 1/2	107 1/2	5 1/2% "A" 1985-2023	125 1/2	125 1/2		3 1/2
107 1/2	107 1/2	4 1/2% "T.F.A." 1942-72	106 1/2	106 1/2		3 1/2
107 1/2	107 1/2	5 1/2% "B" 1965-2023	117 1/2	117 1/2		3 1/2
107 1/2	107 1/2	5 1/2% "C" 1958 or after	86 1/2	83 1/2	-3	3 1/2
107 1/2	107 1/2	Met. Wat. Bd. "B" 3%	90 1/2	89 1/2	-1	3 1/2
107 1/2	107 1/2	Prof. Lond. 5% 1950-70	117 1/2	117 1/2		3 1/2
107 1/2	107 1/2	British Railways				
107 1/2	107 1/2	G. Western Ord. Stk.	61 1/2	61 1/2		3 1/2
107 1/2	107 1/2	L. & N. E. Ord. Stk.	51 1/2	51 1/2		3 1/2
107 1/2	107 1/2	Do. 5% Pref. Ord. Stk.	104 1/2	104 1/2		3 1/2
107 1/2	107 1/2	Do. 5% Pref. 1955	96 1/2	96 1/2		3 1/2
107 1/2	107 1/2	Do. 4 1/2% 2nd Pref. Stk.	25 1/2	25 1/2		3 1/2
107 1/2	107 1/2	Do. 4 1/2% 1st Pref. Stk.	71 1/2	71 1/2		3 1/2
107 1/2	107 1/2	L.M.S. Ord. Stk.	33 1/2	33 1/2		3 1/2
107 1/2	107 1/2	4 1/2% Pref. Stk. 1923	77 1/2	77 1/2		3 1/2
107 1/2	107 1/2	4 1/2% Pref. Stk.	87 1/2	87 1/2		3 1/2
107 1/2	107 1/2	Southern Def. Stk.	22 1/2	22 1/2		3 1/2
107 1/2	107 1/2	Do. 5% Pref. Ord. Stk.	92 1/2	92 1/2		3 1/2
107 1/2	107 1/2	Do. 5% Pref. Stk.	119 1/2	119 1/2		3 1/2
107 1/2	107 1/2	Dom. & Foreign Ry.				
107 1/2	107 1/2	Autofagasta Ord. Stk.	21 1/2	21 1/2		3 1/2
107 1/2	107 1/2	B.A. & Pacific Ord. Stk.	12 1/2	12 1/2		3 1/2
107 1/2	107 1/2	B.A. G. Stn. Ord. Stk.	29 1/2	29 1/2		3 1/2
107 1/2	107 1/2	B.A. Western Ord. Stk.	24 1/2	24 1/2		3 1/2
107 1/2	107 1/2	C. Argentine Ord. Stk.	28 1/2	28 1/2		3 1/2
107 1/2	107 1/2	C. Uruguay Monte V.	5 1/2	5 1/2		3 1/2
107 1/2	107 1/2	Can. Pacific Com. (\$25)	13 1/2	13 1/2		3 1/2
107 1/2	107 1/2	Can. Nat. 1927 G.A.C. 2%	87 1/2	86 1/2	-1	3 1/2
107 1/2	107 1/2	Costa Rica Ord. Stk.	36 1/2	36 1/2		3 1/2
107 1/2	107 1/2	Do. 6% Cum. Pref. Stk.	13 1/2	13 1/2		3 1/2
107 1/2	107 1/2	Do. 6% Cum. Pref. Stk.	30 1/2	30 1/2		3 1/2
107 1/2	107 1/2	Leopoldina Ord. Stk.	6 1/2	6 1/2		3 1/2
107 1/2	107 1/2	Nitrate Ry. (\$10)	55 1/2	52 1/2	-3	3 1/2
107 1/2	107 1/2	San Paulo Ord. Stk.	90 1/2	90 1/2		3 1/2
107 1/2	107 1/2	Taitai Ry. Ord. Stk.	22 1/2	22 1/2		3 1/2
107 1/2	107 1/2	Utd. Havana Ord. Stk.	3 1/2	3 1/2		3 1/2
107 1/2	107 1/2	Utd. Havana Ord. Stk.	3 1/2	3 1/2		3 1/2

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Paid in New Zealand currency. (e) Allowing for rate of exchange. (f) Flat yield. (g) Yield on 3 1/2% basis. (h) Yield on 4 1/2% basis. (i) Yield on 5 1/2% basis. (j) Yield on 6 1/2% basis. (k) Yield on 7 1/2% basis. (l) Yield on 8 1/2% basis. (m) Yield on 9 1/2% basis. (n) Yield on 10 1/2% basis. (o) Yield on 11 1/2% basis. (p) Yield on 12 1/2% basis. (q) Yield on 13 1/2% basis. (r) Yield on 14 1/2% basis. (s) Yield on 15 1/2% basis. (t) Yield on 16 1/2% basis. (u) Yield on 17 1/2% basis. (v) Yield on 18 1/2% basis. (w) Yield on 19 1/2% basis. (x) Yield on 20 1/2% basis. (y) Yield on 21 1/2% basis. (z) Yield on 22 1/2% basis. (aa) Yield on 23 1/2% basis. (ab) Yield on 24 1/2% basis. (ac) Yield on 25 1/2% basis. (ad) Yield on 26 1/2% basis. (ae) Yield on 27 1/2% basis. (af) Yield on 28 1/2% basis. (ag) Yield on 29 1/2% basis. (ah) Yield on 30 1/2% basis. (ai) Yield on 31 1/2% basis. 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COMPANY MEETINGS

SUEZ CANAL COMPANY

ANNUAL GENERAL MEETING, JUNE 7, 1937

EXTRACT FROM DIRECTORS' REPORT

The full report may be obtained upon application at the company's inquiry office, 6 Bishopsgate, London, E.C.2.

In 1936, shipping through the Canal was as a whole slightly less than during the preceding year; receipts would therefore have been reduced if, during the last quarter, the French Monetary Law of October 1, 1936, had not brought about an increase in the figures translating into francs the receipts actually collected in pounds. Accordingly, the total receipts of the year under review, as compared with 1935, show an increase of 58 million francs instead of the reduction of about 5 per cent., which would have been apparent if the franc had not been devalued.

For the same reason, the franc equivalent of the working expenses, nearly all in Egyptian currency, was itself also appreciably increased. Accordingly, before placing anything to reserves, the amount available for distribution, viz., 950 million francs, exceeds by about 25 million francs the corresponding sum for the year 1935.

We propose, in the circumstances, to increase to 600 francs, that is to say, 60 francs more than last year, the gross revenue of the "Action de Capital," whilst placing 10 million francs to the building sinking fund, and 10 millions to insurance and contingencies.

FURTHER REDUCTION IN TARIFF

If the total traffic of the year 1936 is inferior to that of 1935, a notable improvement, however, showed itself during the last months, and since then this improvement has been more marked. On the other hand, the effects of the devaluation of the franc, which will bear on the whole of the present financial year, will, in a greater proportion than last year, increase, in francs, the available profits. We have deemed these circumstances favourable for a fresh reduction of the transit tariff, and we have reduced it from 7s. to 6s. as from April 1st last. This reduction is in conformity with the traditional policy of your company, and cannot fail to exercise a favourable influence on the return to the Canal of ships which economic and political conditions had driven away.

The agreement concluded with the Egyptian Government, and which we reported to you last year, has not yet entered into force, the new Egyptian Cabinet, which came into power in June, 1936, having considered that they should submit to the approval of Parliament the agreement negotiated by their predecessors. Political events have not yet allowed the Parliament to examine this question.

CANAL TRAFFIC

Traffic through the Canal in 1936 reached 5,877 transits, representing 32,379,000 tons net register. Two years alone have given the Canal greater tonnages: 1929, a year of intense commercial activity, with 33,466,000 tons, and 1935 with 32,811,000 tons. In comparison with the latter year, traffic in 1936 shows a reduction of only 432,000 tons, or 1.3 per cent.

During the whole year, the special traffic due to the Italo-Abyssinian conflict, and which first appeared in 1935, has continued to exercise a considerable influence on the maritime movement through the Canal.

Putting aside this tonnage of an exceptional character, the portion of the traffic which can be called really commercial has been reduced by more than a million tons.

The weight of merchandise carried through the Canal was 25,556,000 tons, 2.9 per cent. less than in 1935. The reduction is of 3.9 per cent. in the homeward traffic, whilst for the North-South traffic it is only 1.1 per cent. In the latter direction, the weight of merchandise carried was 8,829,000 tons, a reduction of 95,000 tons on the figure of 1935.

In the South-North direction, the total weight of merchandise has decreased from 17,404,000 tons in 1935 to 16,727,000 tons, i.e. by 3.9 per cent., which reduction is to be added to that of 15 per cent. of 1935, as compared with 1934. In the homeward traffic, two groups show substantial increases, oil seeds and grain. Petroleum products, although reduced by 1.6 per cent., are still,

with a total of 4,216,000, the most important group in the South-North traffic.

A very marked opposition is to be found between the results of the traffic through the Canal during 1936 and the general indices of world economy.

COMPETITION OF CAPE ROUTES

Whilst traffic by the Suez route has fallen by 1.3 per cent. as regards tonnage, and by 2.9 per cent. as regards weight of cargo carried, world trade has improved by nearly 5 per cent., continuing the movement of recovery started in 1932. Furthermore, the index of industrial production in the world has increased by about 14 per cent. in comparison with 1935. But the Canal traffic has suffered from the competition of the Cape route, a great part of the trade between Europe and Australia, and an important proportion of the exports of rice and coal from Indo-China, having been sent via South Africa. However, the position shows a tendency towards a favourable evolution. With a greater trading activity, the saving in time given by the Canal is again becoming valuable, and induces owners to come back to the Suez route. Furthermore, the progress already made during the last few months of 1936 by the traffic of regions other than Australia has continued during the early part of the present financial year.

FAVOURABLE FACTORS

Various indications enable us to hope that this improvement will go on. On the one hand, the chief exports of countries East of Suez—grain, oil seeds or textiles—promise to be comparatively abundant, whilst world stocks are considerably reduced. One can also foresee that the requirements of Asiatic countries will be less important this year, leaving a greater exportable surplus for Europe.

On the other hand, rates of freights have increased by nearly one half during the year, making even less marked the incidence of transit dues already reduced since April 1st. Finally, laid-up tonnage was, at the end of the first quarter of 1937, 40 per cent. less than at the end of the corresponding period of 1936.

One can only wish that the factors of economic recovery, which have shown themselves in nearly all countries, shall not once more be set back by political or currency disorders, and that trade activity shall not be restricted by the excesses of self-sufficiency tendencies, thus permitting the progress of world economic activity in the indispensable atmosphere of security.

The meeting unanimously approved all the resolutions presented by the board.

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SUEZ CANAL COMPANY

ANNUAL GENERAL MEETING, JUNE 7, 1937

ABRIDGED SPEECH OF M. LE MARQUIS DE VOGÜÉ, CHAIRMAN OF THE BOARD OF DIRECTORS

Ladies and Gentlemen,—

I should like, first of all, to welcome His Excellency Aly Chamsi Pasha, member of the Egyptian Parliament, former Minister, who has been appointed as Egyptian Government Representative to your company.

His Excellency Ismail Sirry Pasha, who occupied this position since 1919, died at the beginning of this year; we always found him full of understanding and kindness.

We are convinced that his successor will be for our company a wise counsellor and a friend. (Applause.)

The year 1936 has been marked by two great events in the history of modern Egypt.

One, extremely sad, is the passing of King Fouad, who died in the prime of life, at a critical moment when his country more than ever needed his experience and foresight. Nothing that took place in his kingdom was unknown to him, and our company prides itself on the fact that it has always been honoured by his favour. It will always gratefully recall the memory of King Fouad, and it addresses its most respectful and loyal homage to the young sovereign, heir to his father's ideals, and in whom Egypt to-day places her hopes.

TREATY OF ALLIANCE WITH GREAT BRITAIN

The other event of great political importance is the conclusion of a treaty of alliance and friendship with Great Britain. This first success in the march towards the independence so ardently desired had come as the reward of a long and patient effort. The final success was soon reached at the recent conference of Montreux, and the admission of Egypt to the League of Nations was its culminating point.

Free in her decisions and her actions, Egypt may henceforth, in the fullness of her natural rights, live her national life. Everything leads us to believe that in the exercise of her re-established sovereignty she will conciliate the inspirations of her own genius with the duties which the moral solidarity of civilised nations imposes. She has already given a proof of wisdom by accepting for a few more years the maintenance of the existing judicial organisation. It is a suitable occasion here to pay homage to the personal action of the head of the Government, His Excellency Moustapha el Nahas Pasha, who conducted the negotiations with such authority and ability.

Like all the friends of Egypt, the Suez Canal Company rejoices in these brilliant results. The cordial relations which it has maintained from the start with her Government are ample reasons for it to hail the future with confidence, at the beginning of a new reign.

COMPANY'S CO-OPERATION WITH GOVERNMENT

The task which now reveals itself, and which is not without difficulties and obligations, is the building of this future. In saying that our company is willing to play its part, I think, ladies and gentlemen, that I am expressing your thoughts.

By the treaty concluded with Great Britain, Egypt has undertaken to build barracks and roads in the Isthmus of Suez for the requirements of the British Army. In answer to a request made by the Egyptian Government, and to show the company's desire to be associated with the organisation of the country, your board have decided to make a large contribution towards the building of the road which is to join Port Said and Suez.

Furthermore, before the submission to Parliament for ratification of the agreement which was concluded last year between the Government and your company, agreement which you approved with the report to the annual general meeting of 1936, your board have accepted to modify two clauses. These modifications consist, on the one hand, of an increase in the proportion of Egyptian employees to be taken on by the company, and, on the other hand, of the increase to £300,000 of the annual payment to Egypt stipulated in the agreement. These measures are, naturally, subject to the ratification of the engagements entered into on their side by the Egyptian Government.

It was in a specially cordial atmosphere that these arrangements were negotiated and concluded between the representatives of Egypt and those of your company. In this we see, at the present juncture, a hopeful sign for the future.

FAVOURABLE PROSPECTS

It is, furthermore, not the only one we have to note. The report of your board has mentioned the favourable symptoms which are shown by the examination of our activities. The end of the year 1936 has been marked by a revival of the commercial traffic, which revival has been still more evident at the beginning of this year. Nevertheless, it is not to the rise in the transit receipts that the increase in dividend is due; for in spite of the improvement noted in the last months of 1936, the total results of the year would not have warranted it if there had not occurred in France one of those monetary incidents, the too frequent recurrence of which hardly does honour to the financial systems of modern States.

However, your board deemed the moment opportune to make a new gesture in favour of shipowners using the Canal. The substantial reduction in transit dues which came into effect on April 1 is in conformity with their traditional policy.

TRADE RETURNING TO SUEZ ROUTE

When commercial activity is slowed down, speed is a luxury which many prefer to dispense with; it becomes a necessity as soon as economic life has regained its momentum. Certain currents of trade which, during the depression, had abandoned the Suez route, are returning to it now, and that all the more easily, as to a saving of time is added a reduction in costs.

We cannot, of course, taking these facts as a basis, forecast far ahead. The general situation is, in spite of the improvements noted, still too unstable to enable one to judge the future. Wisdom, careful consideration of facts, sense of perspective and of conciliation, these essential qualities so necessary to the conduct of human affairs, seem to have lost their sway.

Our company, founded for a mission of peace, endeavours to continue the work of universal collaboration which, by the will of Ferdinand de Lesseps, is already attained in its very constitution. Your board do not forget that they are the expression of this will. With eyes turned towards the requirements of international trade, they realise the obligations which arise therefrom, also those which your confidence entails. They believe that they have faithfully met both. (Unanimous approval.)

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Telegraphic Address: KANSALLISPANKKI

APPEAL TO SHAREHOLDERS

Now we have 34,000 shareholders. If everyone would send me a subscription we should soon have the required £50,000. This is not an appeal for charity. I am asking you to do something which will help your company—and every other company in which you may be interested—to attain a more efficient working system. That means more business. It is a step of great value to every shareholder and to every workman, since it must mean more employment. Will you help in these efforts?

I hope that I may not be alone in making this appeal, but that chairmen of other companies who are interested and there are many—will make similar appeals to their shareholders.

THE RESOLUTIONS

Now, ladies and gentlemen, to return to the immediate business of the meeting, I propose the resolutions which the secretary will read, and shall ask my brother, Mr Harry Salmon, to second them. (Applause.)

The secretary then read the resolutions as follows:—"That the report of the directors and the balance sheet submitted to this meeting be and are hereby adopted; that the payment of interim dividends of 1s. 8d. per share on the issued ordinary and 'A' ordinary share capital of the company and 4d. per share on the proportional profit and 'B' proportional profit share capital of the company be and are hereby confirmed; and that a final dividend be paid for the year ended March 31, 1937, of 2s. 10d. per share to the holders of ordinary and 'A' ordinary shares of the company and 6.8d. per share to the holders of proportional profit and 'B' proportional profit shares of the company who were on the registers on May 14, 1937."

MR HARRY SALMON ON RISING COSTS

Mr Harry Salmon, J.P. (one of the managing directors), said:—"Mr Chairman, ladies and gentlemen, I second the resolutions the chairman has proposed to you and, in doing so, should like to add something on the subject of rising prices and their effect upon our business in the immediate future. Costs are rising in every direction, and unless we are to trade at a loss the consumer must pay more for the goods he buys. But, just as there is always a lag in the rise of wages in times of rising prices, so there is in the transferring of increased raw material prices to the consumer, and if, as may happen, prices continue to rise there is a further lag; in other words, the manufacturer has difficulty in passing on increasing costs as quickly as they occur, and profits, therefore, decline. It is at such a time that our contingency reserves, which are the surplus profits of previous years, can be brought in to help, for this is one of the contingencies for which they are provided.

It must be remembered that we have three responsibilities when dealing with the distribution of earnings: (1) to the consumer, without whom there would be no business, (2) to the worker, whose labour utilises the capital, and (3) to the shareholder, who provides the capital; and it must be further remembered that the consumer is often both worker and shareholder—a point that I am afraid is often overlooked.

Now, if we had not set aside some of the profits of previous years, it is obvious we could have paid more dividend; but then there would be no reserves, and we should be without the means to deal with the period of lag, with the consequences of fluctuating dividends, which it is our ambition to avoid. As the chairman has said, we have again used some of our reserves to write down further our plant machinery—already conservatively valued. We have, in fact, written off entirely from our books certain categories of it. This, obviously, will substantially reduce the annual amount set aside for depreciation, and that saving will be available if we find it necessary in helping to offset the possible diminution of profit to which I have referred. Thus, while the profit may be diminished by the extra cost of material during the time this cost cannot be transferred to the consumer, it can be increased by the reduction of depreciation charges.

RETAINING CUSTOMERS' CONFIDENCE

I cannot make it too clear that our selling prices are rising and must rise—it is, of course, the consumer who must meet the bill for increased cost of raw material and the expenses which have also a tendency to rise. That, as I have said before at the meetings, is not a prospect which pleases us. On the contrary, it gives cause for anxiety as to the possible effect upon the volume of business.

I noticed recently that a newspaper writer used the phrase "consumer reluctance to price changes," but that does not, to my mind, quite describe the attitude. I should say it is a matter of "inability" rather than of "reluctance." The almost inevitable loss of a certain amount of business when prices are raised is due more to the fact that the customer cannot afford to pay and so must be satisfied to curtail his consumption, than to the fact that he thinks he is not getting value for his money. Of this I am sure—we shall get our full share of the business in our particular spheres, for we have always given and shall continue to give our customers the best possible value at the prices charged. That is the policy on which this business has been built to its present proportions; that policy ensures the retention of our customers' confidence. (Applause.)

The Chairman: Before putting the resolutions to the meeting, I shall be pleased to answer any questions.

No questions being asked, the resolutions were put to the meeting and carried unanimously.

RE-ELECTION OF DIRECTORS

Mr George W. Booth proposed the re-election of the retiring directors, Mr B. S. Gluckstein and Mr B. A. Salmon.

This resolution was seconded by Mr Stanley Taylor and unanimously approved.

Mr B. S. Gluckstein, on behalf of Mr B. A. Salmon and himself, thanked the meeting for their re-election.

The Chairman next proposed the re-election of Mr H. H. G. Bennett and Dr L. H. Lampitt as employees directors of the company.

Mr Taylor seconded the resolution and it was passed unanimously.

On behalf of Mr Bennett and himself, Dr Lampitt thanked the meeting for their re-election.

On the motion of Mr S. Tonkin, seconded by Mr Taylor, the auditors, Messrs Turquand Youngs and Company, were re-appointed.

Mr A. J. Wood proposed a hearty vote of thanks to the directors and staff for their work during the past year.

This was seconded by Mr C. W. Knighton and unanimously accorded, and the chairman's acknowledgment brought the proceedings to a close.

MARSTON VALLEY BRICK COMPANY, LIMITED

DEMAND EXCEEDS OUTPUT

The eighth annual ordinary general meeting of the Marston Valley Brick Company, Limited, was held, on the 9th instant, at the Institute of Chartered Accountants, Moorgate Place, London, E.C., Mr A. W. Allard presiding.

The chairman, in the course of his speech, said: If you refer to the profit and loss account and balance-sheet you will notice that the trading profit is £182,000, against £135,000 for last year. This shows an increase of £47,000, which I think you will agree is very satisfactory, having in view the fact that the full output of the Ridgmont Works was not available for sale during the year. You will notice that we have carried a further £30,000 to general depreciation reserve, making this £155,000, and we propose to carry £10,000 to general reserve, increasing that account to £55,000. The amount of depreciation on electric navvies, excavators and lorries has been increased this year to £17,000.

The Ridgmont Works, taken over by your company early last year, have proved highly satisfactory, and all bricks manufactured have been sold at remunerative prices. The demand is still in excess of our output, and the popularity of the company's products is increasing. Your directors view with confidence prospects for the future.

The increase of £12,000 shown under the heading Electric Navvies, Excavators, Lorries, etc., is largely explained by additional transport and very liberal depreciation has been provided for.

Your company is now a very large employer of labour, and the houses erected by your subsidiary company, the Marston-Ridgmont Properties, Limited, and the other amenities provided, are appreciated and add to the welfare of the employees.

I should like again to place on record the board's appreciation of the work done by the managing director, staff and employees of the company and their contribution to the company's success.

The report and accounts were unanimously adopted, and a final dividend of 12½ per cent., less tax, making, with the interim dividend already paid, 20 per cent. for the year, was approved.

ASSOCIATED NEWSPAPERS LIMITED

THE HON. ESMOND HARMSWORTH ON THE YEAR'S RESULTS

The thirty-second annual ordinary general meeting of Associated Newspapers, Limited (proprietors of *The Daily Mail*, the London *Evening News*, and the *Sunday Dispatch*), was held, on the 10th instant, in the Memorial Hall, Farringdon Street.

The Hon. Esmond C. Harmsworth, the chairman, presided.

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

The chairman, in moving the adoption of the annual report and balance sheet, said:—

Ladies and gentlemen,—In the balance sheet and directors' report for the year ended March 31st last, which has been circulated to all shareholders, you will have seen that the profit of the company after providing for depreciation and interest on registered notes amounted to £931,821 12s. 2d.

EXCELLENT FIGURES

These excellent figures have been arrived at in spite of the heavy expenditure which intense competition entails and the fluctuation in the amount of advertising space sold when two Easter periods occur in one financial year.

During the year the directors took advantage of favourable financial conditions and, in accordance with the terms of the issue, redeemed the whole of the company's 4½ per cent. ten-year notes outstanding and issued in substitution a corresponding amount of 3½ per cent. fifteen-year notes. Most of the holders of ten-year notes accepted the offer to convert their holdings to the new notes. The premium payable on the redemption of the ten-year notes and the discount on the issue of the new fifteen-year notes have been charged against the balance of profits brought forward on the appropriation account. The directors are satisfied that the course taken in funding this loan at the lower interest rate for an extended period is one that will commend itself to shareholders.

The holders of the 5 per cent. preference shares and the 7 per cent. ordinary shares received their dividends on the due dates and quarterly interim dividends making a total of 26½ per cent. for the year have been paid to the holders of the deferred shares, making a dividend distribution of £804,423 6s. 8d. gross, the same as for the previous year.

Following the custom adopted during recent years your directors are transferring a sum from surplus profits to reserves this year adding £100,000 to the investments' reserve. The balance of profit to be carried forward is £548,429 18s. 11d. compared with £601,031 13s. 5d. last year.

Looking at the balance sheet you will notice there is very little difference in the items on the liabilities side from those of the previous year. The share capital remains the same, also the amount of loan capital except that it is on better terms.

Reserve account and pension fund amounts are unchanged. The item representing the dividends outstanding at March 31 calls for no explanation. Amounts owing to subsidiary companies correspond with a similar item last year, and as I then explained, is chiefly for newspaper purchased from the Anglo-Newfoundland Development Company, which was in stock at the end of the year. The amount of £1,025,492 17s. 4d. for creditors and reserves is practically the same, made up with normal balances of trade creditors and ample provision for contingencies.

EXTENSION OF CARMELITE HOUSE

In regard to the assets side of the balance sheet, the absence of any book value for the goodwill of our business is an obvious strong point. Freehold and leasehold properties, machinery, plant, etc., total £1,831,627 8s., and the increase of £233,339 9s. 8d. is accounted for chiefly by the inclusion of the cost of New Carmelite House and its equipment of new presses. This extension of the original Carmelite House to the Victoria Embankment provides the company with the most up-to-date newspaper printing and publishing office.

Stocks of paper, etc., are less, but these are bound to vary from time to time and call for no special comment.

You will have noticed that the item loan to liquidators of Northcliffe Newspapers, Limited which was shown on the balance

sheet last year, has disappeared. Since that company went into voluntary liquidation, the development of certain of its provincial newspapers has been continued with our approval. The company has now been wound up, and the whole of the remaining assets have been taken over by your company, which, as you are aware, was the sole contributory, at figures estimated far below their potential value, and these are now included with freehold properties, investments and amounts owing by subsidiary companies.

I think I might here mention that since last year there has been a very considerable appreciation in the quoted investments which is not reflected in these accounts.

The amount of outstanding debtors compares with that of previous years, and the cash balance, although considerably reduced by reason of our Note conversion scheme, stands at the very satisfactory figure of £480,437 8s. 9d.

The provincial newspapers owned by your company have had another record year.

The steady increase in sales and advertising revenue which they are enjoying will, it is hoped, partially offset the increased costs which they, in common with national newspapers, must face next year.

One of our provincial newspapers is still in course of development, but your directors believe it will prove a valuable asset to the company when the programme we have laid down for it has been completed.

ANGLO-NEWFOUNDLAND COMPANY, LIMITED

The report of the Anglo-Newfoundland Development Company, Limited, for 1936 has recently been issued, and no doubt many of you have seen it. We regard our investment in this company as a highly satisfactory one. The Newfoundland company's profit for last year includes a first dividend from its subsidiary Terra Nova Properties, Limited, resulting from its participation in the profits of the Buchans Mine. The price of lead and zinc, which are the principal products of the Buchans Mine, has so far been on a substantially higher level this year than last, and if these prices are maintained the Newfoundland Company should receive very much larger profits from its mining interests in the current year. There is another reason, however, why we regard this investment with every satisfaction, and that is that there has been for some time past, and particularly more recently, a very marked and increasing growth in the consumption of paper and pulp products of all kinds all over the world, which is resulting, and must result still further, in a rise in the price of these products. This matter I shall refer to again later. Our contract with and interest in the Newfoundland company ensures us the continuity of our newspaper supplies, coupled with the prospects of an increasingly valuable investment.

One significant feature of the recent upswing in the pulp and paper market is the very pronounced rise which has taken place in the cost of the pulp wood from which paper is made. In this connection I might remind you that the Anglo-Newfoundland Company has a very large area of pulp wood forests amply sufficient to ensure it against any shortage of raw material.

IDEAL HOME EXHIBITION

The *Daily Mail* Ideal Home Exhibition this year celebrated its coming-of-age.

The exhibition enjoyed the privilege of an opening by Their Royal Highnesses the Duke and Duchess of Gloucester.

Once again the exhibition made its never-failing appeal to all classes of the community and attracted a total of more than 625,000 visitors.

Exhibitors' reports show considerable increases on the volume of business transacted at and through the exhibition, and the general public's verdict was that it was the most interesting and attractive yet presented.

As to the advertisement position, despite twelve months of the keenest competition ever experienced, your journals have more than held their own in this sphere.

These are not days for spectacular new records in revenue and much has happened to disturb the even tenor of business.

Nevertheless, the advertisement revenue of *The Daily Mail*, *The Evening News* and *The Sunday Dispatch* remains highly satisfactory.

"DAILY MAIL" FRONT PAGE

The Daily Mail, which has by far the largest sale of any newspaper among families of the better class is living up to its international reputation as the world's greatest advertising medium. In our national market its position is, of course, unique and unassailable. It is still the keystone of most of our big advertising campaigns; indeed, it is the ambition of every progressive business to use *The Daily Mail* front page, by general consent the finest advertising space in the world. *The Daily Mail* is the most profitable medium to use and figures automatically in the advertising schedules of all national campaigns.

For the last financial year the sum total of display trade advertising in *The Daily Mail* was once again considerably in excess of that carried by any of its competitors. The lead of *The Daily Mail* amounts to no less than 15 per cent., and this, I suggest, is tangible acknowledgment of supremacy.

This greater volume of display advertising enables us to publish enlarged 24 and 32 page issues with a correspondingly greater proportion of editorial matter.

The unshakable loyalty of our readers in the face of intensive competitive attacks has considerably increased the prestige of *The Daily Mail* in the estimation of advertisers.

Amongst the retail traders its influence was to be seen in the success of *The Daily Mail's* Coronation national window display contest. In all, well over 11,000 separate shop window displays were entered and no less than 46 local Chambers of Trade and other traders' associations extended their co-operation by organising local supporting events.

The bulk of advertisement revenue is, of course, from display advertising, but it is significant to note the high proportion of financial publicity, especially prospectus advertising, placed with *The Daily Mail* in comparison with its competitors.

"THE EVENING NEWS"

To refer to *The Evening News*, the continuous advance of this newspaper is one of the most notable features of evening journalism. The net sale of *The Evening News* is the world's record for evening newspapers, and its lead over its nearest rivals has again appreciably increased.

The Evening News is regarded as the key to the great market of London and the Home Counties, and there is a growing tendency to use it exclusively as a sales campaign within this area. Current display advertisement revenue continues to show a substantial increase, and there is a healthy increase in entertainment and other classified advertisements.

The store and drapery establishments allocate practically twice as much keyed advertising to *The Evening News* as they do to any other London evening newspaper, and this is the sure sign of selling power.

In the Sunday newspaper field the *Sunday Dispatch* has the solid support of the best type of British family. Its advertisement columns influence the purchase of every type of commodity within the home circle.

That advertisers are fully alive to the increasing importance of the *Sunday Dispatch* is shown in the consistent and extensive use of its columns in national selling campaigns and for financial publicity.

Progress is again to be noted for the *Overseas Daily Mail*, which is of worldwide appeal to the Briton abroad. Demands for advertising space have necessitated the production of larger issues, including special colour numbers, with gratifying frequency.

With all our publications, therefore, we can look back at another highly successful year, and as the signs are promising I see no reason why progress should not continue and we hope at an accelerated rate.

The current financial year has opened up in a most satisfactory manner and advance reservations of space indicate the increasing confidence of advertisers in improving trade conditions and in the selling power of our newspapers.

PRICE OF NEWSPRINT

I have already referred to the increased cost of the raw materials used in the production of newsprint, which has already led to an increase in prices of newspapers in France and other countries. In this matter your Company is in an unassailable position, and we need have no apprehension on the score of supplies. With the exception of one other newspaper company we are the only newspaper organisation thoroughly protected in

the matter of its own raw materials, which in our case are, I might say, unlimited, so that although we shall certainly be faced with a higher charge for newsprint we shall have some compensatory advantage as I have already pointed out in your Anglo-Newfoundland investment.

The price of newsprint is lower to-day than it has been for many years; indeed, it is practically the only commodity which has not increased in value in spite of an increasing demand the world over. It could not be expected to continue at the present figure.

Newspapers have in the past faced high prices for newsprint and it is not many years since that the price of newsprint was very much higher than it is to-day.

The heavy costs of competition continue and there has been little if any relief in this respect during the past year, but it seems fairly obvious that with the increasing cost of newsprint, the expensive kind of competition we have suffered during the past few years is unlikely to continue on the same colossal scale; indeed with the coming increased cost of newsprint it could not well do so because the service given to our readers in our newspapers must be maintained. But *The Daily Mail* and associated journals have in the past experienced periods of low priced newsprint and high priced newsprint without curtailing its service to its readers which is of paramount importance.

I should like to close with a word of appreciation to the wholesale and retail newsagents, also to our advertisers and advertising agents for their support during the year; and I know you will wish to join with me in thanking the members of our staff in all branches and all sections of the business for their loyalty and good work this past year. (Applause.)

Sir George A. Sutton, Bart. (vice-chairman), seconded the resolution, which was carried.

The retiring directors: Hon. Esmond C. Harmsworth, Mr. G. Ward Price, Mr. H. W. Wilson, Mr. F. L. FitzHugh, Mr. W. A. McWhirter, Mr. W. L. Warden, Mr. William Graham, Mr. Stanley J. Bell, Mr. A. L. Cranfield, Mr. H. Morison and Mr. R. T. Lewis, were re-elected, and the auditors, Messrs. Lever, Honeyman and Co., were reappointed.

The proceedings terminated with a vote of thanks to the chairman and directors and staff.

EX-LANDS NIGERIA, LIMITED

SATISFACTORY RESULTS

The twenty-fifth ordinary general meeting of the Ex-Lands Nigeria, Ltd., was held, on the 9th instant, at the Institute of Chartered Accountants, Moorgate Place, London, Mr. H. G. Latilla (Chairman and Managing Director) presiding.

The Chairman, in the course of his speech, said:—Total expenditure in Nigeria for the year, of £53,631, is practically double that for the year 1935, and is accounted for solely by the increase in production for the year, which amounted to 832 tons, as compared with 473 tons for 1935. In the same way the amount realised for the sale of our tin, £119,971, is, of course, very much in excess of the corresponding figure for 1935.

The average price per ton realised for our concentrates during the year was £144 3s. 11d., which was practically the same as for the year 1935.

The profit of £53,581 added to the balance brought forward from last year of £6,250 made a total sum of £59,831 available for distribution.

We have declared, subject to your confirmation, a final dividend for the year of 15 per cent., less tax, making a total of 25 per cent. for the year. This, together with the directors' additional remuneration amounting to £750, will absorb £30,750, leaving a balance of £8,081 6s. 3d. to carry forward.

I think you will agree with me that these results are very satisfactory, particularly in view of the fact that the average cash price of tin for the year was only £204 as against £225 for 1935. Prices, however, commenced to show an upward tendency during the last two months of the year, the average cash price for December being £232. Since the end of the year this upward trend has continued until at the present time the price is standing in the region of £250.

We are thus, at the end of our twenty-five years' existence, in as strong a position as ever and have every prospect, I hope, of many years' continued prosperity. To in some measure mark this occasion we have decided to declare an interim dividend of 10 per cent., less tax, on account of the current year now, instead of waiting until later on in the year. This will be payable to all shareholders registered on the books as at the close of business on the 10th July and paid on the 29th July.

The report and accounts were unanimously adopted.

MILK MARKETING BOARD

INCREASING SALES OF LIQUID MILK

EXTENSION OF OPERATIONS

The fourth annual general meeting of the Milk Marketing Board was held on the 10th instant, at Central Hall, Westminster.

Mr T. Baxter, the chairman, in the course of his address, said: Ladies and gentlemen, this year the quantity of milk sold through the Scheme was 1,011,882,112 gallons, an increase of 20,569,203 gallons.

The Milk Scheme has been called upon again to carry the depression in agriculture, and during the past year over 99,000,000 gallons more milk were marketed through the Board than in the year ending March, 1935.

The next feature of the report is the increase in the financial turnover of the Board last year of £621,373, which means that the value of milk sold under wholesale contracts has increased from £43,561,000 in 1935-36 to £44,182,471 in 1936-37.

The average of the pool prices this year is 11·91d., against 11·98d. in the previous year. The accredited producers receive 1d. per gallon additional to that received by non-accredited producers, which therefore made it 12·91d. per gallon, against the latter's 11·91d. per gallon. Approximately one-third of our registered producers are receiving this quality bonus of 1d. per gallon.

I would refer to the position of the producer-retailer under the scheme. The average gross declared levy this year was 2·93d. per gallon, as compared with 2·97d. per gallon in the previous year. For producer-retailers who sell milk on level delivery contracts, which is shown in the case of 87 per cent. of milk sold by producer-retailers, the gross levy of 2·93d. was reduced by 1d. per gallon, which made it 1·93d., and in the case of those producer-retailers who are also accredited producers, this was again reduced by a further 1d. per gallon, making the levy paid by producer-retailers who have level delivery contracts and are also accredited producers only 0·93d. per gallon.

The farmhouse cheese-makers' industry has grown during the year by the addition of 107 makers, the total now being 1,070.

LIQUID MILK SALES

Taking the whole year there is an increase of 12,500,000 gallons, which is nearly double the increase in the previous year. This is of great benefit to producers, and the only effective way which we have at the moment of improving pool prices.

We intend to pursue in the future the same policy which is directed to expand the liquid milk market. As you know, the consumption of milk in liquid form in this country is low compared with some other countries, and it is well established by the nutrition experts that it is vitally important to have this consumption per head of liquid milk increased. We are most anxious to proceed on these lines, because the liquid milk market is the only profitable market which home producers have. The publicity and sales campaign, the school milk experiment, which has been maintained without any serious fall in the actual quantity of milk consumed under the Scheme, and the Accredited Scheme form part of this programme of directing the flow of liquid milk into consumption in liquid form.

There are more than 3,000 factories, offices, warehouses and mines at which milk is supplied daily to about 400,000 employees.

The schemes for the supply of milk to nursing and expectant mothers and children under 5 years of age have also been most successful. We have established these schemes in 3 places in the course of the year under review, and are now considering their extension to other places. There are nearly 1,700 mothers and 7,500 children participating in these schemes in the 3 places in which we are operating, Rhondda, Jarrow and the Walker District of Newcastle-on-Tyne. The cost of administration of the scheme was under one-tenth of a penny per gallon of milk sold, less than 1 per cent. of the turnover of sales during the year.

Another important feature is the development of manufacture on your behalf. The Board has operated 10 creameries, whereas, this time last year we had only five in operation, and we have handled five times as many gallons of milk through the creameries this year than in the previous year.

GENERAL POLICY

The first difficulty which we have experienced is the delay in the passing of our amendments to the scheme. It is now 13 months

since we submitted our amendments to registered producers. We have not yet received authority from the Minister of Agriculture to put these amendments into effect. I cannot too strongly urge upon the Minister of Agriculture the supreme necessity of passing these amendments before Parliament rises at the end of next month.

Another feature which was under constant consideration was the decline in production of milk last winter and the increase in demand for the liquid market. Supplies were not available in sufficient quantity to meet the demand of the higher category manufacturing markets, and in some cases there was difficulty in meeting the demand for liquid milk. Every effort was made to obtain from the buyers the transfer of supplies available for butter and cheese, but we have been unable to market the milk as effectively as we would have liked.

It is a severe criticism of a milk marketing scheme when the markets paying the best prices are short, whilst other markets paying lower prices have adequate supplies. This is a position which I am satisfied the board will not tolerate, and we have decided to allocate supplies from producer to buyer in the next contract period in order to satisfy ourselves that all the best markets are met adequately and only supplies remaining shall be made available for butter and cheese manufacture.

GOVERNMENT POLICY

I look forward, before the end of the present session of Parliament, to some pronouncement from the Minister of Agriculture upon the Government's long-term policy for the milk industry. When such a policy has been decided upon, I hope that our repeated requests for the principle of the levy-subsidy on imported dairy products will have been incorporated in the permanent policy of the Government towards milk producers.

The provisions of the Milk Act, 1934, as extended in 1936, will cease to operate at the end of next September. I expect that the Government will introduce a further extension of this Act to cover the period up to the commencement of their new 'permanent long-term milk policy. The Act was designed to assist producers to carry the burden of loss on manufactured milk over a temporary period by means of repayable loans from the Treasury to bring the price of milk for manufacture up to 5d. per gallon in the summer and 6d. per gallon in the winter. Unfortunately, the intentions of the Act, as we understood them, have not been fulfilled, and you will have already seen the amount of advances from the Government was only £278,564, compared with £998,871 in the previous year. It is a paradox that at a time when milk producers were undergoing a period of rising costs in production, and when more money was needed, we in fact received less money from the Government. This is due to the cheese milk price formula in the Act upon which the Government advances are made being higher than the actual market price for milk manufactured into butter and cheese.

I suggest that the standard prices of 5d. and 6d. which are now guaranteed should be increased to 6d. and 7d., and that the existing differences of construction in the cheese milk formula should end in such a way that the advance be calculated from the net price received by the Board from manufacturers in respect of any milk sold which returns less than these standard prices.

REORGANISATION COMMISSION

I should like also to refer to the report by the Reorganisation Commission for Milk for Great Britain. We have indicated to the Minister that we see no reason why the control of the industry should be taken out of the hands of the producers. We have put forward proposals to the Minister of Agriculture indicating how, by close co-operation between the Government and the Board, the whole industry, including both producers and consumers could be benefited.

So much for the outstanding features of the report and accounts and other principal events of the year. Within the limit of our powers we have endeavoured to put the industry on its feet. Your market is assured; every gallon of milk is sold; you are provided with facilities for improving production; your liquid milk sales are rising; you have new markets and regular payments; you possess your own factories and conduct research work of a most valuable nature.

NORTH EASTERN TRADING ESTATES, LIMITED

ENCOURAGING RESULTS

COLONEL K. C. APPELYARD'S ADDRESS

The second annual general meeting of the North Eastern Trading Estates, Limited, was held at Metrovick House, Northumberland Road, Newcastle-upon-Tyne, on Monday, June 7, 1937.

Colonel K. C. Appleyard, O.B.E., J.P. (the chairman), in the course of his speech, said:—Our first big task, when North Eastern Trading Estates, Limited, was incorporated on May 18, 1936, was to select a site for the estate, which, after careful examination and deliberation, fell on the Team Valley at Gateshead-on-Tyne. This decision was announced in August, 1936, and a detailed survey of the whole 700-acre site was carried out in record time by the consulting engineers, Sir Alexander Gibb and Partners.

In addition to the economic advantages offered by the chosen site, it was necessary that the estate should offer some special inducement in order to reverse the trend of light industry to the South. The best inducement would be a model estate, properly planned and laid out on the most modern lines, complete with all amenities, and with working conditions as nearly perfect as possible. With the help of the R.I.B.A., we secured the services of Professor W. G. Holford, of Liverpool University, to supervise this plan, and I should like to acknowledge the hard work and vision he has shown in grappling with it.

LOCAL MATERIAL AND LABOUR

On the completion of the survey, the first contract was let to George Wimpey and Company, Limited, of London, and work commenced on the estate in October, 1936. Some criticism was directed towards us at that time for having let this contract to a London firm, but the magnitude of the work necessitated the appointment of a firm equipped to cope with it in a comparatively short time. On the other hand, they and all contractors are bound to use local materials throughout, all things being equal, and also to draw all their labour requirements from the North-East Special Area, with the exception of a small percentage of keymen.

The progress made with the development of the estate is well demonstrated by the following figures, taken out at May 26th. Work done on roads, drainage, and general engineering comprises 170,000 cubic yards of excavation, 34,500 square yards of concrete, 140,000 cubic yards of fill, 21,000 feet of pipes and ducts, 10,500 feet of kerbs.

Sixteen factories are now in course of construction. By May 31st premises were ready for the first tenant, and three others had started to erect their machinery. Work is proceeding on the laying of services to all of these premises. Work has started on the central administrative block, and the central garage will follow at an early date.

ENCOURAGING LETTING EXPERIENCE

On the letting side, our experience has been most encouraging. I stated in our early days that I should be satisfied if we had let six factories during our first year's existence. Actually we have received 320 enquiries, and have let 34 factories, an average of approximately one per week. This remarkable result has been achieved not only by our own efforts, but with the help of all with whom we have come in contact, including Government Departments and local government units, numbers of companies, associations and individuals, the London and North Eastern Railway Company, and, above all, by the Press, both national and local, the value of whose co-operation it is impossible to estimate.

The total sum actually expended to March 31st last on estate development was £58,491 13s. 8d. Our future progress should be such that the monthly expenditure under this heading should exceed the whole expenditure up to March 31st last. Some idea of our commitments may be gleaned from the figure of £370,000, representing a contingent liability in respect of contracts in progress.

CONFIDENCE IN THE FUTURE

The directors look forward to the future with confidence, and if our first year is any guide, the success of this experiment by the Commissioner for the Special Areas with the active encouragement of the Government seems to be assured. Already the company itself has made a distinct inroad into the unemployment figures, and this time next year I hope to be able to report large numbers employed by tenants on the estate.

The report and accounts were adopted.

WELWYN GARDEN CITY, LIMITED

INCREASED DIVIDEND

RECORD INDUSTRIAL DEVELOPMENT

The seventeenth annual general meeting of Welwyn Garden City, Limited, was held, on the 9th instant, at the Holborn Restaurant, W.C. Sir Theodore G. Chambers, K.B.E. (the chairman), said:—

I am pleased to be able to present to the shareholders a profit and loss account for the year which shows a reasonable improvement on that of last year. The increased profit (£20,137, compared with £16,038 last year) has enabled the directors to recommend that the dividend for the year should be raised to 3 per cent. There is reason to believe that the profits of the company will gradually rise in the future and thus provide the means of increasing the dividend by stages. The total assets have increased by approximately £100,000, the greater part of which represents expenditure on additional land and buildings, including the Lockleys Estate. The additional acreage brings the total area of the company's estate up to a figure of approximately 3,150 acres.

In my speech last year I referred to the growing importance of the industrial area of the town and foreshadowed an acceleration in the development of this side of our activities. The report now before you shows that our expectations were more than realised during the year.

Not only was our industrial development greater than during any similar period in the past, but it included the completion of two transactions of exceptional importance. It is a matter of great satisfaction to the directors that after prolonged investigation of sites elsewhere Imperial Chemical Industries, Limited, have decided to associate one of their rapidly expanding businesses with Welwyn. I should particularly like to pay tribute to the Welwyn Garden City Urban District Council for the very helpful manner in which they co-operated in the negotiations. Almost equally important was the completion of the negotiations with Roche Products, Limited. This company, part of the well-known international Hoffmann-La Roche group of companies, has already begun to build a new factory which, when completed, will form a conspicuous feature of the industrial area. Other important industrial developments during the year are set out in detail in the report.

The acceleration in industrial development and the need for providing for housing workpeople to be employed in the large factories now being erected, has naturally led to a more rapid provision of weekly rented houses. The company is building one large group whilst the Council are actively engaged upon a building scheme and are about to commence a second. Negotiations are also proceeding with the Council for the acquisition by them of additional land which, when completed, will enable the Council to provide houses for operatives as and when they are required.

PURCHASE OF LOCKLEYS ESTATE

The beauty of the residential areas is apparent to everyone who visits the town. Visitors from abroad in particular express their pleasure at the charm and character of these districts. During the past year Welwyn has received the compliment of many visits from prominent citizens of the United States of America, and a number of new forms of development in that country, some having the support of the Government, are being based in many respects upon the type of residential development adopted at Welwyn. Despite the activity of the other sides of our business we are not losing sight of the exceptional attractiveness of the town as a place of residence. In this connection the purchase of Lockleys Estate is important as it is an exceptionally beautiful piece of country, and if developed with taste and care should prove to be a very attractive residential district on the outskirts of the town. There seems no doubt that the development of our residential areas will continue steadily.

The past twelve months have seen unusual activity in the provision of educational and recreational facilities. The local Council, for example, having made arrangements for the purchase of additional land, are proposing shortly to lay out an area of about 24 acres as new public playing fields. It also has under consideration plans for the erection of a new public hall in the south-eastern area. These premises, which will be designed as a "Community Centre," will probably be commenced during this summer. The Council has also taken preliminary steps towards the establishment in the town of a permanent hospital for which the company has agreed to make a grant of about five acres.

The report and accounts were unanimously adopted.

GENERAL MINING AND FINANCE CORPORATION, LIMITED

FRESH RECORD ESTABLISHED

STRONG RESERVE POSITION

SIR GEORGE W. ALBU'S REVIEW

The annual general meeting of the General Mining and Finance Corporation, Limited, was held, on the 8th instant, in Johannesburg.

Sir George W. Albu, Bt. (the chairman), in dealing with the report and accounts, stated that the results for 1936 and the financial position at the end of that year showed a still further improvement as compared with the figures for the previous year, and, generally speaking, established a record in the history of the corporation.

The considerable increase, amounting to £180,815, in the year's profit—namely, £599,006, as compared with £418,991—was mainly due to the dividends received from the corporation's holding of West Rand Deferred shares. Two dividends totalling 25 per cent. for the year had been paid—an increase of 5 per cent. as compared with 1935—while £200,000 had been placed to general reserve (against £100,000), increasing the total standing to the credit of that account to the record figure of £600,000. The revenue of the corporation was again chiefly derived from dividends and interest from investments.

VALUATION OF HOLDINGS

Referring to the balance sheet, the Chairman pointed out that current liabilities showed an aggregate of £638,615, as against which liquid assets amounted to £878,107. The increase in the principal items on the assets side of the balance sheet—namely, at stocks and shares, Government and municipal securities, etc.—at £1,894,725 showed an increase of £184,031, representing additional investments made during the year, mainly in dividend-producing securities. The usual custom had been followed of valuing these assets at cost, where such cost was below market prices, but in no case had any stocks been valued above the market prices ruling at the end of the year. In consequence the present market value of the corporation's holdings continued to be very largely in excess of the valuation shown in the balance sheet.

Sir George then proceeded to deal briefly with the corporation's principal interests—namely, Van Ryn Gold Mines Estate, Limited; West Rand Consolidated Mines, Limited; East Rand Proprietary Mines, Limited; Durban Roodepoort Deep, Limited; Phoenix Oil and Transport Company, Limited; and Metal Traders, Limited.

LABOUR SITUATION

Referring to white labour, he stated that the adoption of the "closed shop" principle, which became operative from the first of this month, had been greeted most favourably, and it was to be hoped that through this important step peace and co-operation between the employers and their European employees would be assured for many years to come.

The number of their European employees was still increasing and at the end of April last totalled 38,110, as compared with an average of 23,542 employed during 1932. While there were distinct possibilities of a shortage of native labour arising in the near future, the experiments with tropical natives had been continued with eminent success, and it was to be hoped that their future shortage would, to a large extent, be made up by supplies of natives recruited from sources hitherto not open to the industry.

GOLD AND COMMODITY PRICES

The gold-mining industry, stated the Chairman, was emerging from one of the most unpleasant shocks it had received since the introduction, by the Union Government in 1933, of the heavy scale of taxation at present in force. He was referring to the recent fear that the United States of America was contemplating certain measures tending to devalue gold, though this intention had since been denied.

A good deal had been said recently by various authorities on this intricate subject of gold, but in his view one feature of the whole position stood out very clearly. The main object of the departure from the gold standard by Great Britain, to be followed later by South Africa, the United States, and other countries, was to raise commodity prices and assist in a world recovery from the

depression which followed the boom in 1926 and 1927. This recovery had perhaps recently attained too great a momentum, with the inevitable result of a setback, which might have been confined to narrow proportions had it not been for the unfounded rumours concerning the value of gold. These had had such a startling effect on the prices of metals and commodities, and on the market value of the shares of all classes of mining and industrial concerns, that had they been true a veritable world catastrophe might have ensued.

In his opinion, concluded Sir George, the lessons of the past few weeks had tended to show the basic influence of gold and the necessity of its maintenance as the stabilising element upon which the important currencies of the world were based, and, for these reasons, he continued to be optimistic with regard to the value of that metal.

HENDERSON'S TRANSVAAL ESTATES, LIMITED

IMPROVED RESULTS—RECORD DIVIDEND

The twenty-fifth ordinary general meeting of Henderson's Transvaal Estates, Ltd., was held, on the 9th instant, at River Plate House, London, Sir Joseph Ball, K.B.E., presiding.

The Chairman, in the course of his speech, said:—The profit for the year carried to the balance sheet is £84,573, as against £55,227 last year, an increase of £29,346. The balance of £59,437 brought into the accounts made the credit to profit and loss up to £144,010.

Out of this your directors have considered it prudent to set aside the sum of £23,105, and by incorporating this amount with the existing reserve for equalisation of dividends they have created a reserve for contingencies and equalisation of dividends amounting to £30,000.

In the opinion of your directors the prevailing uncertainty with regard to taxation, when taken in conjunction with the disturbed international situation and the doubts regarding the future of gold, render this provision imperative.

From the balance we recommend the payment of a first and final dividend of 12½ per cent. for the year, less tax, leaving £50,475 8s. 6d. to be carried forward, subject to the directors' additional remuneration. I should perhaps mention here that, under the articles of association, the directors are entitled—subject to the shareholders approving the recommendation as to the dividend—to additional remuneration amounting to £2,114 15s. 10d.

The outstanding feature of the revenue account is, of course, the very substantial increase of £26,520 from dividends and interest. It is satisfactory that, in addition, we are able to record an increase in the profit on share transactions amounting to £2,506, although I must point out that this is not a source of profit that can be counted upon with any degree of certainty.

I referred last year to the strong position of the Company. This year it is, I am glad to say, even stronger; indeed we have achieved several records. Our investments now stand at the record figure of £356,159, as against £310,689 last year. The value of both our quoted and our unquoted securities is in excess of book values, and our reserves have reached the new high record of £130,000. We have earned a record profit, and we are able to distribute a record dividend of 12½ per cent. I would also like to remind shareholders that ever since 1926—even during the world economic crisis of 1931, 1932, and 1933—they have never received a dividend below 5 per cent., and that the average rate of dividend paid during the last ten years works out at just over 7 per cent.

Our interests are, of course, mainly centred in the Union of South Africa, and that dominion, since leaving the gold standard at the end of 1932 and placing its destinies in the hands of a strong National Government, has never looked back. The feeling of confidence in the future to which I referred in my speech last year has been justified by results. All branches of industry in the Union have made, and are still making, remarkable progress, and to-day, among all the dominions, the Union has now become the United Kingdom's best customer.

South Africa is to some extent insulated from the effects of the disturbed conditions which prevail in many other parts of the world, but it is nevertheless possible that some unforeseen international complication might occur which would cause a setback to her economic progress. In the absence of such a catastrophe, however, there seems to be no reason why she should not continue on her course of solid progress and expansion and why Henderson's should not continue to enjoy a proportionate share of her increasing prosperity.

The report and accounts were unanimously adopted.

BURMAH OIL COMPANY, LIMITED

SUBSTANTIALLY IMPROVED RESULTS

The thirty-fifth annual general meeting of the Burmah Oil Company, Limited, was held, on the 4th instant, within the Merchants' Hall, 30 George Square, Glasgow. In the absence of Sir John T. Cargill, Bart., chairman of the company, Mr Robert I. Watson, the managing director, presided.

The Chairman, in the course of his speech, said:—A word on the separation of Burma from India. The previously existing fiscal conditions governing trade between India and Burma have been continued for at least three years from April 1st last, and for this space at any rate Burma petroleum products on import into India will enjoy such preferences over imports from other countries as they had in the past.

As indicated in the report, that post-depression re-expansion of demand for petroleum products, which had already been experienced elsewhere, became manifest in India also last year. That it is still continuing fully up to the average level of expansion in other parts of the world would seem to confirm that it is not merely a backwash but a definite turn in the economic tide.

Then, again, greater confidence in the better balance of supply and demand for oil products and of tanker tonnage brought about generally higher and firmer world quotations permitting some easing up, particularly in the case of kerosene, of the measures we had been finding necessary to protect our outlet for that product in the Indian market.

The greater gallage of all products sold together with lower costs, partly following on that increase and partly due to further direct economies, are the two factors mainly responsible for the net improvement, after depreciation, of £452,378 in our trading results for the year. An increase of £98,918 in interest and in dividends from investments and a small increase in transfer fees raised the aggregate improvement on the credit side of profit and loss account proper by £551,453 at £3,229,614. The savings mainly in subscriptions, were short of the increased income tax liability by £7,178, thus reducing that increased credit to £544,275. But out of the 1935 profits we had to make good £260,234 to fields expenditure equalisation reserve which we had raided to that extent in 1934. Nothing is required in that way in respect of last year, and there is thus this £260,234, together with a saving of £10,625 in the cost of the preference stock dividends and £23,477 by which the balance from 1935 exceeded that from 1934 to be added, giving us £838,611 more to dispose of than we had last year.

The increase in the interim dividend on the ordinary stock has taken £83,946 more than last year and £300,000 more has been placed to general reserve, making that appropriation £500,000 and bringing that reserve up to £1,400,000. This leaves £454,665 of the increase still to dispose of, and this will be absorbed as to £419,250 by the extra cost of the final dividend of 17½ per cent. and of the bonus of 5 per cent. on the ordinary stock, as to £23,254 by the consequential increase in the cost of the further contributions to the company's provident funds, and as to £12,161 in an increase in the balance carried forward over the balance brought in.

SATISFACTORY TRADING CONDITIONS IN INDIA AND BURMA

Trading conditions in our markets in Burma and India up to date this year have been satisfactory, with the volume of demand well maintained and values somewhat better in line, if anything, with the higher world costs ruling. Demand for paraffin wax has also recently been greater, and much potential production of that commodity, which in the recent years of depression had to be degraded to other and less profitable outlets is once more being absorbed as wax. World demand and supply in the case of petroleum is undoubtedly in better equilibrium, partly as a result of the closer control in that direction in the United States, partly in consequence of reduced volumes available for export from Russia, and to a similar development recently in the case of Roumania, and partly because of the continuing expansion in world demand itself. The frank admission by Lord McGowan on the economics of hydrogenation notwithstanding, synthetic substitutes for natural petroleum continue to be sought both here and elsewhere for reasons which the Governments and peoples concerned apparently consider justify, or may justify, the bill which they have to foot for them. In aggregate, however, the results are not in themselves sufficient to cause more than a ripple, if even that, on the much improved waters in which the petroleum industry finds itself at the moment.

The report was adopted and the dividend and cash bonus were confirmed.

DENNY, MOTT AND DICKSON, LIMITED

SUCCESSFUL RESULTS

The ordinary general meeting of Denny, Mott and Dickson, Limited, was held on the 7th instant, at Southern House, Cannon Street, London, E.C. The Rt. Hon. Lord Kennet, P.C., G.B.E., D.S.O., D.S.C. (chairman of the company), presiding.

The Chairman, in the course of his speech, said: The year has been a good one for our trade, and we have, as you see, made a very good profit. The softwood market has been a good one for importers almost all the year. Prices have been rising in that steady way which helps us to earn a fair return upon our capital. The state of supply and the state of demand have both kept prices moving up.

Basic factors of supply and demand seem of a sort to produce another year of firm markets. What of the future of demand? Prophecy is the most gratuitous form of folly; but it may be said that the current year has opened without any falling off in basic demand.

Speaking to you last year I said that our investment in the Alberni Pacific Lumber Company, of which we owned all the shares, had not justified all the expectations formed of it at the outset, and we have sold the whole of this interest to the British Columbian timber interests with which Mr H. MacMillan is particularly associated, at a price a little larger than the valuation of those assets in our balance sheet.

I have a word or two to say about our profit and its distribution. The profit for the year of £155,985 is arrived at after the usual conservative valuation of assets.

Part of the distribution recommended this year is in the form of a dividend, and part in the form of cash bonus. We think the right policy for this company is to try and stabilise the ordinary dividend, if circumstances in the future are so favourable as to make it possible.

You will now, I think, understand the form in which we have recommended the distribution this year. The 6 per cent. dividend is in accordance with the policy of stabilisation. The bonus I would invite you to look upon as something to reckon against the deficiency below 6 per cent. in recent years.

The report and accounts were unanimously adopted.

RIO DE JANEIRO CITY IMPROVEMENTS COMPANY, LIMITED

IMPROVED POSITION

The seventy-fifth ordinary general meeting of the Rio de Janeiro City Improvements Company, Limited, was held, on the 9th instant, at Winchester House, Old Broad Street, London.

Mr Francis M. G. Glyn, the chairman, who presided, said that the balance sheet naturally did not reflect the provisions of the new agreement which had been signed after the end of 1936. The financial position of the company was strong and healthy, and the customary allocations to sinking and reserve funds had been made in accordance with the amortisation scheme. The securities held were almost entirely of a short- and medium-dated character. Although payment was received from the Government at the same rate as in 1935, the net result was better by some £22,000. This was due firstly to the fact that they had added 3,152 rents to the books during the year, which was an increase even on last year's record figure and was a striking proof of the expansion and growth of the city of Rio, and secondly, to the improvement in the sterling value of the milreis.

He was happy to say that since the end of the year the agreement with the Government had been finally signed, approved of by the Congress and registered, and he thought he could safely say it should prove satisfactory, both for the company and for the inhabitants of Rio de Janeiro.

Maintenance costs would rise and it was the board's policy to keep the system in a highly efficient state and thus render the best possible service to the city of Rio. That would entail certain annual expenditure, but, despite this, he hoped that under the new scale of payment they would be in a position to give shareholders that "reasonable return" upon their capital for which they had waited so patiently.

He hoped, however, that their company might under the new agreement look forward to a period of peace and progress, and be given the opportunity of developing and increasing the efficiency of the service it gave to the inhabitants of Rio de Janeiro.

The reports and accounts were unanimously adopted.

GOLDEN HOPE RUBBER ESTATE, LIMITED

INCREASING CONSUMPTION

The thirty-first annual general meeting of the Golden Hope Rubber Estate, Limited, was held, on the 9th instant, at 19 Fenchurch Street, London.

Mr Eric MacFadyen (the chairman), in the course of his speech, said: The year's profit was £35,333. After transferring £5,000 to property depreciation account we have charged against it the cost of replanting. In the last four years we have replanted 406 acres, of replanting. In the last four years we have replanted 406 acres, and this is now being brought up to 690 acres; we shall probably not add more in the immediate future. We recommend transferring £3,500 to general reserve. Planted area is 9,655 acres, and the book cost, after deducting surplus liquid assets from the issued capital at par, is £32 16s. 9d. per acre. If the 90 per cent. rate of exports remains throughout the present financial year we may expect to harvest about 3,400,000 lb. at much the same cost per pound as last year. For the year we have sold forward 1,180,480 lb. at 9.3d., London equivalent, and for next financial year 358,400 lb. at 10.9d.

World absorption of rubber continues to rise and may be 1,250,000 tons in the company's financial year ending February. Stocks have continued to decline and were probably about 400,000 tons last February. With larger releases they should be replenished later this year by, say, 50,000 to 70,000 tons, and next year by some further moderate amount.

Synthetic rubber has taken fifty years to become a commercial article and its development is still very gradual owing to the high cost of its manufacture. The types which are in themselves valuable are not identical with natural rubber but are specially suited for special uses. Those which are competing with natural rubber are doing so only where national self-sufficiency altogether outweighs cost. In the long run the problem is likely to be to give the world enough rubber, not to prevent its having too much.

Mr J. Mitchell, who had recently visited the estates, spoke highly of those bought in 1934-35 and of the young replanted areas: he found the older properties also in good order and condition.

The report was unanimously adopted, and the dividend of 6 per cent. was approved.

UNITED SUMATRA RUBBER ESTATES, LIMITED

IMPROVED YEAR'S RESULTS

The twenty-eighth annual ordinary general meeting of the United Sumatra Rubber Estates, Limited, was held, on the 4th instant, at 30 Mincing Lane, E.C., Mr H. A. Barrett (the chairman) presiding.

The Chairman said it was with pleasure he was able to propose a final dividend of 3½ per cent., making 5 per cent. for the year. The improvement in their affairs was due to the increased consumption of rubber and the higher prices realised. The permissibility of export quota of 413,289 lbs. for 1936 was sold at an increased price of 2d. per pound, giving them a gross profit on rubber of £5,077, as against £2,140 for the preceding year. Their coconut areas had also been remunerative, greater consumption having resulted in an increase of £2 12s. 9d. per ton in the price realised for their copra, the gross profit on which was £494, as compared with a loss of £1,976 for the year before. The net result of their operations was a profit of £5,738. As to the current year, rubber was reasonably remunerative at current prices, and further, they were permitted to export a considerably larger quantity. Their copra also was selling well, the sale forward of 300 tons at £19 10s. per ton ensuring them a profit for that product.

Mr A. P. Hadow, in referring to his visit to the estates, said the rubber areas showed a decided improvement since his previous visit just under two years ago, and he hoped as regarded coconuts that the current year would show better results.

The report and accounts were unanimously agreed to.

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

TRONOH MINES, LIMITED

EXTENSION OF ACTIVITIES

The thirty-fifth annual general meeting of Tronoh Mines, Limited, was held, on the 10th instant, at the Institute of Chartered Accountants, London.

Mr C. V. Thomas (the chairman), said that the output of the company's dredges was 1,200 tons of tin ore, including 65 tons of quota purchased. The profit for the year was £137,771. At the previous day's prices the total value of the company's investments was £1,074,000. If to that was added the cash now in London and at the mine, they had a total of approximately £1,189,000 in cash and stocks and shares. Dividends totalling 40 per cent. were paid during the year.

The report spoke of five dredges, which was what the company had at the end of last year. Since the close of the year No. 2 dredge had been sold at a satisfactory price. The new No. 1 dredge, which would have a capacity of 300,000 cubic yards per month, would, in due course, operate on the 750 acres area adjoining the Tronoh section, which was estimated to contain 32 million cubic yards averaging .31 catty with an average depth of 45 feet, an estimate which it was anticipated would be exceeded in actual working. It would take the place of Nos. 2 and 4, and No. 4 would eventually go to a new property in Siam which the company had recently acquired. That new property so far represented an area of about 29 million cubic yards with an average value of .35 catty and a depth of 49 feet. There was good ground for believing that that area would be subsequently increased.

An interim dividend of 12½ per cent. was paid in March last, and at a board meeting that morning a further interim dividend of 12½ per cent. was declared.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended June 5, 1937, amounted to £8,053,000, against ordinary expenditure of £43,225,000. After allowing for a decrease in Exchequer Balances of £97,557, the operations for the week, as shown below, increased the gross National Debt by £35,074,000, to approximately £7,967 millions.†

(000's omitted)			
Advances by Bank of England	+ 9,500	Treasury Bills	11,065
Public Department Advances	+ 11,910	National Savings Certificates	200
National Defence Bonds	+ 24,840		
Land Sett. (Fac.) Acts	+ 14		
Title Act, 1936	+ 75		
	+ 46,339		— 11,265
† Including £375 millions on Account of Exchange Equalisation Fund.			

An analysis of the approximate position of the National Debt, as at March 31, 1937, appeared on page 47 of *The Economist* of April 3, 1937.

Revenue	Total Receipts into the Exchequer			
	April 1, 1936 to June 6, 1936	April 1, 1937 to June 5, 1937	Week ended June 6, 1936	Week ended June 5, 1937
ORDINARY REVENUE	£	£	£	£
Inland Revenue—				
Income Tax	10,170,000	11,584,000	276,000	6,000
Sur-tax	3,740,000	4,180,000	180,000	250,000
Estate, etc., Duties	14,540,000	16,850,000	940,000	2,030,000
Stamps	2,280,000	2,990,000	200,000	330,000
Other Inland Revenue Duties	70,000	70,000	...	...
Total Inland Revenue	80,800,000	35,674,000	1,596,000	2,616,000
Customs and Excise—				
Customs	36,827,000	39,812,000	3,314,000	3,923,000
Excise	17,300,000	18,900,000	700,000	853,000
Total Customs and Excise	54,127,000	58,712,000	4,014,000	4,776,000
Motor Vehicle Duties	4,373,000	4,433,000	286,000	158,000
Post Office (Net Receipts)	5,750,000	6,025,000	250,000	345,000
Crown Lands	250,000	230,000	...	...
Receipts from Sundry Loans	368,380	361,911	91,773	90,956
Miscellaneous Receipts	1,574,823	893,004	1,014	66,791
Total Ordinary Revenue	97,244,203	106,328,915	6,218,787	8,052,747
SELF-BALANCING REVENUE				
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	9,400,000	10,075,000	800,000	905,000
Total	106,644,203	116,403,915	7,018,787	8,957,747

Expenditure	Total Issues out of the Exchequer to meet payments			
	April 1, 1936, to June 5, 1936	April 1, 1937, to June 5, 1937	Week ended June 5, 1936	Week ended June 5, 1937
ORDINARY EXPENDITURE	£	£	£	£
Interest and Management of National Debt	69,051,610	69,728,782	30,700,370	30,571,713
Payments to Northern Ireland Exchequer	993,320	1,081,857	218,164	218,164
Other Consolidated Fund Services	325,546	408,697	74,482	74,482
Total	70,370,476	71,221,336	30,992,616	30,864,359
Total Supply Services (excluding Post Office and Broadcasting)	187,951,500	91,642,100	16,000,000	12,330,000
Total Ordinary Expenditure	158,321,976	162,911,506	36,992,616	43,224,659
SELF-BALANCING EXPENDITURE	£	£	£	£
Post Office Vote and Vote for Broadcasting	9,100,000	10,075,000	800,000	905,000
Total	167,421,976	172,986,506	37,792,616	44,129,659

† Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate revenue from April 1, 1937, to June 5, 1937, is shown below:—

Expenditure	(000's omitted)			
	Revenue	Grants	Loans	Net borrowing
Revenue	162,915	106,329	123	57,457
Grants	—	—	—	—
Loans	—	—	—	—
Net borrowing	—	—	—	—
Total	162,915	106,329	123	57,457

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1937 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding	June 6, '36, Mar. 31, '37, June 5, '37			
	£	£	£	£
Advances by Bank of England	6,250,000	9,500,000	9,500,000	9,500,000
Advances by Public Departments	24,030,000	23,535,000	31,885,000	11,910,000
Treasury Bills outstanding	787,185,000	674,595,000	669,950,000	1,065,000
Total Floating Debt	817,465,000	698,130,000	711,335,000	10,345,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury Bills were opened on June 4, 1937. The amount applied for was £69,215,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at 99 16s. 5d. about 54 per cent. and above in full; Saturday at 99 16s. 6d. and above in full. The average rate per cent. was 14s. 1-02d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1-64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4-32
January 8, 1936	85,000,000	68,075,000	85,000,000	0 10 10-72
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1-27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5-63
April 2, 1937	45,000,000	73,025,000	45,000,000	0 10 6-69
May 28, 1937	45,000,000	72,235,000	45,000,000	0 10 6-69
June 4, 1937	45,000,000	69,215,000	45,000,000	0 14 1-02

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Five days ended May 22, 1937	584,801	438,601
Week ended May 29, 1937	583,625	422,719
February, 1916, to May 22, 1937	1,294,848,606	1,017,574,293

At the end of April 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £389,726,807.

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,
JUNE 9, 1937

ISSUE DEPARTMENT

Notes Issued:—	£			
	In Circulation	In Banking Department	Government Debt	Other Government Securities
In Circulation	476,541,474	—	184,088,322	4,885,132
In Banking Department	—	44,719,892	—	—
Total	476,541,474	44,719,892	184,088,322	4,885,132
Amount of Fiduciary Issue	200,000,000	—	—	—
Gold Coin and Bullion	321,261,366	—	—	—
Total	521,261,366	—	—	—

BANKING DEPARTMENT

Proprietors' Capital	£			
	14,553,999	14,553,999	14,553,999	14,553,999
Reserves	3,277,611	3,277,611	3,277,611	3,277,611
Public Deposits*	10,687,162	10,687,162	10,687,162	10,687,162
Other Deposits	—	—	—	—
Bankers	107,428,668	107,428,668	107,428,668	107,428,668
Other Accounts	36,775,970	36,775,970	36,775,970	36,775,970
Total	144,204,638	144,204,638	144,204,638	144,204,638
Notes	—	—	—	—
Gold and Silver Coin	—	—	—	—
Total	172,722,411	172,722,411	172,722,411	172,722,411

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

Both Departments	Amount, June 9, 1937			
	Inc. or Dec. on Last Week	Inc. or Dec. on Last Week	Inc. or Dec. on Last Week	Inc. or Dec. on Last Week
Note circulation	476,541,474	—	988,895	—
Public deposits	10,687,162	—	455,312	—
Bankers' deposits	107,428,668	—	2,070,812	—
Other deposits	36,775,970	—	524,697	—
Total outside liabilities	631,433,274	—	1,151,362	—
Capital and res.	17,830,611	—	17,614	—
Government debt and securities	296,306,435	—	1,255,875	—
Discounts and advances	4,832,686	—	1,333,224	—
Other securities	25,959,163	—	22,648	—
Silver coin in issue department	11,446	—	2,686	—
Coin and bullion (bank's reserves)	322,151,145	—	64,104	—
Reserves of notes and coin in banking department	45,612,671	—	924,731	—
Proportion of reserve to outside liabilities	—	—	—	—
(a) Banking Department only ("proportion")	29.4%	—	0.2%	—
(b) Gold stock to deposits and notes ("reserve ratio")	51.0%	—	0.1%	—

(000's omitted)

Date	Issue Department		Banking Department				Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	Other		
1937	£	£	£	£	£	£	£	%
May 19	521,261	481,433	19,194	97,431	37,580	2,600	in	2
" 26	521,261	475,220	24,884	91,372	37,480	Nil	—	2
June 2	521,261	475,553	10,232	109,499	37,301	Nil	—	2
" 9	521,261	476,541	10,687	107,428	36,776	Nil	—	2

(000's omitted)

Date	Issue Department		Banking Department				Gold in or out of Bank	Bank Rate
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities		
1937	£	£	£	£	£	£	£	%
May 19	184,622	5,867	322,149	50 1/2	103,273	6,571	21,420	40,716
" 26	184,680	5,331	322,121	51 1/2	99,472	4,865	20,267	46,901
June 2	184,740	5,246	322,090	50 1/2	100,822	4,749	20,736	46,537
" 9	185,103	4,885	322,154	51 1/2	101,203	4,833	21,074	45,613

† Corrected figure.

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

January 1 to May 28	£			
	Town	Metropolitan	Country	Total
Week ended June 2	15,299,425	886,723	1,537,646	17,723,794
Week ended June 9	782,598	43,310	69,512	895,418
Week ended June 9	679,663	45,456	91,027	816,146
Total to date, 1937	16,761,684	975,489	1,698,185	19,435,358
Total to date, 1936	14,340,589	884,069	1,522,043	16,746,701
Increase or decrease in 1937	+ 2,421,095	+ 91,420	+ 176,142	+ 2,688,657
%	+ 16.9%	+ 10.3%	+ 11.5%	+ 16.1%
Total for year 1936	35,039,358	2,039,620	3,537,568	40,616,546
Total for year 1935	32,443,575	1,887,112	3,226,064	37,556,751
Increase or decrease in 1936	+ 2,595,783	+ 152,508	+ 308,534	+ 3,056,825
%	+ 8.0%	+ 8.1%	+ 9.6%	+ 8.2%

PROVINCIAL

(000's omitted)

Week ended June 5	Month of May				Aggregate Totals January 1 to June 5
	1936	1937	1936	1937	
No. of working days	26	24	26	24	—
BIRMINGHAM	2,213	3,628	11,023	10,275	—
BRADFORD	739	988	3,961	4,397	—
BRISTOL	851	1,509	5,653	4,959	—
DUBLIN	5,201	6,281	3,616	3,800	—
HULL	711	883	3,910	3,972	—
LEICESTER	730	1,205	3,204	3,049	—
LIVERPOOL	598	932	4,384	4,598	—
MANCHESTER	4,657	7,269	24,994	27,769	—
NEWCASTLE	8,900	13,649	43,384	45,969	—
NOTTINGHAM	1,216	1,701	5,816	6,498	—
SHEFFIELD	473	690	2,200	2,200	—
Total	1,108	1,573	4,044	4,174	—
Total	27,397	40,308	111,784	117,050	—
%	—	—	—	—	—

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Spain appeared in *The Economist* for August 15. Turkey in May 22. Egypt, Portugal, Roumania, Sweden, Federal Reserve Reporting Members in May 29. Danzig, Estonia, Greece, Java, Latvia, Lithuania, New Zealand, Norway, Reichsbank, Hungary, Canada and Yugoslavia in June 5.

BANK FOR INTERNATIONAL SETTLEMENTS

(In Millions of Swiss gold francs of 0.29 grammes)

Assets	May 31, 1936				
	1936	1937	1937	1937	1937
Gold in bars	32.3	35.3	45.1	32.2	51.0
Cash	7.8	39.2	25.6	32.7	42.6
Sight funds	15.3	26.5	26.5	25.2	43.6
Bills and acceptances: Commercial bills	154.2	107.1	101.3	106.6	117.8
Treasury bills	170.4	131.6	130.7	133.4	131.4
Time funds: Not exceeding 3 months	34.0	26.9	28.7	27.8	36.2
Sundry bills and investments	227.9	259.8	259.4	263.0	273.9
Other assets	8.4	1.4	1.4	1.7	1.7
LIABILITIES					
Capital paid up	125.0	125.0	125.0	125.0	125.0
Reserves	22.1	22.1	22.1	22.1	23.2
Special deposits:—					
Germany Government deposit fund	154.9	153.3	153.2	153.3	152.9
French Government guarantee fund	77.5	76.6	76.6	76.6	76.5
French Government deposit fund	61.9	43.3	42.8	41.7	41.5
Time deposits of Central Banks:—	2.0	1.4	1.4	1.4	1.4
Not exceeding 3 months:—					
For their own account	113.6	110.2	105.5	103.7	155.2
Between 3 and 6 months: for their own account	3.0†	—	—	—	—
Sight deposits of Central Banks:—					
For their own account	24.1	24.9	24.1	31.1	47.7
For account of others	0.5	0.3	0.2	0.4	0.4
Other deposits	24.1	23.5	23.3	21.7	16.6
Sight deposits—gold	34.2	43.7	40.4	41.5	33.5
Miscellaneous items	8.0	—	—	—	7.9
Profits for distribution July 1	—	—	—	—	—

† Not exceeding three months, for account of others.

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

U.S.F.R. BANKS	June 10, 1936	May 20, 1937	May 27, 1937	June 3, 1937	June 10, 1937
RESOURCES					
Gold Certificates on hand and due from the Treasury	7,939,040	8,838,910	8,838,410	8,838,400	8,839,490
Total reserves	8,247,870	9,139,650	9,146,060	9,122,440	9,155,200
Total cash reserves	295,570	289,150	286,310	272,690	305,740
Total bills discounted	5,400	15,280	15,700	17,490	14,290
Bills bought in open market	3,080	4,480	6,260	6,260	5,820
Total bills on hand	8,480	19,760	21,960	23,750	20,110
Industrial advances	30,060	22,520	22,410	22,230	22,200
Total U.S. Govt. securities	2,430,250	2,526,290	2,526,290	2,526,290	2,526,290
Total bills and securities	2,468,970	2,568,570	2,570,650	2,572,270	2,568,600
Total resources	11,362,830	12,523,820	12,436,100	12,453,370	12,436,200
LIABILITIES					
Federal Reserve notes in actual circulation	3,785,980	4,184,420	4,184,040	4,235,110	4,202,050
Aggregate of excess member- bank reserves over re- quirements	2,950,000	910,000	940,000	860,000	930,000
Deposits—Member-bank— savings account	5,833,390	6,918,230	6,943,600	6,825,710	6,828,980
Government deposits	516,400	118,780	80,490	84,640	84,640
Total deposits	6,655,420	7,285,050	7,284,850	7,224,280	7,292,760
Capital paid in and surplus	302,880	805,540	905,550	905,540	905,540
Total liabilities	11,362,830	12,523,820	12,436,100	12,453,370	12,436,200
Ratio of total reserves to deposit and F.R. note liabilities combined	79-0%	79-7%	79-7%	79-6%	79-6%
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock	10,480,000	11,907,000	11,977,000	12,027,000	12,118,000
Treasury and National Bank Currency	2,489,000	2,547,000	2,546,000	2,548,000	2,547,000
LIABILITIES					
Money in Circulation	5,937,000	6,399,000	6,399,000	6,487,000	6,435,000
Treasury Cash and De- posits with Federal Re-		8,106,000	8,220,000	8,267,000	3,339,000

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balances May, 1937	Barclays Bank Limited	Comt. and Co.	District Bank Limited	Glyn, Mills and Co.	Lloyds Bank Limited	Martins Bank Limited	Midland Bank Limited	National Bank Limited	National Provincial Bank Limited	Westminster Bank Limited	Williams Deacon's Bank Limited	Aggregate
ASSETS	£	£	£	£	£	£	£	£	£	£	£	£
Coin, bank notes and balances with the Bank of England	43,365	2,030	7,603	4,044	41,675	9,099	51,124	3,204	31,164	35,804	3,672	232,784
Balances with and cheques in course of collection on other Banks in Great Britain and Ireland	12,395	749	2,254	1,404	11,501	2,982	13,946	253	7,283	9,623	1,879	64,269
Items in transit	...	...	...	...	4,030	698	...	...	...	...	...	4,728
Money at call and short notice	23,574	1,999	8,350	10,914	30,526	4,835	28,195	4,750	24,012	24,897	6,111	168,163
Bills discounted	49,419	824	1,939	646	46,445	2,454	62,527	1,518	29,622	48,631	346	244,371
Investments	109,640	9,125	29,985	10,963	116,961	28,578	120,898	15,424	89,582	112,722	12,901	656,779
Advances to customers and other accounts	193,193	11,641	28,792	12,794	161,916	44,396	209,484	15,801	128,338	132,787	13,241	952,383
Liabilities of customers for acceptances, endorsements, etc.	9,802	549	10,302	3,021	36,577	8,682	22,692	263	9,201	23,423	1,273	125,785
Bank premises account	7,445	412	1,554	740	7,613	2,676	9,991	705	7,345	5,290	1,083	44,854
Investments in affiliated banks and subsidiary companies	6,968	...	...	...	3,325	...	7,745	...	2,514	2,993	...	23,545
Ratio of cash to current, deposit and other accounts	10.33	8.19	10.20	10.20	10.44	10.31	10.69	8.50	10.31	10.11	10.04	10.32
LIABILITIES												
Capital paid up	15,858	1,000	2,976	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	77,286
Reserve fund	10,250	1,000	2,976	530	9,000	3,300	11,500	1,120	8,000	9,320	800	57,796
Current, deposit and other accounts	419,891	24,780	74,525	39,635	399,175	88,237	478,162	37,678	302,381	354,093	36,558	2,255,115
Acceptances, endorsements, etc.	9,802	549	10,302	3,021	36,577	8,682	22,692	263	9,201	23,423	1,273	125,785
Notes in circulation	...	...	...	...	7	21	...	1,357	...	14	...	1,399
Reduction of bank premises account	...	...	...	280	...	...	...	...	...	...	...	280
	455,801	27,329	90,779	44,526	460,569	104,400	526,602	41,918	329,061	396,170	40,506	2,517,661

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.*

(000's omitted)

ASSETS	May 31, 1936	May 7, 1937	May 15, 1937	May 23, 1937	May 31, 1937
Gold	2,695,031	2,579,374	2,578,467	2,578,195	2,577,919
Balances abroad and foreign currency	35,848	128,890	120,782	116,087	443,935†
Discounts and advances	1,260,637	2,326,995	2,080,723	1,881,433	1,864,829
State notes and balance	2,037,857	2,017,641	2,017,398	2,016,946	2,016,905
LIABILITIES					
Bank notes in circulation	5,482,080	5,735,585	5,511,042	5,239,411	5,788,903
Deposits	464,170	648,998	572,738	659,741	402,223

* First return showing effects of devaluation, October 15, 1936. † Includes proceeds of Swiss loan for Postal Savings Bank of Kc. 322½ millions.

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

ASSETS	May 23, 1936	April 30, 1937	May 7, 1937	May 15, 1937	May 23, 1937
Gold holdings	1,606,955	1,754,500	1,754,000	1,759,433	1,765,820
Balances abroad and foreign currencies	484,012	545,904	562,008	542,589	491,137
Discounts and advances	1,374,177	979,200	967,734	953,834	1,022,090
Advances to the Treasury	2,671,279	3,551,463	3,551,463	3,551,463	3,551,463
LIABILITIES					
Reserves	1,246,894	1,241,835	1,241,835	1,241,708	1,241,198
Bank notes in circulation	2,180,815	2,835,787	2,518,645	2,441,691	2,389,731
Sight liabilities	2,272,471	2,792,913	2,874,877	2,981,758	3,085,723
Deposits	142,760	106,342	105,264	105,183	104,818

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

ASSETS	May 31, 1936	Apr. 30, 1937	May 10, 1937	May 20, 1937	May 31, 1937
Gold	374,504	408,788	409,557	410,971	412,471
Foreign exch. and balances	6,533	36,341	39,825	40,154	40,619
Bills discounted	659,399	560,664	553,287	528,880	520,830
Loans against securities	134,413	50,539	32,563	28,205	33,203
Treasury bonds discounted	57,308	9,162	16,064	23,027	25,509
Securities	91,394	134,406	134,500	134,559	134,680
LIABILITIES					
Notes in circulation	1,061,112	995,695	969,667	935,053	975,302
Sight liabilities	123,118	245,457	267,318	298,796	267,756

BANK OF FINLAND.—In F. Marks (000's omitted)

ASSETS	May 30, 1936	May 8, 1937	May 15, 1937	May 22, 1937	May 31, 1937
Gold reserve	501,327	603,082	603,045	603,032	603,021
Gold abroad not included in the gold reserve	...	213,193	213,193	213,193	208,673
Foreign correspondents	1,247,926	1,787,843	1,776,325	1,773,795	1,807,115
Foreign bills, bank notes, and coupons	88,339	91,624	94,502	93,145	91,661
Inland bills and other home loans	1,016,878	1,123,368	1,121,288	1,137,973	1,134,471
Finnish and foreign bonds	394,294	439,028	439,350	439,350	448,124
LIABILITIES					
Notes in circulation	1,500,894	1,944,153	1,913,868	1,844,769	1,899,607
Government deposits at sight	14,556	421,598	432,774	439,535	398,186
Other deposits at sight	583,362	602,462	616,247	676,698	671,067
Ratio of ordinary cover to liabilities at sight	78.63	73.69	73.44	73.18	73.03

BANK OF JAPAN.—In yen (000's omitted)

ASSETS	May 16, 1936	Apr. 24, 1937	May 1, 1937	May 8, 1937	May 15, 1937
Gold coin and bullion	517,985	543,259	543,689	545,358	539,541
Other coin and bullion	54,918	41,925	43,748	45,058	47,172
Discounts	544,314	559,407	606,999	498,199	483,413
Advances	171,714	240,400	240,931	243,525	244,194
Advances on foreign bills	29,481	42,232	82,394	29,898	55,478
Government bonds	550,449	651,499	699,910	701,684	659,784
LIABILITIES					
Notes	1,189,938	1,450,212	1,561,452	1,399,389	1,335,154
Government deposits	445,967	438,758	427,407	429,943	432,772
Other deposits	54,255	62,270	60,920	62,598	52,249

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	June 3, 1937	June 4, 1937	June 5, 1937	June 7, 1937	June 8, 1937	June 9, 1937	June 10, 1937
Bank rate (changed from 2½% June 30, 1932)	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1½	1½	1½	1½	1½	1½	1½
Short	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank	1½	1½	1½	1½	1½	1½	1½
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1937	%	%	%	%	%	%	%
May 18	1-1	1-1/2	1-1/2	1-1/2	2-2	2-1/2	2-3
" 20	1-1	1-1/2	1-1/2	1-1/2	2-2	2-1/2	2-3
" 27	1-1	1-1/2	1-1/2	1-1/2	2-2	2-1/2	2-3
June 3	1-1	1-1/2	1-1/2	1-1/2	2-2	2-1/2	2-3
" 10	1-1	1-1/2	1-1/2	1-1/2	2-2	2-1/2	2-3

LONDON RATES OF EXCHANGE

I.—Spot Rates

(Range of the day's business)

London on	Par of Exch. per £	June 4, 1937	June 5, 1937	June 7, 1937	June 8, 1937	June 9, 1937	June 10, 1937
New York, \$.	24.864	4.92-93	4.93-93½	4.93-93½	4.93-93½	4.93-93½	4.93-94
Montreal, \$.	4.864	4.92-93	4.93-93½	4.93-93½	4.93-93½	4.93-93½	4.93-94
Paris, Fr.	124.21	110½-111	110½-111	110½-111	110½-111	110½-111	110½-111
Brussels, Bel.	35.00(a)	29.25-29	29.28-31	29.27-32	29.25-29	29.26-29	29.23-28
Milan, L.	92.46	93-94	93½-94	93½-94	93½-94	93½-94	93½-94
Zurich, Fr.	25.22	21.57-62	21.61-64	21.59-63	21.58-61	21.60-62	21.58-62
Athens, Dr.	375	540-555	540-555	540-555	540-555	540-555	540-555
He's fors, M.	193.23	225½-226½	225½-226½	225½-226½	225½-226½	225½-226½	225½-226½
Madrid, Pt.	25.224	59-50	70-100	70-100	59-50	59-50	59-50
Lisbon, Esc.	110	110-110½	110-110½	110-110½	110-110½	110-110½	110-110½
Amst'dm Fl.	12.107	8.94½-96½	8.96½-98	8.96½-98	8.96½-97½	8.97-98½	8.96½-98½
Berlin, Mk.	20.43	12.26-31	12.29-32	12.30-34	12.31-34	12.31-34	12.31-34
Registered							
Vienna, Sch.	34.584	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½
Bu'pest, Pen.	27.82	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½
Prague, Kc.	\$164½	141½-141½	141½-141½	141½-141½	141½-141½	141½-141½	141½-141½
Danzig, Gul.	25.40	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Warsaw, Zl.	43.38	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Riga, Lat.	25.224	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½
Bucharest, Lei	613.8	665-680	665-680	665-680	665-680	665-680	665-680
Const'ple, Pst	110½	623½	623½	623½	623½	623½	623½
Belgrade, Din.	276.32	210-220	210-220	210-220	210-220	210-220	210-220
Kovno, Lit.	48.66	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½
Sofia, Lev.	673.66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18.159	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Oslo, Kr.	18.159	19.85-95	19.85-95	19.85-95	19.85-95	19.85-95	19.85-95
Stockh., Kr.	18.159	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45
Cop'h'gen, Kr.	18.159	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45
Alex'ndria, Pt.	97½	97½-98	97½-98	97½-98	97½-98	97½-98	97½-98
Br. India Rup.	† 18d.	18½-19	18½-19	18½-19	18½-19	18½-19	18½-19
Hong Kong, \$	† 14½	14½-15	14½-15	14½-15	14½-15	14½-15	14½-15
Kobe, Yen	† 24.58d.	14½-15	14½-15	14½-15	14½-15	14½-15	14½-15
Shanghai, \$	† 28d.	28½-29	28½-29	28½-29	28½-29	28½-29	28½-29
Singapore, \$	† 12.11	8.91-96	8.92-97	8.92-97	8.92-97	8.92-97	8.92-97
Batavia, \$	† 5.89d.	3½-4	3½-4	3½-4	3½-4	3½-4	3½-4
Rio, Mil.	† 5.89d.	16-15½	16-15½	16-15½	16-15½	16-15½	16-15½
B. Aires, \$...	11.45	128½ (1)	128½ (1)	128½ (1)	128½ (1)	128½ (1)	128½ (1)
Valparaiso, \$	40	27½-28	28½-29	28½-29	28½-29	28½-29	28½-29
M'video, \$...	† 51d.	39½b	39½b	39½b	39½b	39½b	39½b
Lima, Sol.	† 17.38	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	19-20
Mexico, Pes.	9.76	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Manila, Pes.	† 24.66d.	24-24½	24-24½	24-24½	24-24½	24-24½	24-24½
Moscow, Rbls.		26½m	26½m	26½m	26½m	26½m	26½m
B'ngkok, Baht	† 21.82d.	22-22½	22-22½	22-22½	22-22½	22-22½	22-22½

SILVER MARKET

Prices again showed only small movements and, although conditions were quiet, the market maintained a steady tone during most of the week. China sales and speculative re-sales provided the bulk of the supplies, and the main support came from the Indian Bazaars, who made some purchases for early shipment. On June 8th, however, Indian buyers became hesitant, and there was an easier tendency in consequence. Prices on June 9th were fixed at 20½d. for cash and 20¾d. for two months' delivery, which compare with 20½d. and 20¾d. for the respective deliveries quoted a week ago. The June 9th level may not be attractive to sellers, but increased interest on the part of the Indian Bazaars would seem necessary to any advance.

Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce .999 fine
			Cash	Two Months	
June 3	140 9	12 0-86	20½	20¾	June 2
" 4	140 5	12 1-20	20½	20¾	June 8
" 5	140 3½	12 1-33	20½	20¾	June 9
" 7	140 8½	12 0-90	20½	20¾	June 10
" 8	140 7	12 1-03	20½	20¾	
" 9	140 6½	12 1-07	20½	20¾	
Average	140 6-58	12 1-07	20-281	20-344	
June 10	140 7	12 1-03	20	20	

The highest rate of exchange on New York recorded during the period from June 3rd to 9th was \$4.93½, and the lowest \$4.91½.

OTHER STATISTICS

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended June 4, 1937.	(c) Week ended June 5, 1937.	Miles Open	Gross Receipts, week ended June 6, 1937 (£'000)					Aggregate Gross Receipts, compared with 1936 (22 weeks) (£'000)				
			Passenger, etc.	Merchandise, etc.	Coal and Coke	Total	Total Receipts	Passenger, etc.	Merchandise, etc.	Coal and Coke	Total	Total Receipts
Great Western { 1937	3,748	218	214	114	328	546	4,075	4,300	2,486	6,786	10,861	
Western { 1936	3,746	216	158	56	214	430	3,932	4,143	2,255	6,398	10,330	
(c) L. & N. { 1937	6,320	338	359	256	615	953	6,394	7,421	5,616	13,037	19,431	
Eastern { 1936	6,333	368	268	158	426	794	6,130	7,122	5,269	12,391	18,521	
L. M. & Scottish { 1937	6,877	515	510	244	754	1,269	9,792	10,696	5,983	16,679	26,471	
Scottish { 1936	6,898½	534	396	153	549	1,083	9,381	10,421	5,531	15,952	25,333	
Southern { 1937	2,153	345	63	29	92	437	6,309	1,306	700	2,006	8,315	
1936	2,154	324	46	14	60	384	5,941	1,362	707	2,069	8,010	
Total { 1937	19,088	1,416	1,146	643	1,789	3,205	26,570	27,723	14,785	38,508	65,078	
1936	19,131½	1,442	868	381	1,249	2,691	25,384	23,048	13,762	36,810	62,194	
(b) Belfast & Co. Down { 1937	80	2-4	...	...	0-5	2-9	43-3	...	...	11-1	54-4	
1936	80	2-7	...	...	0-5	3-2	43-8	...	...	12-5	56-6	
(b) Great Northern { 1937	543	10-7	...	...	9-8	20-5	192-5	...	...	208-4	400-9	
1936	543	11-8	...	...	8-6	20-4	192-2	...	...	224-2	416-4	
(b) Great Southern { 1937	2,076	34-2	...	...	42-8	77-0	650-0	...	...	914-1	1,564-1	
1936	2,124	41-6	...	...	36-3	77-9	659-1	...	...	930-7	1,589-8	

COMPARISONS WITH CORRESPONDING PERIODS, 1935 and 1936 (000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year, 1936, compared with first half-year, 1935:				
Gross increase or decrease.....	+ 263	+ 937	+ 534	+ 85
Second half-year, 1936, compared with second half-year, 1935:				
Gross increase or decrease.....	+ 491	+ 1,575	+ 751	+ 378
First half-year, 1937, compared with first half-year, 1936:				
22 weeks to June 5, 1937.....	+ 531	+ 1,138	+ 910	+ 305
Weekly average first half 1937	+ 24½	+ 51½	+ 41½	+ 13½
Latest week 1937 compared with 1936.....	+ 116	+ 186	+ 159	+ 53

LONDON TRANSPORT

	Takings (before pooling)	Compared with corresponding period of last year
Week ending June 5, 1937.....	£584,500	£7,100
Aggregate 49 weeks to June 5, 1937.....	£27,022,400	£246,700

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1937	+ or -
				1937	+ or -

INDIAN

	1937	Rs.	Rs.	Rs.	Rs.
Assam Bengal	7	May 20	1,330	£4,55,100	— 8,985
Barelly L. Ry.	6	10	202	139,000	— 5,900
Bengal & N. Western	7	20	2,107	£12,58,062	+ 60,140
Bombay Bar. & C.I.	7	20	3,238	£25,49,000	+ 1,09,876
Bombay & S. Mahr.	9	31	3,072	£40,19,000	+ 4,33,000
Madras & S. Mahr.	7	20	3,229	£22,40,000	— 73,258
Robt. & Kurnool	7	20	572	£12,19,417	+ 30,676
South Indian	7	20	2,532	£15,39,773	+ 6,918

† 10 days.

† 11 days.

CANADIAN

	1937	May 31	235,666	\$5,218,068	\$324,251	\$78,904,413	\$8,182,750
Canadian National	21	May 31	172,228	\$3,763,000	\$385,000	\$5,371,000	\$4,284,000

SOUTH AMERICAN

	1937	June 6	831	£14,500	£1,190	382,330	£73,500
Antofagasta (Chili and Bolivia)	23	June 6	831	£14,500	£1,190	382,330	£73,500
Argentine N.E.	49	5	753	£11,514	£1,485	432,362	£40,382
B.A. and Pacific	49	5	2,806	£11,781,000	£357,000	77,644,300	£6,597,300
B.A. Central	47	May 24	...	£136,300	£26,818	4,715,552	£541,717
B.A. Gt. Southern	49	June 5	5,084	£2,064,000	£12,000	120,263,000	£12,057,000
B.A. Western	49	5	1,930	£128,040	£7,476	7,306,346	£953,135
Central Argentine	49	5	3,700	£764,000	£89,000	40,420,000	£2,561,000
Central Uruguay	48	May 29	273	£2,568,350	£702,000	124,199,330	£228,321
C. Urg. (East Ext.)	48	29	311	£159,327	£49,671	7,521,373	£1,764,799
C. Urg. (N. Ext.)	48	29	185	£12,757	£2,624	599,462	£66,040
C. Urg. (W. Ext.)	48	29	211	£3,625	£1,061	120,960	£20,504
Cordoba Central	49	June 5	1,218	£2,443	£632	86,042	£14,679
Entre Rios	49	5	810	£658	£190	46,894	£4,679
G. Westn. of Brazil	23	5	1,082	£572,000	£21,000	25,980,000	£2,764,000
Leopoldina	23	5	1,918	£235,480	£3,110	1,568,350	£204,460
Leopoldina Termal.	23	5	...	£124,600	£42,400	10,435,100	£1,465,800
Nitrate	21	May 31	397	£15,422	£3,407	630,475	£103,502
Paraguay Central	49	June 5	274	£16,500	£800	172,100	£17,300
Salvador	49	5	100	£1,192,000	£437,000	39,609,000	£6,168,000
San Paulo	22	May 30	1531	£25,520	£8,521	501,240	£119,965
United of Havana	49	June 5	1,353	£3,384,000	£11,000	7,971,000	£367,000

* Converted at average official rate during week ended June 5, 16:12 pesos to £.
† Free market rate.
‡ Receipts in Argentine pesos.
§ Converted at official rate.
¶ Converted at "controlled free" rate.
/ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta Light Railways	7	May 20 1937	621	£ 5,996	+ £ 307	£ 30,891	+ £ 2,876
Egyptian Markets	22	June 3 1936	...	1,276	+ 22	40,916	+ 32
Gr. Southn. of Spain	34	Aug. 29 1937	104	Ps. 14,208	- 62,843	840,732	- 724,859
Mexican Railway ...	22	May 31	483	\$464,500	+ 64,700	6,795,800	+ 1,058,500

\$ 10 days.

† 10 days.

SUEZ CANAL RECEIPTS

Suez Canal	22	1937 May 31	...	£291,200	—	£28,700	£4,876,400	—	£20,500
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‡ 10 days.

† 10 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

		1937					
Anglo-Argentine	22	June 3	325	\$660,544	+ 14,924	14,088,551	+ 256,467
B. Aires Lacroze	47	May 23	...	\$57,924	+ 6,138	3,199,327	+ 137,641
Burnley, Colne and Nelson Jt. Trapt.	22	June 5	80	£5,732	+ 172	21,47,322	+ 1,18,708
Calcutta Tramways ..	22	May 5	...	Rs. 1,20,838	+ 6,457	1,179,358	+ 227,312
Isle of Thanet Elec. ..	12	Mar. 24	...	£2,683	+ 91	35,951	+ 1,023
Liverpool Corp.	9	June 2	...	£32,021	+ 2,252	282,572	+ 21,888
Madras Electric.	21	May 31	...	Rs. 48,402	+ 2,540	5,13,518	+ 17,781
				†	Fortnight		

† Fortnight.

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1937	+ or -
				1937	+ or -
Bolivar	5	May 31	Gross	£6,100	— 1,800
L. Guaira and Caracas	5	May 31	Gross	£5,255	— 250
Mexican Light & Power	4	April 30	Gross	Can. \$747,413	+ 92,292
Peruvian Corporation	11	May 31	Gross	Can. \$217,723	+ 30,899
Rangoon Electric	4	April 30	Gross	£80,256	+ 510
Samana and Santiago	5	May 31	Net	Rs. 4,47,015	+ 13,501
Shanghai Electric	5	May 31	Net	£1,710	— 555
Singapore Traction	8	May 31	Gross	£448,616	+ 63,577

AMERICAN RAILROADS

Company	Month of April, 1937	Compared with April, 1936	4 Months 1937	Compared with 4 Months 1936
	\$		\$	
Erie	Gross 7,538,000	+ 887,000	28,928,000	+ 2,916,000
	Net 1,535,000	+ 308,000	5,730,000	+ 1,122,000
New York Central	Gross 30,677,000	+ 2,088,000	124,702,000	+ 10,827,000
	Net 4,206,000	+ 814,000	17,390,000	+ 5,222,000
Pennsylvania Railroad	Gross 39,491,000	+ 3,875,000	154,190,000	+ 20,605,000
	Net 6,097,000	+ 1,645,000	22,699,000	+ 1,236,000
Southern Pacific	Gross 18,177,000	+ 3,096,000	74,349,000	+ 16,997,000
	Net 1,249,000	+ 318,000	8,452,000	+ 8,197,000
Union Pacific	Gross 12,373,000	+ 1,301,000	50,044,000	+ 7,145,000
	Net 178,000	+ 298,000	3,572,000	+ 754,000

† Net operating income.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distribu- tion	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount				
Banks		£	£	£	£	£	%	£	£	£	%
Bank of Adelaide	Mar. 29	36,971	61,336	98,307	...	56,250	4½	...	42,057	57,974	4
Breweries											
Marston, Thompson and Evershed.....	Mar. 31	129,035	130,263	259,298	15,000	67,764	15†	37,577	138,957	121,932	15†
Financial, Land, etc.											
Amalgamated Finance	Apr. 30	3,212	7,358	10,570	...	3,384	15	5,000	2,186	5,761	10
British North Borneo Co.....	Dec. 31	40,863	32,738	73,601	...	37,048	2	...	36,553	15,140	Nil
Java Investment, etc.	Mar. 31	16,018	23,153	39,171	...	18,100	6	10,000	11,071	9,727	3
Trust and Mortgage Co. of Iowa	Feb. 28	15,222	1,331	16,553	...	...	...	...	16,553	407	Nil
Iron, Coal and Steel											
Conssett Iron.....	Mar. 31	106,488	636,761	743,249	40,000	210,000	7½	351,750	141,499	399,753	Nil
Cory (Wm.) and Son	Mar. 31	952,922	719,536	1,672,458	42,500	590,019	20	200,000	839,939	646,331	17½
Manchester Collieries	Mar. 31	100,268	299,995	400,263	66,589	143,356	4½	78,763	111,555	282,670	4
Newall Engineering	Mar. 31	...	12,832	12,832	...	5,363	(p)	...	3,381	(a)	(a)
Ruston and Hornsby.....	Mar. 31	59,594	140,906	200,500	23,500	4,088	15 100 B	...	...	...	...
Shipley Collieries.....	Mar. 31	37,951	188,208	226,159	11,772	76,875	6½	50,000	50,125	109,829	5
Smethwick Drop Forgings .	Mar. 31	...	50,786	50,786	...	72,000	12	91,711	50,676	128,166	8
						30,313	30	6,224	14,249	(a)	(a)
Oil											
Attock Oil	Dec. 31	Dr 36,596	22,472	Dr 14,124	...	...	...	...	Dr 14,124	Dr 48,970	Nil
Phoenix Oil and Transport	Dec. 31	177,873	174,232	352,105	...	161,781	3½	175,000	365,324	183,886	Nil
Rubber											
Bruseh	Mar. 31	8,911	8,883	17,794	...	6,323	15	2,499	8,972	5,741	10
Gordon (Malaya).....	Dec. 31	9,680	16,897	26,577	2,925	14,135	5	...	9,517	6,355	2
Linggi Plantations.....	Dec. 31	24,925	25,202	50,127	700	28,000	5	...	21,427	8,564	Nil
Nordanal (Johore)	Dec. 31	9,932	6,941	16,873	...	6,720	6	4,833	5,320	4,755	2
North Hummock	Mar. 31	3,591	11,224	14,815	...	9,600	4	1,750	3,465	3,813	2
Sungei Krian	Dec. 31	26,305	17,102	43,407	...	11,415	10	5,000	26,992	10,159	5
Shipping											
Burns Philp and Company..	Mar. 31	31,069	226,066	257,135	...	150,000	10	75,000	32,135	216,980	10
Shops and Stores											
Boots Cash Chemists (Eastern)	Mar. 31	30,933	69,298	100,231	23,000	12,000	6	33,913	31,318	66,407	3
Tea											
Bamgoan.....	Dec. 31	3,346	2,595	5,941	...	1,219	5	1,087	3,635	5,602	5
Corramore	Dec. 31	1,256	5,128	6,384	...	4,800	12	...	1,584	(a)	(a)
Lungla (Sylhet)	Dec. 31	50	20,662	20,712	4,500	...	...	19,543	669	14,936	Nil
Pathini.....	Dec. 31	5,162	6,784	11,946	1,486	6,144	12½	1,212	3,104	8,498	12½
Telegraphs, etc.											
Telephone Rentals	May 31	39,101	81,749	120,850	...	53,342	10	20,000	47,508	71,152	8½
Textile											
Coats (J. and P.)	Dec. 31	339,365	1,794,744	2,134,109	330,000	1,475,000	10	...	329,109	2,006,340	10
Tramways and Omnibus											
British Electric Traction ...	Mar. 31	1,397,295	390,895	1,788,190	163,120	89,116	15(b)	...	1,535,954	331,600	15(b)
Lisbon Electric Tramways	Dec. 31	47,628	150,823	198,451	25,533	71,328	7½†	65,000	36,590	157,255	7½†
Para Electric Railways.....	Nov. 30	Dr 14,873	Dr 24,269	Dr 39,142	...	...	...	...	Dr 39,142	Dr 23,972	Nil
Trusts											
Aberdeen, Ceylon & Eastern	Apr. 30	5,023	7,056	12,079	...	5,969	3	...	6,110	5,336	2½
British Empire Trust	Apr. 30	59,781	98,185	157,966	45,504	9,000	9	50,000	53,462	77,497	9
Chartered and General Ex- ploration.....	May 31	8,341	66,389	74,730	6,000	39,000	15	20,000	9,730	48,692	12½
First Scottish American ...	May 1	15,760	38,957	54,717	7,300	24,253	20	10,000	13,164	36,693	19
Second Mercantile	May 5	54,110	52,475	106,585	18,906	26,375	7	5,000	56,304	50,716	6½
Trust Union.....	May 15	28,950	64,902	93,852	15,599	31,094	9	16,000	31,159	50,335	8
Waterworks											
East Surrey Water	Mar. 25	47,223	68,263	115,486	5,500	51,104	{ 10A 7B }	10,000	48,882	61,334	{ 10A 7B }
Other Companies											
Amalgamated Press.....	Feb. 28	140,130	554,013	694,143	315,000	132,000	11	100,000	147,143	555,197	11
Barnagore Jute Factory ...	Mar. 31	13,765	24,597	38,362	10,000	13,750	5	...	14,612	44,721	12½
Beautility Furniture.....	Mar. 31	9,716	38,647	48,363	...	21,688	25	11,173	15,502	37,212	22½
Chloride Electrical Storage	Mar. 31	72,002	364,817	436,837	3,720	161,537	15	187,000	84,580	376,441	15
Hill (Philip) and Partners	Mar 31*	...	297,679	297,679	18,214	99,609	12½	150,000	29,856	(a)	(a)
Hills (F.) and Sons	Mar. 31	...	(t) 23,172	23,172	...	15,000	10	3,500	4,672	(a)	(a)
Holbrooks, Ltd.	Mar. 31	22,372	38,580	60,952	2,822	36,000	12†	...	22,130	43,264	13½†
Kelly's Directories	Mar. 31	65,683	125,100	190,783	37,589	49,432	15	25,000	78,762	114,634	15
Macroft Wagons	Dec. 31	2,065	5,480	7,545	...	3,000	4	2,500	3,045	3,463	3
Oceana Laundry	Apr. 30	683	8,171	8,854	2,269	3,776	10	2,000	809	(a)	(a)
Sanders and Company	Mar. 31	...	11,479	11,479	...	7,305	15	...	4,174	(a)	(a)
Spicers Ltd.	Mar. 31	105,426	70,944	176,370	32,500	17,500	3½	20,000	106,370	54,599	3½
Standard Wood Pulp Co. ...	Dec. 31	...	Dr 4	Dr 953	...	...	...	...	Dr 957	Dr 1,569	Nil
Thames Grit and Aggregates	Mar. 31	7,593	24,555	32,148	8,578	11,250	10	5,000	7,320	24,402	10
Wiggins & Co. (Hammer- smith)	Mar. 31	2,933	18,465	21,398	11,344	937	5*	2,500	6,617	18,034	Nil
Yorkshire Dyeware, etc. ...	Mar. 31	7,337	33,369	40,706	...	30,125	20	3,000	7,581	23,419	15

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	• Interim or † Final	Date of Pay- ment	Comparison with Last Year	Total	
				Latest Year	Previous Year
RAILWAYS				%	%
Bengal and North-Western	8%*	July 26	Same	...	...
Rohilkhand and Kunjwa	7%*	July 26	Same	...	...
BANKS					
Bank of British West Africa	3%*	...	3%*	5	5
Guaranty Trust (New York)	3%*	July 1	Same	...	...
Netherlands Indian Commercial Bank	...	...	...	5	34
TEA AND RUBBER					
Anglo-Ceylon and General Estates	51%*	...	5%*	8	71
Barroora Tea	10%*	June 30	8%*	20	16
Brush Rubber	10%*	June 25	5%*	15	10
Bukit Selangor Rubber	...	July 16	...	5	24
Cachar and Dooars Tea	...	...	...	5	4
Caledonian (Selangor) Rubber	7%*	...	...	10	6
Cranley Tea	22%*	June 10	Same	...	...
Daigian Samodra Estates	5%*	July 13	Nil	74	Nil
Eastern Assam Tea	10%*	July 3	Same	124	15
Empire of India and Ceylon Tea	7%*	July 1	6%*	94	8
Honsey Tea	12%*	June 30	...	15	20
Jharkhand Tea	...	July 3	...	6	74
Jetingia Valley Tea	5%*	July 14	...	7	5
Membakut Estates	...	...	...	5	Nil
Mount Austin Rubber	...	...	...	6	24
Moran Tea	17%*	...	...	224	20
Merchiston Rubber	...	...	...	74	3
Selama Rubber	74%*	...	...	10	5
Sungei Puntar Rubber	4%*	June 30	Nil*	...	...
Tjuringia Tea	...	...	...	10	10
Travancore Rubber	7%*	July 14	5%*	11	8
United Planters (Ceylon)	...	June 22	...	4	4
Vallambrosa Rubber	22%*	July 22	...	30	15
MINING					
Ayer Hitam Tin	2%*	June 28	...	...	...
Blackwater Mines	5%*	June 30	...	10	15
Charterland and General Exploration	...	...	...	15	124
Consolidated Gold Fields of New Zealand	124%*	June 30	25%*	...	...
Ex-Lands Nigeria	10%*	July 29	Same	...	...
Government Areas	2 3/4 p.s.	July 30	2 9/16 p.s.	...	...
Kinta Tin	124%*	June 28	5%*	...	...
Kepong Dredging	5%*	June 28	24%*	...	...
Langkat Estate	1/6 p.s.	July 30	Same	...	...
London Tin Corporation	...	July 6	...	7	Nil
New Kleinfountain	2/0 p.s.	July 30	1/6 p.s.	...	...
New State Areas	3/- p.s.	July 30	Same	...	...
Pelepah Tin Dredging	2 1/2 p.s.	June 26	Nil*	...	...
Pari Tin	7 1/2%*	June 26	5%*	...	...
Randfontein	2/3 p.s.	July 30	2/6 p.s.	...	...
Scottish Australian Mining	5%*	June 26	Same	8	8
Tanjong Tin	10%*	...	First interim	...	...
Transvaal Mining and Finance	9 1/2 p.s.*	June 26	4 1/2 p.s.*	...	...
Trepea Mines (5/-)	2/6 p.s.	July 30	Same	...	...
Van Ryn Deep	2/6 p.s.	July 30	2/- p.s.	...	...
Witwatersrand (Knights)	2/6 p.s.	July 30	...	...	...
OTHER COMPANIES					
Aberdeen Ceylon and Eastern Trust	...	June 18	...	3	2
Aberthaw, etc., Cement	...	June 30	...	74	74
Albion Drop Forgings	7 1/2%*	...	First	...	...
Amalgamated Finance	...	June 30	...	15	10
Beer (L) and Sons	7%*	...	Same	10	10
Beautify Furniture	15%*	June 18	Same	25	224
Booker Bros., McConnell	5%*	July 1	3%*	...	...
Brownlee and Company	...	...	...	154	104
Bullard and Sons	5%*	June 30	Same	...	...
Butterley Company	6 1/2%*	June 30	5 1/2%*	28	164
Cardinal Investment Trust	3%*	July 1	2 1/2%*	...	...
Cannon Iron Foundries	5%*	July 1	Same	...	...
Connaught Estates	4 1/2%*	...	Same	7	7
Cranston London Hotels	7%*	...	Same	10	10
Crown Cork	7 1/2%*	July 15	...	124	74
Electric Construction Company	...	...	...	10	7
Electrical Finance, etc.	7 1/2%*	...	Same	124	124
Electric Furnace Company	5 1/2%*	July 1	4 1/2%*	8	7
Fortnum and Mason	2 1/2%*	June 29	Same	...	...
Foyle's Libraries	...	July 1	...	8	8
Forton Trust	4%*	July 14	3%*	6	5
General Cable Manufacturing	6%*	...	5%*	...	...
General Securities Investment	3 1/2%*	...	3%*	6	54
Grosvenor Caterers (Glasgow)	...	...	...	8	74
Guest, Keen and Nettlefolds	3 1/2%*	...	2 1/2%*	64	54
Harrison and Sheldon	14%*	June 30	Same	...	...
Hawker Siddeley Aircraft	15%*	June 15	Nil*	...	...
Hector Powe	10%*	July 17	...	15	20(0)
Hewitt Brothers	5%*	July 1	Same	...	...
Hughes (Bernard)	5%*	...	Same	...	...
Key Glass Works	5%*	...	Same	...	...
Lister (R. A.) and Company	5%*	July 21	Same	...	...
London Produce Clearing House	6%*	July 15	Same	...	...
Marshall Sons and Company	2 1/2%*	June 30	...	...	...
Marston, Thompson and Evershed	7 1/2%*	...	Same	154	15(0)†
Mount Stuart Dry Docks	...	...	...	4	3
Monk's Investment Trust	2%*	June 29	Same	34	74
North British Cold Storage	3%*	...	...	5	8
Newsom (H.), Sons and Company	4%*	June 11	Same	8	7
Ohlsson's Cape Breweries	12 1/2%*	July 2	9 1/2%*	174	124
Oriental Gas	3 1/2%*	...	Same	...	...
Rio de Janeiro Flour Mills	11 1/2%*	July 1	3 1/2%*	164	104
Royal Dutch Petroleum	11 1/2%*	...	Same	...	...
Royal Exchange, Glasgow	11 1/2%*	July 7	Same	...	...
"Sanitas" Trust (Def.)	...	...	...	184	84†
Sawers	3%*	...	Same	6	6
Sanbra	5%*	...	Same	...	...
Second London Scottish American Trust	2%*	...	...	3	2
"Shell" Transport, etc.	12 1/2%*	July 7	...	20(4)†	174
South African Breweries	17 1/2%*	July 14	15%*	224	204
South Hetton Coal	...	July 23	...	24	Nil
Sunlight Laundries	8 1/2%*	June 29	Same	...	...
Tati Company	...	July 16	...	24	24
Trust Houses	4 1/2%*	...	...	7	6
Turner and Newall	3 1/2%*	July 24	Same	...	...
Victoria Falls and Transvaal Power	8%*	July 15	Same	12	12
Whessoe Foundry	...	...	...	20	74
White (A. J.)	7 1/2%*	June 26	Same	124	124
Yorkshire Dyeware	15%*	...	10%*	20	15

* Free of Income Tax. (b) Also capital bonus of 10 per cent. (c) Also capital bonus of 10 per cent. (d) Equal to 22 1/2 per cent on old capital.

CROSSLEY MOTORS.—Ordinary dividend of 74 per cent. for the year to March 31, 1937. First payment since 1926.

HUNDRED SECURITIES TRUST.—Third distribution of 5 1/2d. net, for income of preceding six months.

METALS AND MINERALS TRUST.—Distribution of 3 1/2d. tax free for income of four months from January 4th.

NORTH'S NAVIGATION COLLIERIES.—Payment is proposed of eight years' preference dividend to end of 1936, requiring £30,000.

SECOND BRITISH STEAMSHIP TRUST.—Interim dividend raised from 2 to 2 1/2 per cent.

SECOND COVENT GARDEN PROPERTY COMPANY.—A first interim dividend of 3 per cent. on ordinary shares.

THE JOHNNIES GROUP.—The following table shows the last four distributions of the Johnnies group:

	Per share			
	Dec., 1935	June, 1936	Dec., 1936	June, 1937
Government Areas	2 1/2	2 9/16	2 9/16	2 3/4
New State Areas	2 6	3/-	3/-	3/-
Langkat Estate	2/-	1/6	1/6	1/6
Randfontein	2/-	2/6	2/6	2/3
Van Ryn Deep	3/-	2/6	2/6	2/3
Witwatersrand (Knights)	2/-	2/6	2/6	2/6

SHIPLEY COLLIERIES.—Final ordinary dividend of 6 1/2 per cent. plus 2 per cent. bonus, making 12 per cent. for year, against 8 per cent. for year.

SMITHWICK DROP FORGINGS.—Final ordinary dividend of 22 per cent. making 30 per cent. for first year to March 31st.

STANTON IRONWORKS.—Final ordinary dividend 6 per cent., making 10 per cent., as before.

THIRD PROTECTED FIXED TRUST.—Half-yearly distribution of 4.614297d. net. Bonus shares, etc., added to capital of unit represent further 3.447d. net per sub-unit.

LONDON TIN CORPORATION.—Ordinary dividend 7 per cent. for year to April 30, 1937, the first to follow the amalgamation. The last cash distribution on the original ordinary shares was 20 per cent. for 1928-29.

HAWKER SIDDELEY AIRCRAFT.—Interim ordinary dividend 15 per cent. against nil.

BUTTERLEY COMPANY.—Final ordinary dividend 6 per cent., making for year to March 31, 1937, 8 per cent. tax free, against 6 1/2 per cent. tax free.

SOUTH AFRICAN BREWERIES.—Final ordinary dividend 15 per cent. and bonus 2 1/2 per cent., making 22 1/2 per cent. for year to March 31, 1937, tax free, against 20 per cent., tax free.

SHORTER COMPANY COMMENTS

(Continued from page 637)

MISCELLANEOUS

CHLORIDE ELECTRICAL STORAGE COMPANY.—Trading profit for year to March 31, 1937, £432,442, against £426,825. Ordinary dividend and bonus, 15 per cent., as before. To special charges, £25,000, against £75,000; general reserve £150,000, against £125,000. Carry forward increased from £72,020 to £84,580. Further businesses have been acquired, but holdings in subsidiaries now stand at £101,172 less by reason of application of special dividend of £380,804 and of £175,000 from general reserve.

METAL TRADERS.—Net profits for the year to March 31, 1937, expanded by £46,831, to £129,449. Dividend 12 1/2 per cent. and bonus of 1 1/2 per cent., comparing with 12 1/2 per cent. dividend and bonus of 10 per cent. in 1935-36. Reserve receives £50,000, against £25,000. Carry forward up from £56,626 to £65,916.

BRITISH NORTH BORNEO (CHARTERED) COMPANY.—Revenue in North Borneo during 1936 increased by £14,164 to £341,586. Total revenue rose from £348,935 to £358,821, but expenses fell from £252,799 to £250,327. Ordinary share dividend resumed at 2 per cent., after a lapse of seven years. Carry forward £36,553.

MANCHESTER COLLIERIES.—An advance in profits of £37,190, to £299,994, is announced for the year to March 31, 1937. Transfer to amortisation reserve increased from £29,192 to £30,062 and £29,564 again written off goodwill. Depreciation of wagons £14,504, against £15,905, and mine rents reserve receives £4,630 against £10,682. Ordinary dividend raised from 4 per cent. to 4 1/2 per cent.

EDMUNDSONS ELECTRICITY CORPORATION, LTD.—The results of the operations of the Edmundsons group of companies during the month of May, 1937, as compared with the corresponding month of 1936, show an increase of 13 per cent. of units sold.

BRUCE PEEBLES AND COMPANY, LTD., EDINBURGH.—The Shareholders' Protection Association has examined the proposed scheme of capital reconstruction and advises members to vote against the scheme as it appears to be inequitable to preference shareholders.

THE LIMITED INVESTMENT FUND.—The third progress report states that the distribution payable on July 15, 1937, in respect of the half year ended June 4th is 4d. per unit free of tax, equivalent to £4 9s. gross per cent. per annum on the initial price of £1. This compares with payments at rate of £4 1s. 9d. on coupon No. 1 and £4 3s. on coupon No. 2. The managers consider it desirable to begin to increase the percentage held in fixed-interest stocks. Ordinary shares sold in past half year have realised a profit of 25 per cent. The proportion invested in fixed interest securities has been raised from 10 per cent. to 14.6 per cent.

NORTH-EASTERN TRADING ESTATES, LTD.—The accounts for the period from May 18, 1936, to March 31, 1937, show an excess of expenditure over income of £6,709. The report states that until the development stage has been passed, the company will continue to show an excess of expenditure. Its aim, however, is to become self-supporting, and to pay in due course a reasonable rate of interest. The directors report that the demand for factories on the estate has exceeded expectations.

DENNY, MOTT AND DICKSON, LTD.—Profit for year to March 31, 1937, amounted to £155,985, compared with £65,598. Ordinary dividend raised from 3 per cent. to 10 per cent. To taxation reserve £25,000, against nil; staff bonus £5,700. Carry forward increased from £10,001 to £34,887.

RUSTON AND HORNSBY.—Trading balance, after depreciation provision, exchange losses and other contingencies and including dividends from subsidiaries, £134,056, against £109,369. Dividend from Associated Company, £30,000, against £24,400. Dividend on ordinary stock raised from 5 per cent. to 6 1/2 per cent. To general reserve £50,000, against £25,000. Carry forward £50,125.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

WITH very few exceptions prices have fallen in the course of the past week. Various special explanations may be offered in the case of particular commodities, but the main reasons have been the continuance of political tension and the recurrence on a grand scale of the gold scare.

The decline in the base metals has been unanimous and on a fairly large scale. Buyers are apparently all holding their hands, but dealers are doing so also to some extent and business has not been large. Among the vegetable oils, there has also been little business, but prices have been fairly steady, linseed and palm oil showing on balance a small rise. Even in the coal and iron and steel markets there has been a lull, though, of course, the congestion remains very serious. There are possibilities of an upward revision of prices for some types of coal. Cotton, jute and wool prices have all fallen, quite considerably in the case of the former.

Among foods and provisions, all grain prices have been marked down, partly for psychological reasons, but mainly because of steadily rising crop estimates. Lamb and ham prices have risen, but beef and bacon have fallen fairly sharply. Coffee prices are unchanged, but tea prices have moved a little and in diverse ways. Most Indian grades are up a little, but Ceylon have fallen for the most part. Cocoa has declined, and sugar has risen fractionally, but among the rest of the food-stuffs there has been little change of any note.

In the United States Moody's daily index of staple commodity prices (December 31, 1931 = 100) reflects the same trend. It stood at 198.5 on June 9th, compared with 204.2 a week ago, 208.2 a month ago, and 163.6 on June 9th last year.

COAL

SHEFFIELD.—Both home and foreign demand for coal continues strong. In spite of increased allocations and full working at the collieries, there is relatively little fuel available except under contract. Best hards are in short supply for export, demand coming chiefly from the Baltic and the Mediterranean. On the inland market industry is taking heavy supplies, but for household fuel there is a quieter demand. Coke is a very strong market with all supplies of furnace qualities instantly taken up. It is stated that higher prices may be shortly decided upon. Furnace and foundry coke cost 35s. to 36s. per ton and gas coke, 37s. to 38s. The greatly increased manufacture of coke is causing a scarcity of small coal and demand is at present on a bigger scale than ever before.

NEWCASTLE-ON-TYNE.—Whilst there may be a little temporary weakness in the demand for certain classes of Durham unscreened coal, the position of the industry in the North-East as a whole continues firm. Northumberland steam collieries are fully stemmed, and have a good book for the summer months, there being little change in prices despite the seasonal fall in domestic demand. Durham coking coal is as firm as ever, but certain gas and bunker collieries have a little more coal available for the next few weeks. Patent oven coke is very steady under a good home demand.

GLASGOW.—The main development this week has been the decision to reduce prices for house coal. In Lanarkshire the reduction is 2s. per ton. Absence of the seasonal movement, usually noted at the beginning of May, has recently held up buying, but in view of expectation that a still higher level of prices may be seen next winter, stocking by the depots is higher likely to proceed on steady lines, otherwise the market is firm. Industrial and public utility needs remain brisk, so that after meeting export business for prompt delivery. Difficulty is experienced in finding contract quantities for vessels as they arrive, and complaints about drainage charges are not infrequent.

CARDIFF.—It is announced that the supplementary allocations granted by the Central Council to South Wales for the current quarter were 1,300,000 tons for output, 400,000 tons for export supply and 800,000 tons for inland supply. Demand continues active, and, in spite of the new allocations, supplies of certain qualities, particularly of smalls, are scarce. Deliveries, however, have been speeded up, and complaints of long loading hours are not so general as they were before the Whitsun holidays. During the past week there have been very few instances of unavailable berths, but this is partly due to a relatively unsatisfactory tonnage position. Prices show no further change, but they are very firm.

for all classes of coal, coke and patent fuel. There have been one or two stoppages in the coalfield owing to differences of interpretation in the application of the new wages agreement, and a special delegate conference has been convened by the South Wales Miners' Federation to consider the workmen's complaints.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that the lull in new business continues, but that this has brought no relief from the insistent pressure of consumers to obtain deliveries from works against existing contracts. In practically all departments requirements are well in excess of production which remains at a record rate. The raw materials position is easier owing to extensive purchases abroad of pig iron and scrap, but the future is not free from anxiety.

New business in pig iron has been confined to transactions for delivery in the third and fourth quarters, but makers are pursuing a conservative policy in accepting orders for far forward dates.

Great stringency prevails in the semi-finished steel department, although heavy deliveries are being made by the producing works. Arrivals of Continental steel have been on a larger scale of late, but operations at many consuming works are still restricted by the difficulty of obtaining full supplies.

In finished steel, the volume of business transacted has been limited by the practical impossibility of placing orders for near delivery. Many consumers would buy far forward, but the steelworks show no disposition to sell beyond the end of the year. Although the export demand has declined somewhat of late, a considerable volume of inquiry continues to reach British steelmakers.

SHEFFIELD.—With producers committed to the hilt under contract there is virtually no pig iron for disposal on current account, and business relates mainly to forward delivery. Derbyshire makers are accepting contracts for the final quarter on a rationed basis. The maintenance of consumption at the present level will by no means meet users' requirements, and falling considerable expansion of production there will necessarily be greater dependence on imported material. The present shortage of foundry iron is causing a good deal of inconvenience, and forge is becoming more difficult to obtain. Lincolnshire makers remain off the local market, the whole of the make being taken up at source. The position in regard to hematites is slightly easier, and supplies are coming forward somewhat more freely. Finished iron prices are expected to be revised at any moment, following the revision of forge quotations, and in the meanwhile bar makers are not inclined to book new business of any weight. The pressure for billets is as great as ever, and it is impossible fully to satisfy demand. Wire rods are another important feature, while makers of stainless steel sheets are replete with orders. All prices are firmly maintained.

There is much activity in the iron and steel scrap market, and material not subject to the system of control encounters sharp competition. Heavy foundry cast iron sells at 90s. per ton, as a minimum price, and for steelworks cast iron at least 67s. 6d. is demanded. Heavy wrought shearing iron is changing hands at 80s. per ton or a little more. With the exception of special steel, all steel scrap prices are fixed.

MIDDLESBROUGH.—The pressure for all classes of pig iron and steel continues, the requirements being much greater than the supplies. Although the new price of 101s. per ton for No. 3 Cleveland foundry pig iron becomes operative on July 1st, it is not affecting the present position as the small output is unequal to demand and consumers are being rationed. East Coast hematite is in such strong demand by home users that merchants are unable to obtain deliveries of iron against contracts for export. Steel manufacturers are keeping their plant running at top pressure in an endeavour to satisfy the requirements of both semi-manufactured and finished materials. Larger supplies of foreign semi-manufactured steel have arrived recently, but this still does not satisfy the demands of re-rollers. Good Durham blast-furnace coke is easily saleable at 38s. to 40s. per ton, delivered works. No prices are mentioned for foreign ore, but as demand remains strong, the market is firm. Heavy steel melting scrap of No. 2 grade is quoted at 67s. per ton in quantities of not less than 500 tons. It is understood that one or two large shipments are on the way to this coast from the United States.

GLASGOW.—The raw materials position is somewhat easier and steel makers are maintaining a very high output; nevertheless, the deliveries they are able to give against contracts already on books are not equal to the demands of consumers. Little new business is being accepted as makers cannot give early delivery. Demand for semis seems to be growing and, while supplies from home and continental makers have been rather better just recently, they are not equal to the requirements of the re-rollers, many of whom have difficulty in maintaining regular production. All branches of the manufacturing industries in the West of Scotland are very busy, and they, too, are pressing for supplies of finished steel.

CARDIFF.—The various branches of the iron and steel trade continue very active, and last

On sale at all railway bookstalls and good newsagents everywhere

FRUIT.—Activity remains fairly considerable at Covent Garden and prices for the most part are satisfactory. Apples, however, have fallen, since stocks are large, arrivals from abroad have been on a grand scale,

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, June 9th

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

CEREALS AND MEAT				POTATOES				WHEAT			
GRAIN, Etc.—				English—King Edward				English—Southdown, greasy, per lb.			
Wheat—				per cwt.				per lb.			
No. 2, N. Man. 496 lb.				s. d. s. d.				s. d. s. d.			
Eng. Gaz. av., per cwt.				9 6 10 6				0 6 0 7			
Barley, Eng. Gaz. av.,				s. d. s. d.				0 6 0 7			
Oats, per cwt.				s. d. s. d.				0 6 0 7			
Maize, La Plata, landed				s. d. s. d.				0 6 0 7			
480 lb., per cwt.				s. d. s. d.				0 6 0 7			
Flour, Lon. stan. ex mill,				s. d. s. d.				0 6 0 7			
280 lb., per cwt.				s. d. s. d.				0 6 0 7			
Rice No. 2 Burma, per cwt.				s. d. s. d.				0 6 0 7			
MEAT—				s. d. s. d.				0 6 0 7			
Beef, per 8 lbs.—				s. d. s. d.				0 6 0 7			
English long sides				s. d. s. d.				0 6 0 7			
Argentine chilled hinds				s. d. s. d.				0 6 0 7			
Mutton, per 8 lbs.—				s. d. s. d.				0 6 0 7			
English wethers				s. d. s. d.				0 6 0 7			
N.Z. frozen				s. d. s. d.				0 6 0 7			
Lamb, per 8 lbs.—				s. d. s. d.				0 6 0 7			
N.Z. frozen				s. d. s. d.				0 6 0 7			
Pork, English, per 8 lbs.				s. d. s. d.				0 6 0 7			
OTHER FOODS				s. d. s. d.				0 6 0 7			
BACON—				s. d. s. d.				0 6 0 7			
English long sides				s. d. s. d.				0 6 0 7			
Irish				s. d. s. d.				0 6 0 7			
Danish				s. d. s. d.				0 6 0 7			
Dutch				s. d. s. d.				0 6 0 7			
HAMS—				s. d. s. d.				0 6 0 7			
Canadian				s. d. s. d.				0 6 0 7			
United States				s. d. s. d.				0 6 0 7			
BUTTER—				s. d. s. d.				0 6 0 7			
Australian				s. d. s. d.				0 6 0 7			
New Zealand				s. d. s. d.				0 6 0 7			
Danish				s. d. s. d.				0 6 0 7			
CHEESE—				s. d. s. d.				0 6 0 7			
Canadian				s. d. s. d.				0 6 0 7			
New Zealand				s. d. s. d.				0 6 0 7			
English Cheddars				s. d. s. d.				0 6 0 7			
Dutch				s. d. s. d.				0 6 0 7			
COCOA—				s. d. s. d.				0 6 0 7			
(Duty, British grown,				s. d. s. d.				0 6 0 7			
11/8; foreign, 14/- cwt.)				s. d. s. d.				0 6 0 7			
Accra, f.f., per cwt.				s. d. s. d.				0 6 0 7			
Trinidad				s. d. s. d.				0 6 0 7			
Grenada				s. d. s. d.				0 6 0 7			
COFFEE—				s. d. s. d.				0 6 0 7			
(Duty, British grown,				s. d. s. d.				0 6 0 7			
4/8; foreign, 14/- cwt.)				s. d. s. d.				0 6 0 7			
Santos sup. c. & f. cwt.				s. d. s. d.				0 6 0 7			
Colombian, good				s. d. s. d.				0 6 0 7			
Costa Rica, med. to good				s. d. s. d.				0 6 0 7			
East Indian " " "				s. d. s. d.				0 6 0 7			
Kenya, medium				s. d. s. d.				0 6 0 7			
EGGS—				s. d. s. d.				0 6 0 7			
English				s. d. s. d.				0 6 0 7			
Danish				s. d. s. d.				0 6 0 7			
FRUIT—Oranges—				s. d. s. d.				0 6 0 7			
Valencia				s. d. s. d.				0 6 0 7			
Brazilian				s. d. s. d.				0 6 0 7			
Lemons, Malaga				s. d. s. d.				0 6 0 7			
Sicilian				s. d. s. d.				0 6 0 7			
Apples: Amer. (var.) bris.				s. d. s. d.				0 6 0 7			
" Australian				s. d. s. d.				0 6 0 7			
Onions—				s. d. s. d.				0 6 0 7			
Valencia, case				s. d. s. d.				0 6 0 7			
Egyptian, bags				s. d. s. d.				0 6 0 7			
Grapes, Almeria, barrels				s. d. s. d.				0 6 0 7			
Grapefruit, Brazilian				s. d. s. d.				0 6 0 7			
" S. African				s. d. s. d.				0 6 0 7			
LARD—				s. d. s. d.				0 6 0 7			
Irish, finest bladders				s. d. s. d.				0 6 0 7			
U.S.				s. d. s. d.				0 6 0 7			

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

UNITED STATES

New York quotations unless otherwise stated

	June 10, 1936	May 12, 1937	June 2, 1937	June 9, 1937		June 10, 1936	May 12, 1937	June 2, 1937	June 9, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	84½(c)	122½(b)	110½(c)	109½(c)	Sugar, Cuban Centrifugals, 96½ deg., spot, per lb.	3-72	3-45	3-35	3-35
Maize, nearest future, Chicago, per bushel	61½(c)	125½(b)	122½(c)	116½(c)	Cotton, middling, spot, per lb.	11-79	13-31	13-25	12-49
Oats, nearest future, Chicago, per bushel	24½(c)	45½(b)	43½(c)	40½(c)	Rubber, smoked sheet, spot, per lb.	15½	21½	20½	18½
Rye, nearest future, Chicago, per bushel	54½(c)	109½(b)	98½(c)	87½(c)	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	104	116	116	116
Barley, nearest future, Chicago, per bushel	(a)	76½(b)	(a)(c)	(a)(c)	Copper, "Electrolytic," Domestic, spot, per lb.	8-82½	13-97½	14-05	13-62½
Coffee, Rio No. 7, cash, per lb.	6½	9½	9½	9½	Copper, "Electrolytic," Export prompt, per lb.	9-05	14-20	14-27½	13-85
" Santos No. 4, cash per lb.	8½	11½	11½	11½	Spelter, East St. Louis, spot, per lb.	4-90	6-75	6-75	6-75
Cocoa, Accra, nearest future, per lb.	5-65	7-62	7-20	7-12	Lead, spot, per lb.	4-60	6-00	6-00	6-00
					Tin, " Straits," spot, per lb.	42-12½	54-75	56-12½	55-87½

(a) Nominal.

(b) May futures.

(c) July futures.

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national reconciliation in lieu of the "Versailles Diktat." Despite the repugnance that has been implanted in British minds by many features of the Nazi regime, the Government of the United Kingdom have nevertheless invited the German Minister for Foreign Affairs, BARON VON NEURATH, to pay a visit to London for a general discussion of the international situation. This was exactly what the Nazis had always been asking for, and it was in fact a most promising overture to a general European *détente*.

Is retaliation for a non-proven attack really so overwhelmingly important an object of German foreign policy that the prospects of an understanding with England and appeasement in Europe must be sacrificed to it? Was HERR HITLER persuaded that France and Russia were so paralysed by internal crises that Germany was now free to take with a high hand whatever she might covet? Fortunately, the decision to refrain from immediate retaliatory measures shows that more moderate counsels have had some influence in Berlin. If events confirm this hope, it may be possible—with care—to bind together the broken threads again.

Before this can be done, however, two things must be made plain about the attitude of this country. In the first place, an understanding with Germany implies some common ground. An agreement between this country and a dictatorship requires the assurance that neither political influence, economic pressure, arms nor official propaganda shall be used to influence or control the internal affairs of other countries. Great Britain cannot be a party either directly or indirectly to a crusade for or against Communism, any more than it could lend its support to the establishment of Fascism in any foreign country. Insofar as its influence counts, it is for freedom. We cannot, therefore, collaborate genuinely with HERR HITLER in the policy of non-intervention if he has mental reservations which, in fact, mean "I will be neutral provided my man wins"—or still more blatantly, if he and his Italian henchman really mean "We will not intervene except to the extent that is necessary to ensure that our man does not lose." In LORD PLYMOUTH'S statement on Monday the British Government, in effect, said this out loud.

They made it clear that continued collaboration on such terms is a farce. If it continues, collaboration in any other field is utterly impossible.

There is, however, a second consideration. The attitude of this country to Spain is not purely negative. The British public is partly divided in its sympathies, partly unable to make up its mind about the contesting Spanish parties. Extreme bitterness, fanaticism and cruelty have been displayed on both sides, and the only universal opinion is that we should like to see the establishment of a truly democratic regime. If the Spaniards had been left to fight it out and FRANCO had won, Britain would certainly not have intervened against him.

But that would have been a very different thing from a FRANCO victory brought about by Italian or German intervention. That is what is happening now. If this Italo-German war in Spain against the Government of that country is now to be carried through to the bitter end, then the masters of Spain, when the destruction of the legitimate Government is complete, will not be the Spanish insurgents. They will be the two Powers of the Rome-Berlin axis. If and when this happens, the balance of power in Europe, the Mediterranean and the North Atlantic will be upset to an extent that will place Great Britain and France at the mercy of Germany and Italy.

This means that, if Italy and Germany now openly take a free hand to conquer Spain, it is impossible for us to keep our own hands tied. The French have at least as good a right—not to speak of a vital national interest—to help Valencia and Barcelona as the Germans and Italians have to help Burgos. If Germany persists in her intention of making open war on the Spanish Government, we ought to let Berlin know at once that we shall give our consent to any countervailing action that the French may choose to take. More than that, we should make it clear—much clearer than it was made in July of 1914—that the French can count on our support, and in the last resort our armed support, if the Germans and Italians attack them for retorting in kind to German and Italian actions.

Safeguarding Our Prosperity

IT is perhaps not surprising—at a time when the volume of business activity in this country, as measured by our Index in the Monthly Trade Supplement accompanying this issue of *The Economist*, has reached a high record—that the business world should now be canvassing the probabilities of a slump. The whispering campaign about an early recession in business which is ruffling the temples of finance has begun for other reasons than the impending and foreseen decline of the building boom. They are: the quick turnover in our fast-recovering economic system from a surplus of labour and capital to a deficiency in many branches; the consequent and accompanying rise in prices, wage-rates and earnings; the uncertainty in the securities market, caused by the extent to which discounting of future earnings had been carried, and by the publication of the Government's loan requirements for re-armament finance; and, finally, the unnerving effects of the so-called gold scare and the original National Defence Contribution. Bankers, business men, and investors, with this array of economic evidence before them, might well discern signs of an approaching peak to the curve of British recovery. After all, rising costs and prices, together with a sagging tendency in the security markets, have generally been evidence that

investment in certain branches of industry, which turn out the capital equipment of the community, is approaching the limit of profitability.

There is no doubt that, for the first time since recovery began, the general level of costs in all branches of industry is moving upwards—rapidly in those sections most closely connected with re-armament and heavy industry, less so in those sections of industry whose labour and material costs are not so dependent on the iron and steel, engineering and constructional trades. When steel prices, even under standing contracts, are soaring by increments of 25 per cent. and more; when building costs rise by 15 per cent. in a few months; when there is a shortage of skilled labour and overtime becomes almost general over a wide range of industry; when fuel prices and railway rates threaten to rise; and finally, when the Government imposes new taxation to defray part of a vast expenditure concentrated on a few key industries, it is obvious that the economic danger-signals are up. The current reports on industrial conditions in our Trade Supplement and in Notes on pages 728 and 769 show that severe distortions are occurring in many parts of the national economy. A chart on page 728 shows that the curve of wholesale prices has now risen above the curve of business

activity, an occurrence which has nearly always given warning of a recession.

In these circumstances, several economists—notably a group of Oxford economists who recently subscribed a letter to *The Times*, MR J. M. KEYNES in his three articles early in the year in the same journal, and MR COLIN CLARK in his article "National Income at its Climax" in the current *Economic Journal*—have urged upon the Government the need to prepare at once to prevent a slump. MR COLIN CLARK concludes

We are approaching the period which Mr Harrod describes as the "breathing-space" which continues for a little while before uncontrollable slump begins—though one need not commit oneself to the view that the decline in investment, likely to begin in 1938, need necessarily be deep, long-lived, or uncontrollable. But if the (author's) analysis of the situation is correct the Government ought now to be preparing plans for public works of all kinds (including perhaps an acceleration of the armaments programme), and for the stimulation of private investment and consumption, as soon as the total of investment activity begins to decline in 1938.

The same considerations form the burden of the Oxford economists' recommendations.

Now to a certain extent, the prevailing hesitancy in the stock markets, and the rise in the rate of interest, are automatically working to damp down new "civil" investment, and thus to favour the capital construction which the Government's re-armament programme necessitates. As MR KEYNES pointed out, if we are to avoid an inflationary boom and crash we must expand the total national income to offset the expenditure on unproductive "capital goods" like battleships, tanks, aerodromes and armament factory extensions. The Government's every aim should be to maintain or even increase the national income without causing armament producers to bid against producers of consumption goods for available supplies of labour, equipment and material. In this context, an expansion of foreign trade, as MR KEYNES advocated, would be most advantageous.

This means that to have "a shot in our locker" for a decline in the total of net new investment, we should evolve, here and now, a series of capital-construction schemes which can be begun as soon as the recession begins. These schemes, moreover, should comprise many which may otherwise be begun before the recession, and

may therefore compete in a time of rising costs with the re-armament construction. The nature and extent of the information required make it necessary for a special and competent body of experts to be established with this end in view. Such, indeed, was the recommendation of SIR WILLIAM BEVERIDGE on June 18th, when, in a public address, he pointed out that the only eventuality which was planned for ahead was war. He suggested that such a body should be authorised to prepare for economic dangers. Two economic eventualities were likely: an impending slump, and a more remote decline in population. We still needed to know more about the causes of these phenomena, and therefore should have an "organ of forethought." The International Labour Conference last week also said "the advance planning of public works is a useful method of preventing unemployment and counteracting economic fluctuations," but that "action for this purpose can only be effective if it is based on adequate information and international co-operation." The Conference, therefore, called for annual statistical reports from each member about public works introduced or planned, including orders for equipment, supplies, etc.

The history of the Great Depression and the not-so-great Recovery has surely taught us that Governments must accept responsibility for deciding the main direction of national economic development. It would be calamitous if, during the best of the fat years, the Government, for want of forethought and active preparation, allowed lean years to come upon us again. We can, no doubt, stand minor recessions in the curve of business activity. We can certainly not stand—nor, perhaps, will our familiar social institutions stand—anything like another Great Depression. Happily, there is no evidence that anything like a calamity of those dimensions can occur within any foreseeable time. Gold scares and N.D.C.s do not alter the basic conditions of the world's trade and commodity markets; and the economic barometer is still rising, as our Supplement shows, in this and other countries. But fair weather is the time to prepare for the rainy day; and when most of the leading economists are of one mind on the need to safeguard prosperity, the Government would only be prudent to take them into consultation.

The Condition of the People

ONE of the unmistakable signs of comparative prosperity is that discussions of the problem of poverty have changed from the general to the particular. The flood of books propounding large-scale cures for the ills of the body economic has been brought within manageable dimensions, though it has far from ceased, and in its place there is a fashion for books on the more particular and personal variations of poverty and the methods adopted to alleviate them. The change of tone is all to the good. The various messianic gospels are leading their devotees only to disillusion and much more can be done to cure poverty by unspectacular clinical work than by the concoction of universal panaceas. In recent months four books* meriting review have been published which exemplify this return to the old Liberal tradition of the Social Services.

* "Metropolitan Man." By Robert Sinclair. Allen & Unwin. 365 pages. 10s. 6d.
 "The Condition of Britain." By G. D. H. and M. I. Cole. Gollancz. 471 pages. 7s. 6d.
 "Report on The British Social Services." Published by P.E.P. (Political and Economic Planning). 206 pages. 10s. 6d. cloth bound; 7s. 6d. paper boards.
 "The Human Needs of Labour." By B. Seebom Rowntree. Longmans. 162 pages. 2s. 6d. net.

Even the most hardened cynic, in contemplating the Social Services, must admit that their achievements have been immense. As the P.E.P. Report says, they "are bound to figure largely in, if not to dominate, the social history of our time." In the year 1934-35 the total expenditure on Social Services (including such doubtful items as Housing and War Pensions) came to £426,800,000. It does not, of course, follow that these sums are net additions to the income of the working class, whose burden of taxation has increased heavily since the Social Services were started a generation ago. Furthermore, neither taxes nor benefits are equally spread. Though the Social Services effect some transfer of income from those with a surplus to those with a shortage, both within the working class, and also between the rich as a class and the poor as a class, they leave all too much inequality untouched.

What good has all this expenditure, with its vast administrative machinery, accomplished? Precious little, if we are to believe MR SINCLAIR. His book, it is true, is confined to London, but in the majority of aspects, the condition of Londoners is similar to that of the rest of the people of the country. "Metropolitan Man," it

it were taken literally, would be a most depressing book. But it is really impossible to take MR SINCLAIR literally. He has been most amazingly painstaking in the accumulation of facts and figures, and his exposition of the facts they tell (or the facts he makes them tell) is nothing short of brilliant. Most readers will be equally surprised to discover that there are so many statistics about the people of London and that they can be made so vividly alive. But in his interpretations, MR SINCLAIR shows a most unobjective savagery. On his third page, he begins a paragraph with the words "There is much that is good in so vast a city. London, like a dying bandit, is not without nobility." But apart from these words there is hardly a comment in the book that is not vituperative, or an adjective that is not a denunciation. What, for example, are we to think when he declares that "fewer than one in six of London children appear to be adequately nourished" on the strength of a report that only 17.3 per cent. of London children have "exceedingly good nutrition"? Or when he dismisses the much-reduced figures of arrests for drunkenness on the ground that the drunkenness is still there, but it is no longer fashionable to make it noisy? (Has MR SINCLAIR ever seen the figures of alcohol consumption?) Or, finally, what is to be said about the statement, repeated a score of times throughout the book, that one Londoner in three dies in the workhouse, which turns out on inspection to mean little more than that one Londoner in three dies in hospital?

Let it be admitted that there is much in London at which the conscientious citizen may well be enraged. But to write in a furious passion is hardly the best way to carry conviction. MR SINCLAIR'S book will be a quarry for facts on the condition of the Londoner, and, in particular, his twenty-seven pages of references will be invaluable. But the reader will be wiser to draw his own conclusions.

MR and MRS COLE, as befits good Socialists, are also predisposed to believe the worst about the present state of society. But they at least make it possible (as MR SINCLAIR hardly does) to disentangle the subjective passages of the book. What remains is a very valuable compendium of facts and figures bearing upon the incomes, expenditure and social well-being of the people. Hardly any of the facts are new, but they have hitherto been scattered in a score of different places and only the expert can have been familiar with all of them. If MR and MRS COLE'S book did no more than collect all these figures within one pair of covers it would have served a useful purpose.

MR and MRS COLE rightly start with the facts about the inequality of incomes—facts staggering enough to challenge any conscience—and continue by taking up in succeeding chapters topics such as nutrition, education, housing, unemployment and so forth. Under every head the reader is struck by two reflections of a strangely opposite character. The first is the surprising amount of progress that has been made if we look only at the averages. The second is the depressing amount of real poverty that remains after so much expenditure of money and effort. The national consumption of food, for example, has been increasing rapidly; but there is evidence of widespread malnutrition. Three million houses have been built since the war, but the problems of the slums and of overcrowding still remain. Even under the head of unemployment it can be shown that the purchasing power of the standard benefit has almost doubled since the war. But the "irreducible minimum" of unemployment has also shown a steady increase.

This widening disparity between the average and the exceptional case is the most striking observation to be made about the state of the British people to-day. During the depression the disparity has widened; there

is an increasing inequality of welfare within the working class. The aim of social policy must therefore be to bring the worst cases up into closer approximation with the average. This is precisely the justification for social services. The P.E.P. Report approaches the problem from the angle of the social services themselves; it is frankly directed to their technical efficiency as administrative devices. It could be described as a civil servant's view of the social services, were it not for the fact, pointed out by the Report, that no civil servant is competent to look at the social services as a whole.

The Report divides the services into three divisions; the Constructive Community Services (education, medical services, etc.); the Social Insurance Services (health, unemployment, pensions); and the Social Assistance Services (non-contributory pensions, unemployment assistance and the poor law). The analysis and discussion under each head show the expert thoroughness and moderation for which P.E.P. has acquired a reputation and in each case useful detailed recommendations for improvement are made. It is a little disappointing to find few suggestions with a broader view. The Report recommends a permanent Statutory Committee to co-ordinate and supervise the present services. It goes further and states the need for a fresh advance. But the task of indicating the most urgent needs is declined.

A strong hint can, however, be found in the statement that "the failure of the wage-system to take any account of the disparities in family responsibility is one of the greatest obstacles to further extensions of social provision." This is most strikingly confirmed by MR SEEBOHM ROWNTREE. His book, which is a re-written edition of a work which was originally issued in 1918, brings up to date the well-known calculations of minimum wages necessary for subsistence. MR ROWNTREE lays particular emphasis upon the difficulty of relating minimum wages to the varying size of the family. The average worker has only two dependent children; but if minimum wages were based on the human needs of a family with two children only, "63.6 per cent. of the children of fathers receiving the bare minimum wage would for a shorter or longer period be inadequately provided for, and 58.8 per cent. of them would be in this condition for five years or more." His solution is to take the family with three children as the standard for the fixation of minimum wages and to provide extra subsistence allowances for every child after the third. At 5s. a week, this works out at the surprisingly low cost of less than £6,000,000 a year. The minimum wage, based on a stringently economical diet (allowing, for example, only tinned milk) is set at 53s. od. a week for male town workers, 41s. od. in the country and 30s. 9d. for women. MR ROWNTREE would have these wages enforced by Trade Boards, and his record as an employer and member of Trade Boards lends weight to his opinion that this method is both just and effective.

These four books provide ample material for formulating a policy of advance in the social services, though none of them draws up the actual programme. It might be a useful endeavour if the leaders of public opinion were to address themselves to the construction of a list of priorities. Individual preferences will differ. But the establishment of some minimum wage level on the ROWNTREE lines would probably come high on every list. It might well be coupled with an upper limit to hours for women and children whose employment is not covered by the new Factories Bill—such, for example, as the 5,634 boys under the age of 16 found in London by a Departmental Committee which reported this year to be working more than seventy-two hours a week. And finally, some provision for the large family would go further than any other single measure to bring the worst cases of poverty up to the general average of comfortable subsistence.

The American Steel Industry

THE pre-war history of the American steel industry contains many colourful episodes in the fierce struggle for pre-eminence between the steel "kings." In many respects, the story of steel epitomises the rapid rise of the United States to the rank of the world's chief industrial country. The industry was moulded before the war, when the big combines in the industry took shape. Since then it has been engaged in a process of financial and technical consolidation which has not yet come to an end.

The American steel industry is now passing through a revolutionary transformation of the relationship between the representatives of capital and labour. Armed with their newly-gained right to collective bargaining, Mr Lewis's Committee of Industrial Organisation is engaged in an attempt to organise the steelworkers, in order to gain a measure of control over the conduct of the industry and over the division of its product between shareholders and labour. The leading producer, the United States Steel Corporation, has given in without a struggle; but four other concerns—Bethlehem Steel, Republic Steel, Youngstown Steel and Tube, and Inland Steel—are at present engaged in measuring their combined strength against the C.I.O. Both sides have shown themselves adamant, and last week President Roosevelt felt constrained to appoint a Mediation Board to try to end the deadlock. Prolonged deadlock might seriously hamper recovery. These events have brought the industry into the limelight; and it is of interest to sketch its setting in America's economic life, and its recent evolution.

The steel industry's position in the United States differs, in many respects, from its economic background in this country. The industry across the Atlantic is almost self-contained, both for markets and raw materials, except for certain ingredients of special steels. American imports and exports of iron and steel form a comparatively small proportion of home production. In contrast, the British industry has for many years exported a substantial proportion of its output. For example, its products furnished the means of large capital investments in Empire and Latin American railways. Moreover, owing to the paucity of high grade domestic iron ore, the industry in this country is dependent, in a large measure, on foreign supplies. It has tended, moreover, to concentrate on the finishing processes, purchasing abroad substantial quantities of semi-finished steel.

In contrast to the geographical distribution of the industry in this country, iron and steel manufacture in the United States is concentrated in relatively few areas. The output of pig iron, steel ingots and castings, and hot rolled products in the principal centres of the industry in 1929 and 1936 is shown below:—

GEOGRAPHICAL DISTRIBUTION OF AMERICAN STEEL PRODUCTION
(In thousands of tons)

	Pig Iron		Steel Ingots and Castings		Hot Rolled Products	
	1929	1936	1929	1936	1929	1936
Pennsylvania.....	14,016	9,103	20,134	14,062	14,860	10,032
Ohio.....	9,702	7,207	13,215	11,685	8,812	7,697
Indiana.....	5,086	4,168	6,963	6,150	5,145	4,451
Illinois.....	4,358	2,917	4,784	4,155	3,233	2,510
New York.....	2,805	2,221	2,684*	2,174*	1,869	1,440
Alabama.....	2,705	1,998	1,740†	1,595†	1,216	1,087
Total, including other districts.....	41,757	30,217	56,433	47,768	41,069	33,801

* Including New Jersey.

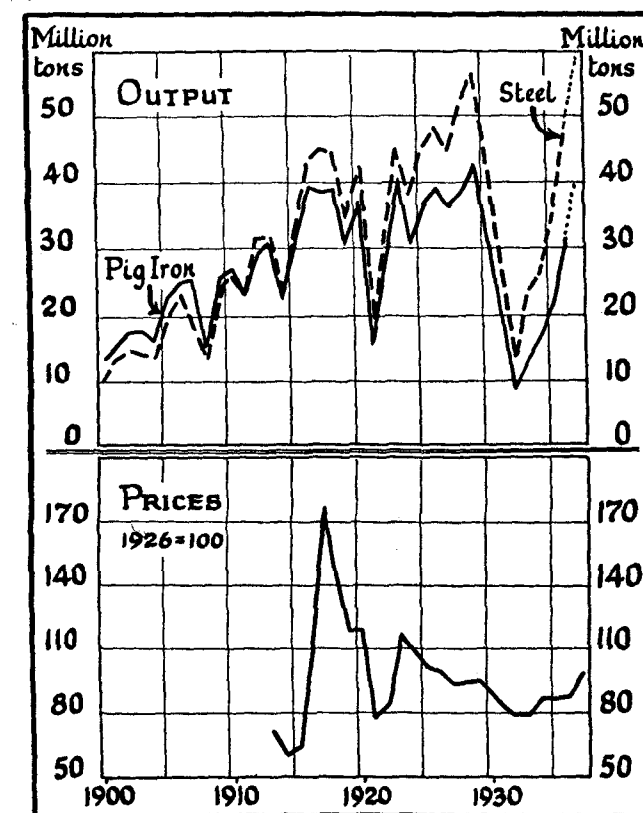
† Including Georgia, Florida, Louisiana and Texas.

In the main, the location of blast furnaces has been determined by the accessibility to coal and iron ore, or, more precisely, by the relative cost of assembling the two materials in various areas. Again, the economies obtained in the conversion of molten iron into steel led to the integration of combined blast furnace plant and steelworks. Since the war, however, when the growing use of scrap—produced largely in the manufacture of

steel—reduced the importance of pig iron as an ingredient of steel, the distance of steelworks from the market, as shown by transport costs, has assumed increasing significance in the location of the industry. Thus Dr S. Stratton, in one of his chapters in a recent study of the American iron and steel industry under N.R.A.,* attributed the westward migration of the industry, measured by the relative growth of capacity in the leading districts, mainly to the increasingly favourable situation of Chicago, Gary, Cleveland and Detroit as consuming centres accessible to iron ore supplies. Compared with Pittsburgh, these districts' advantages more than offset the disadvantages of the high cost of transporting coking coal from West Virginia and Pennsylvania.

AMERICAN STEEL PRODUCTION AND PRICES

Output of pig iron and steel ingots and castings represent annual output from 1900 to 1936 and annual rate of production in January–May, 1937, as given by the American Iron and Steel Institute. The index of iron and steel prices is that calculated by the U.S. Department of Labour. Annual indices from 1913–36; latest figure relates to March, 1937.



In structure, the industry in the United States also differs from the British iron and steel trade in that the bulk of capacity is concentrated in the hands of relatively few concerns. The crude steel capacity of the leading concern—the United States Steel Corporation—was no less than 25,770,000 tons per annum at the end of 1936, or approximately double that of the entire British steel industry. The industry may be classified under four heads. First, there are the fully integrated concerns operating blast furnaces, steel furnaces and rolling mills. Secondly, there are semi-integrated concerns, purchasing pig iron and operating steel furnaces and rolling mills. Thirdly, a number of concerns purchase steel and operate only rolling mills. Fourthly, there are merchant blast-furnace concerns, which produce pig iron for sale to the non-integrated steel producers and foundries.

The industry can also be classified into concerns producing (a) heavy or tonnage steels, such as rails, plates and structural shapes, and (b) light materials, such as

* "The Economics of the Iron and Steel Industry." By Drs C. R. Daugherty, M. G. De Chazeau and S. S. Stratton. (London McGraw-Hill Publishing Co. Ltd. 2 vols. 1,188 pages. £3 10s.

heets, strip and wire rods. This distinction is one of importance in so far as the demand for light steels, which is widely diffused and shows a strong secular upward trend, varies less than that for heavy steels, which is subject to cyclical fluctuations in expenditure on capital equipment, e.g. railway construction and building. The proportion of the total output of hot rolled iron and steel products represented by light materials, after averaging slightly above 30 per cent. in the years before 1929, rose to 54 per cent. in 1933 and was still 47 per cent. in 1936, when the cyclical recovery of the demand for heavy materials had made substantial headway. The two biggest concerns, United States Steel and Bethlehem Corporation, manufacture practically the whole range of steel products. Republic Steel, American Rolling Mill and National Steel are mainly light-steel producers. According to Dr Stratton, ten integrated concerns were responsible, in 1934, for no less than 79.2 per cent. of total American pig-iron capacity, 81.0 per cent. of steel-making capacity and 76.6 per cent. of finished rolled products capacity.

The growth of the industry since the beginning of the century has been very rapid, partly owing to the enormous requirements of steel in the construction of railways, buildings and, more recently, automobiles, the principal outlets for its products. As long ago as 1890, the output of steel in the United States for the first time exceeded British production, amounting then to 3.6 million tons. Since then, as the accompanying chart shows, American steel production has risen steeply, reaching its highest level in 1929, when the output of ingots and castings was 56.4 million tons, equivalent to 47½ per cent. of world production and nearly six times the British output in that year. During the depression the output of crude steel fell catastrophically to the lowest level since 1901. Recovery, however, has been equally rapid and output during the first five months of the

current year was actually above the pre-depression levels.

The industry is severely handicapped by the violence of the changes in the demand for its products, especially for heavy steels; for technical considerations render rapid adjustment of capacity impossible. This tendency makes for instability of prices, revealed in price-cutting during periods of declining demand and in the attempt to charge what the traffic will bear during periods of expanding business. For example, during the period of rapidly increasing business early this year prices for many products were pushed above the 1929 level. Moreover, in view of the continuous changes in the relative demand for the industry's different products, the difficulty of achieving a balanced utilisation of capacity constitutes a further problem. Individual concerns, therefore, are subject to wide fluctuations in their earnings which, as has been shown by Dr Stratton, have been lower during 1924-1934, on the average, than those of a sample of fifty large corporations in various industries. Unlike the British Iron and Steel Federation which has set out to control capacity and prices in the interest of stability (with what success it is still too early to judge), no such co-ordinated attempt has as yet been made in America.

At the moment the outlook for the American iron and steel industry, representing a capital investment in excess of \$4,000 millions and employing more than 600,000 persons, is obscured by labour difficulties and by general uncertainty about the future of American recovery. It must be remembered, however, that the population of the United States has increased by seven millions during the past eight years, while the current volume of business activity is no higher than in 1929. Moreover, the constructional trades have as yet been scarcely touched by recovery. Consequently, the industry's setting during the next few years is likely to be a favourable one, unless recovery is deflected from its course.

Enterprise, Employment and Theft

A correspondent, lately engaged in an empirical appreciation of theft as an influence on enterprise and interest, has communicated to us the following essay. Five years' hard concentration upon the material consequences of theft have, not unnaturally, caused him to adopt a confined—indeed, isolated—attitude to its ethical and social consequences; an attitude no pure economist could hope to share. Nevertheless, while dissociating ourselves from his thesis, we believe it not dissimilar in principle to certain recent actions by the State in the economic sphere. Things practised on a communal scale become criminal when reduced to the personal scale. As Cavour said: "If we had done for ourselves what we have done for our country, what scoundrels we should be!"

THIS world has an ingenuous way of valuing things in inverse ratio to their usefulness. In a rather less ingenuous way it makes good use of some things, while denying their utility. Thieves suffer much from these two traits. Despised and rejected of men, they tread their lonely path doing great good in a small way. Yet never a voice is lifted in their praise or defence. Like the dragon of the fairy-tale, they must hold their loathed form, until one of purer vision steps forth to discern in them the Prince Charming hid beneath their scales.

With the thief as an individual I am not here concerned. Thieves, and their position as an infra-marginal class in a class-civilization, are my proper subject. My long practical appreciation of theft, and my recent five years in close and continuous contact with thieves in a certain State institution, have led me to form a judgment on the economic function of theft. So far from being an evil, the predatory class is an economic necessity and an agent of enlightenment. History corroborates me in all particulars; and the paradoxical development of the economic function of the State, which is to secure a State monopoly of the right to make involuntary transfers of wealth *inter vivos*, while clapping individuals who practise it into jug, confirms my thesis.

In the field of economics, the thief has not been allowed the scant courtesy of even prejudiced attention. Yet it is as a functionary in the economic life of the community that he first manifests himself. When the totality of his influences and effects is weighed it is in the economic world that they loom largest and most to his

credit. Thoroughly to appreciate these influences it is necessary to follow an average representative of this class, a house-breaker of ordinary merit, through part of his career.

Under the stress of various impulses he breaks into a house during the absence of its owners, picks up all the silver-plate and portable valuables he finds therein, and decamps. Then, with his booty, he calls upon a "fence," and sells it for about a third of its value; let us say, £50. We suppose him to be an average member of his class. This means he has an immoderate inferiority complex urging him to self-display—especially among women—and to the frivolities. The consequence is that he spends his £50 in a fortnight and begins to look out for another temporarily unoccupied house.

Meanwhile, the owner of the stolen property has informed the police and an insurance company of his loss. The police get on the track of the criminal. The insurance company restores the value of the property. If we suppose that the house-breaker has an average "run," he will commit half-a-dozen such crimes before he is caught and sent back to prison for another two years or so.

The activities of the thief influence the economic life of the community in two ways. Directly, he sets in motion £50 of currency, giving to it by his spendthrift habits a greater velocity of circulation than is customary. His far-flung liberality, his splendid lavishness, are not without their influence on the people with whom he mixes. In their efforts to reflect a little of his brief glory

people are induced to spend a shilling or two more than they would in other circumstances. That is, the Multiplier works here, too. Then, again, a momentary swish of currency activity is caused in higher circles. The sum of £150 in bank deposits (credit) is passed by the insurance company from its bank to the house-holder—i.e. from an unspent margin to active circulation—and from the house-holder to the silversmiths and other tradesmen engaged to replace the stolen property. Thus the theft involves no loss of wealth to the community at all. It only effects a transfer of property rights from effective hoards to active circulation and consumption. It even reinstates the original hoarded wealth.

Yet another financial repercussion of the theft is to be found in the profit made by the "fence." This profit is invariably large, seldom less than 100 per cent. One may safely say, therefore, that £50 of formerly idle bank deposits move from the tradesmen to whom the booty is re-sold by the "fence." Nor must we neglect the maintenance costs of the systems—preventive, detective, and punitive—erected to combat the thief. Large sums are annually diverted from middle-class pockets through rates and taxes for this purpose. Purchasing power is thus transferred from the property-owning strata to the lower strata, paradoxically enough simply to make the property of the former class more secure. The marginal utility of the units of purchasing power so redistributed automatically rises, for it leaves those to whom it is small for those to whom it is much higher.

The effect of these diverse transactions is an accelera-

tion of the velocity of circulation of the currency. Now, an increase in the velocity of circulation has as considerable an effect on the price and production side of the equation as an increase in the total amount of money in circulation. The thief, then, functions in the private capitalistic system as an automatically controlled currency system would function in a more rational world. He is inflationary; mildly purgative; playing a part in the body politic curiously analogous to the part played by the suprarenal glands in the human body, stimulating a vigorous circulation of money as these glands stimulate a vigorous circulation of the blood.

Thus the thief is no mere parasite upon the social body. He performs a service, whether he is aware of it or not. The service is indispensable in the system as at present constituted. Certainly he produces nothing tangible; but then nor does the lawyer, the economist, the M.P., the doctor, the taxi-driver. Were all men to practise Christian ethics as well as preach them; were all men to keep themselves fit; were all men to drive their own cars; then the lawyer, politician, economist, doctor and taxi-driver would be superfluous. So, too, were society ordered on a rational basis the thief would be supererogatory. But until he is, he should receive his meed of recognition for the part he plays. He can be regarded as one whose lot is cast in unpleasant ways, as that of the road-sweeper. A poor burglar, as at present recognised by the State, cannot be expected to do his best. His most imaginative efforts only evoke greater retribution by the State.

Notes of the Week

The New French Government.—Within the last week France has suddenly fallen into, and no less swiftly emerged from, a first-class dramatic political crisis. The storm blew up over the attempted passage through the Senate of M. Blum's financial proposals. (We examine the technical side of these on p. 738.) On Sunday the Blum Government met with a hostile vote on this subject, while on the same day they obtained from the Chamber a reaffirmation of its support. Thereupon, M. Blum put forward a compromise proposal; but this did not mollify the Senate Finance Committee. They retorted with counter-proposals which were only slightly less unfriendly to the Blum Government than their previous draft, and which would in any case have denied M. Blum the substance of the powers for which he was asking. The climax came in the Senate itself on Sunday evening, when a bitter attack on M. Blum was delivered by M. Caillaux. Thereafter, M. Blum resigned at 2.30 on Monday morning; and the storm subsided. At about 5 the same morning the President of the Republic asked the Radical-Socialist statesman, M. Chautemps, to form a Cabinet. By 7.30 a.m. M. Chautemps had undertaken the task; and by Tuesday evening he had accomplished it. During the short but awkward interregnum, everybody in France remained calm.

The Parliamentary Socialist Party provisionally accorded M. Chautemps their support on Monday afternoon, and on Tuesday this vital decision was confirmed at a special meeting of the National Council of the Socialist Party—at the instance of M. Blum, and in spite of the opposition of M. Zyromski, the intransigent spokesman of the Socialist Federation of the Seine. M. Blum's statesmanlike and constructive policy was quickly justified by the event; for, in the Cabinet which M. Chautemps was able to form as soon as the decision of the Socialist National Council was known, the Socialists have been given eleven out of nineteen places—M. Blum himself reassuming office as Vice-President of the Cabinet without portfolio. The leading Radical Ministers in the last Cabinet have retained their posts. M. Delbos, for instance, retains the portfolio for Foreign Affairs (he never ceased, *de facto*, to carry on at the Quai d'Orsay); M. Daladier retains the portfolio for

War. The most important change, apart from the premiership, is, of course, the appointment of M. Bonnet, now on his way home from the French Embassy in the United States, to the Ministry of Finance. M. Chautemps will probably be able to command a wider range of support than M. Blum. The Communists, who declined to take office in the Blum Government, actually asked to serve under M. Chautemps; and though their offer was declined, they may be counted on to back the new Government in all the Leftward side of its policy; while in his more conservative measures (and perhaps, first and foremost, in those relating to finance) M. Chautemps will be able to count on the friendship, or at any rate the protection, of the Right Centre, where M. Blum could not look for any help. In short, France has been through an ordinary parliamentary crisis—of a kind that has been common form since the establishment of the Third Republic—and has emerged with what promises to be a distinctly stronger and more stable "Popular Front" Ministry than the last. From first to last there was never a question of the country dissolving into that Red Revolution over which the Nazis have so long been weeping anticipatory crocodile tears.

The Viceroy Speaks.—Events will show whether the Viceroy's statement of Monday last on the constitutional position in the Indian provinces has been timed with great political skill—as seems probable on one view—or, like too many other incidents in the progressive grant of self-government to the countries of the Empire, has come too late to secure the psychological effect at which it aims. The statement was couched in cordial and conciliatory language. A Governor, said Lord Linlithgow, was not entitled under the Act to interfere at random in the administration of his province. His special responsibilities were restricted in scope to the narrowest limits possible. Even so, a Governor would at all times be concerned to carry his Ministers with him. If he thought a certain action necessary in the field of his special responsibilities, he would attempt to persuade his Ministers of its necessity, giving all heed to arguments they might advance against it. The subsequent course of

action would naturally depend on the kind and importance of the issue. The Viceroy welcomed Mr Gandhi's "helpful suggestion" that only in the event of "serious disagreement" between Governor and Ministers need any question of severing their relationship arise. The issue, he would say, must be of such a character that Ministers would feel their position hopelessly compromised by the Governor's acting contrary to their advice. As between resignation and dismissal, constitutional practice leant very heavily indeed on the side of resignation. It was more consistent with the self-respect of the Ministry, and was an effective public indication of their attitude. Dismissal might carry a suggestion of inferiority, a suggestion the Government were concerned at any cost to eliminate from the new constitutional arrangements.

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Lord Linlithgow concluded by pledging his support for all efforts towards the establishment of parliamentary government in India. This sentiment, and the whole conciliatory tone of his statement, are to be welcomed. But it leaves unsettled the issue which has become the kernel of the dispute—the choice between resignation and dismissal. This is not a mere matter of punctilio. An obligation on the Governor to dismiss Ministers when he could no longer approve their policy on matters which fell within his special responsibilities would place upon him the burden of deciding at what point disagreement had reached such a pitch that Ministers and Governor must part company and provincial autonomy, in effect, be suspended. Conversely, if resignation were the accepted method, the responsibility for taking this fateful step would be on Ministers, who, Congress fears, would in consequence find their nominal responsibility for these subjects frittered away by a series of minor interventions by the Governor, none of which would be sufficient in itself to justify the provocation of a crisis. It remains to be seen from the meeting of the Congress Working Committee on July 5th whether the gap has been closed sufficiently to make possible the assumption of office by Congress.

* * *

The New Profits Tax.—Sir John Simon's speech in the House of Commons on Tuesday and the issue on Wednesday of the new clauses to be added to the Finance Bill in the place of those withdrawn, have given definite and, in all probability, final shape to the much-discussed National Defence Contribution. The details are discussed in an Investment Note on page 741; here it may be said that some of the questions raised by the first announcement of the revised version have been satisfactorily answered; others have not. Sir John Simon made it clear, for example, that although holding companies, investment trusts and other such companies will be taxed on their investment income, there will be no double taxation, and dividends received from companies already subject to N.D.C. will not be taxed again. This is not a perfect solution, since trusts which hold preference shares will *pro tanto* escape the tax. On the other hand, the Chancellor refused to concede the principle incorporated in the old Corporations Profits Tax of a limit on the burden that can be imposed on the equity shareholders. To concede such a limit would, as he argued, create certain anomalies, but it is arguable that they would be less objectionable than the inequities of a tax not limited in its incidence. On the whole, the new tax has had a very favourable reception—far more favourable than it would have had if it had not been preceded by the ill-fated earlier version. But there was also general agreement in the House of Commons with the view put forward in *The Economist* last week that the tax should not be regarded as a permanent addition to the armoury of the Inland Revenue. Sir Alan Anderson aptly summarised this opinion when he said: "I think the view of most of us is that this tax is reasonable as an emergency and temporary measure. It is rough justice; it will probably work for five years; but in my view it certainly would not work and would not give satisfaction if continued beyond that. I think the tax carries within itself its temporary character."

Higher Salaries for Members.—A motion by the Prime Minister to increase the annual remuneration of Members of Parliament from £400 to £600 was passed on Tuesday in the House of Commons by 325 votes to 17. Treading most decidedly in the footsteps of Earl Baldwin, to whom this welcome measure owes its Parliamentary origin, Mr Neville Chamberlain made out an effective case for the increase. He showed that many members were in fact unable to live decently or to work efficiently for sheer lack of financial means. They were consuming their savings, stinting their families, or going short of food. While by no means a majority of members are so unfortunately placed, the higher salary was amply justified by the facts which Mr Chamberlain adduced; not least important being his reminder that since 1911, when the present scale was fixed, the cost of living had risen 50 per cent. and the duties of members had become much more exacting. There was little direct opposition to the proposal, which was welcomed by Mr Lees-Smith on behalf of the Labour Party. An amendment to postpone the concession until after the next general election received only 31 votes; and Sir Francis Acland's personal view that some sort of means test might be appropriate was no more popular. There was a general feeling that the reform might in time go farther to include the establishment of a pensions scheme, which the Prime Minister had mentioned as meriting inquiry. The increase in salaries will cost £112,000 a year. On the whole it will be money well spent.

* * *

The State of Labour.—Recent rumblings of thunder on the Left in this country have given rise to an erroneous belief that a major *crise de confiance* was imminent in the Labour movement. There was a thunder-clap last week when a group of Labour M.P.s drew up a memorandum calling for a more decisive policy in opposing Government measures. It is difficult to see what other line the Labour front bench could recently have taken than to accept the abdication, re-armament, and the withdrawal of N.D.C.—the only major issues which the unprovocative policy of Earl Baldwin has offered. The Government's social and foreign policies have been vigorously, if not ably, opposed. On the other hand, ever since the followers of Fox, wearied of futile struggle, absented themselves from Pitt's House of Commons, there has been a tendency for Opposition parties to lose heart when faced with a large and seemingly unassailable majority. On this occasion, Mr Shinwell and his followers, voicing the opinion of restless and discontented back benchers, have issued a warning against apathy. Their energies may indeed be misdirected, and it is certain that merely factious opposition would be foolish. Nevertheless, in view of the dead weight of the Government majority and the proved inability of the Labour party to maintain their poll in by-elections, Mr Shinwell's suggestion that Labour M.P.s, organised in special committees to survey the work of Government departments, should undertake the duty of expert opposition is on the face of it a reasonable proposal. There is no overt hint of any revolt against Mr Attlee; and it is significant that, in addition to the launching of a national campaign to secure more votes for Labour, the Leader of the Opposition has chosen this moment to restate the programme of his party. In office he will seek to organise national resources to maximise the standard of life. Although he will support compensation for disturbed property owners and maintain and coordinate the defence services, he will proceed to control trade, transport, the coal industry and the manufacture of armaments. The implications of the recent by-elections are presumably as apparent to the Labour front bench as to the rank and file.

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Busmen's Politics.—More serious perhaps for the Labour movement than Mr Shinwell's manoeuvres have been recent developments in the Transport and General Workers' Union. While the suspended Central Committee of the London busmen were still awaiting the

Executive's inquiry into their relations with outlawed bodies, Mr W. J. Brown, general secretary of the Civil Service Clerical Association and notoriously a stormy petrel, offered his services to organise an independent organisation outside the Transport Union. He pointed out that, by driving out the more energetic elements for associating with rank and file or Communist movements, the leaders were splitting the trade unions; and that in the case of the London busmen their democratically chosen leaders had been overridden and were now liable to be expelled. The most important point about Mr Brown's surprising and dangerous offer was that it was rejected by those to whom it was sent. The problem of the London busmen remains by mutual agreement a domestic question of organisation and discipline. Although the position of the minority movement among the rank and file which favours direct action in industrial matters is again becoming important, as it did in the boom years after the war, there is no likelihood at present that the trade union movement will either split or depart from the constitutional policy which it still professes. The future of the London busmen's leaders will depend upon the findings of the Executive inquiry and, more remotely, upon the way in which the Executive's agreement with the London Transport Board works out in practice. As Sir Walter Citrine pointed out on Tuesday, a struggle for power has indeed been going on in the trade unions for some years. The method of the minority, he said, was to usurp the power of elected executives by fomenting unofficial strikes. Even so, the minority has so far failed to make any serious impression on the Labour movement. Unrest among workmen is usual in times of boom and war preparation, and there is no reason to forecast in present circumstances any alteration in Union tactics.

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A Steelworks for Jarrow.—The proposal to erect a large integrated steel works at Jarrow, first adumbrated in 1935, was rejected a year ago after considerable discussion and controversy. But Jarrow is not after all to go empty away. The President of the Board of Trade announced on Tuesday that a smaller scheme had been made possible by the co-operation of the Government, through the loan fund set up by the recent Special Areas Act, the Bankers' Industrial Development Company, the Nuffield Trustees, and the Consett Iron Company. The new company will have a capital of £1,000,000 and will manufacture and roll steel at Jarrow. The original scheme, which was finally scotched last July by the jealous exclusiveness of the Iron and Steel Federation's Tees-side members and one or two other firms, was more ambitious. The proposal then was to lay down in Jarrow, the most depressed of towns, a complete basic Bessemer steel plant to produce an annual output of 500,000 tons. But, unwilling to see an increase of competition in the North-East area, "a number of important steel firms" were "forced reluctantly to the conclusion" that the

project was not a commercial proposition, despite expert opinion to the contrary and the manifest shortage of our steel supplies. Asked to co-operate in the scheme, other steelmakers declined, preferring to concentrate on their own extensions. Some firms, however, at one time declared themselves ready to participate in a modified scheme. The original project was thus killed without any adequate reason—other than the opposition of established interests—and despite the Government's expressed view that the establishment of a new plant at Jarrow was of national importance. Mr Oliver Stanley's announcement in the House of Commons on Tuesday contained few details of the new scheme. It is clearly a much smaller affair than the original proposal for a completely integrated plant. Whether it is also smaller than the "modified scheme" which featured in last year's negotiations, and how the Federation have been induced to withdraw their opposition, we do not know. But it is only logical to assume that if a truncated scheme is now found to be economic, when costs of construction have increased and the end of the large demand for steel is two years nearer, the full scheme would have been even better two years ago. There is, accordingly, still ample reason to await with interest the report shortly to be issued by the Import Duties Advisory Committee on the circumstances in which the earlier scheme was killed by the Federation.

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Railway Rates Evidence.—During the past two weeks the Railway Rates Tribunal have heard the evidence in support of the four main line railways' demand to be allowed to increase their fares and freight charges by 5 per cent. It was argued that in each of the last three years revenue had been more than £15 millions below the "standard revenue" laid down in 1921; and that it was still over 13 per cent. less than in 1929. This deficiency was likely to be further swollen by the increasing cost of fuel and materials, which had not yet been fully felt. To this steady rise in costs of material, likely to be £5 millions more in 1937 than in 1936, should be added the pending claim for higher wages recently made by the railway unions. If the new charges were sanctioned, net revenue would still be considerably below the standard of the 1921 Act. It would be £41,064,154 compared with £51,359,905 under the Act, making no allowance for any further rise in the cost of labour and materials. Net receipts in 1936 were £162,384,907. In 1937 they were estimated to be £169,109,000; and under the new charges they would be £174,718,000. Assuming that there would be no loss of traffic, and excluding receipts from the London Transport pool as the Tribunal's decision would not be operative for the Passenger Transport Board, the railways stated that the new charges would raise gross receipts by £7½ millions annually. (An Investment Note on page 743 discusses railway receipts.) In detail the 5 per cent. increase would involve raising fares up to 11½d.

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by ½d., fares between 1s. and 2s. 5d. by 1d. and so on. This, it was argued, would not affect passenger traffic because of general prosperity. Similarly it was maintained that an increase of 1d. per ton on coal would not affect its production or distribution. This was important because 7½ per cent. of railway receipts in 1936 was derived from the carriage of coal and coke. In the case of agricultural products a losing battle was already being waged. A large tonnage had been lost to the roads in the last two years, and there was little prospect, whether rates were raised or not, of improving this position. Thus, the railway case rested on increased costs and the increased ability of prosperous consumers to meet higher charges.

Various objecting bodies were represented: the National Farmers' Union, the Mining Association, the British Iron and Steel Federation, the British Coal Exporters' Association, the National Gas Council and the London County Council. It was alleged that the farmers' margin of profit was too small for their business to be further penalised by higher freight charges; that to estimate the 1937 revenue without revealing the actual revenue to date was unfair and misleading; that the costs of the railways' clients were increasing, just like those of the railways; and that working people, already faced with a rise in the cost of living, could ill afford to pay 5 per cent. more for their season and workmen's tickets. Nevertheless it seems probable that, under the terms of the 1921 Act, which sanctions such applications so long as standard revenues are not attained, the increases will be granted. The effect on wage negotiations remains to be seen. It has been supposed that the unions were likely to obtain the restoration of the last 1¼ per cent. of the cut made in 1931, but not their further claims for new overtime rates, paid holidays, etc. It was pointed out in evidence, however, that wages were 100 per cent. higher than before the war; and while revenues are still considerably below the level of 1929, the companies are likely to continue their opposition to the restoration of the 1929 rates of wages—and still more to further concessions.

The American Steel Strikes.—The temperature of American politics is still rising. The great dispute over the Supreme Court is no nearer settlement than ever; and the Chief Justice himself has now taken a hand by the public declaration that American democracy is in danger if the interpretation of the law is placed at the mercy of the President, allied with a temporary majority in Congress. To those who recollect that the law and constitution of Great Britain can at any time be changed by the Executive and the Legislature (who are, always, by definition, in agreement), such arguments may seem to be foolishly exaggerated. But they carry great weight in the United States and the tide is running with some strength against the President's proposals. He has also been forced to incur the political disadvantages of intervening in the steel strike which is raging in the Middle West. In an American strike, especially a steel strike, both sides use illegitimate weapons and attempt to gain their ends by violence. The law, or at least the Courts, can usually be found on the side of the employers. But the Wagner Act, which is interpreted not by the Courts (in the first instance), but by the National Labour Relations Board, is, both in drafting and even more in administration, favourable to the unions. There is, accordingly, a conflict of jurisdictions between judicial or semi-judicial bodies, each of which, in practice, takes sides. In these circumstances the Government, when it intervenes, is almost forced to be, or to seem, prejudiced on one side or the other. It cannot, at least, take its stand on respect for an impartial law. In the present instance, both the local Governors and the President have sided with labour. The steel companies wished to open their plants, by force if need be, but they have been prevented from doing so by the request of the President and by the proclamation of martial law by the Governors of Ohio and Pennsylvania. The announced, and doubtless sincere, motive of these interventions was to avoid

violence. But the strikers received the news with shouts of "We have won the strike!" and all those who are suspicious of militant labour are correspondingly embittered against the President.

The Religious Conflict in Germany.—The struggle between Nazidom and the churches has never ceased since Herr Hitler came into power. For weeks past Dr Goebbels' indefatigable Propaganda Ministry has now been engaged on a vast campaign of calumny against individual members of the Catholic clergy. They are accused, for the most part, either of sexual immorality or of financial corruption. Their calumniators' notion seems to be that it does not much matter how many of these lies are disproved so long as enough of them are launched for a certain number of false charges to stick. It is by no means certain that they do stick. The effect may rather be to make the German public uncritically incredulous of any and every imputation on the clergy's virtue. This drum-fire of defamatory propaganda is believed to portend some new series of positive acts; and this seems to be the expectation of the Vatican, to judge by the terms of a recent address by the Pope to a party of pilgrims from Germany. The Nazis are also palpably aimed at in the strictures—nominally directed against the Bolsheviks—that are contained in a recent Apostolic Letter from the Pope to the Cardinal-Archbishop of Poznan, an ex-Prussian province of Poland. And Germany, as well as Spain, is reported to have been on the agenda of a meeting of the Congregation of Extraordinary Ecclesiastical Affairs which was held at Castel Gandolfo last Sunday. Meanwhile, some fresh blows have been struck against the Confessional Movement among the German Protestants. In Berlin, Dr Jakoby and other prominent Confessional pastors were arrested on the 15th; and next day the Ministers for the Interior and for Church Affairs issued jointly a decree which may have the effect of depriving the Confessional Movement of the funds which it has been raising by subscription among its supporters for the training of candidates for ordination. "We imitate Italy and the result is Russia." This German dictum on National Socialism is true—in the religious sphere, as well as in others.

The Little Entente Conference.—The periodical conference of the statesmen of the three states members of the Little Entente was held last week on board ship in the Danube, where the river runs between Roumania and Yugoslavia. This time all three Prime Ministers were present. The original purpose of the Little Entente was the maintenance of a united front *vis-à-vis* Hungary; and the solidarity of the three countries in this respect has been expressly re-affirmed. In particular, they have agreed to deal only jointly, and not separately, with Hungary over Hungary's claim to be entitled to re-arm on the precedent of her ex-allies, Germany and Austria. In itself, this policy of solidarity in face of Hungary is neither unnatural nor illegitimate. It is only to be hoped that, in the compromise between the respective policies of the three Governments towards Hungary, the most and not the least liberal of them will prevail. It is also to be hoped that the spectre of a continued encirclement will not deter Hungary from pursuing the new course of reconciliation, and even understanding, with the successor-states. Towards this, indeed, she has latterly been inclining, under the influence of a well-grounded fear that a hegemony of the Third Reich in the Danube Basin might spell the end of the independence of all the Danubian countries, not excluding Hungary herself.

The three Prime Ministers are reported also to have discussed Czechoslovakia's relations with Russia and Yugoslavia's relations with Germany. M. Hodza, for Czechoslovakia, reiterated the non-aggressive nature of the former pact; and M. Stoyadinovitch, for Yugoslavia, affirmed that his government had refused to conclude

a special treaty with Germany, on Herr von Neurath's request when in Belgrade, on the same lines as the Yugoslav-Italian pact of last April. The Roumanian government has authorised an extraordinary 430 million lei credit to begin work on the new Salva-Vizen line to the Czech frontier. This credit is to come from a loan of Kc. 95 millions for that purpose from a semi-state Czech bank, and is in accordance with the terms of the special agreement between the two governments on July 14 of last year. The reorganisation of the Roumanian army is also now rapidly and efficiently progressing, especially in mechanisation and speedy transport. M. Hodza took occasion in Bucharest to make contact with the leaders of the Roumanian Peasant Party; and it seems that the Roumanian government is now firmly set against the Iron Guard. The main effect of the Little Entente statesmen's visits and meetings seems to be an encouragement of the general move towards an understanding between their countries, Hungary and Bulgaria.

A Rising in Turkey.—Last week it was revealed at Angora that within the last three months a successful campaign, on a considerable scale, has been conducted by the Turkish Government against the Kurdish tribesmen in the Dersim district. These Dersim highlands, which lie between the two branches of the Upper Euphrates, are exceptionally trackless and inaccessible. The Kurdish inhabitants are correspondingly backward; and it was the resistance of these antediluvians to President Kemal Atatürk's reforms that was the cause of a conflict which has engaged 30,000 Turkish troops as well as a detachment of the Turkish air force. What has happened is not surprising. The post-war reforms in Turkey have been so rapid and so sweeping that the Turkish peasantry of Anatolia, west of Euphrates, have been left gasping; and the Kurdish tribesman to-day is still about as far behind the Turkish peasant as the Scottish highlander was behind the English yokel down to 1745. The writer can remember vividly the spectacle of the Kurdish deputies in the Turkish Parliament at Angora in the spring of 1923. Wearing their national dress, unmistakably bewildered by the parliamentary business in which they were deemed to be taking part, and with their legs curling up, unconsciously, till they were sitting cross-legged on their chairs (a most unparliamentary posture), the poor Kurds were then already obvious fish out of water in a Turkey which had elected to go modern overnight. Trouble was almost bound to follow, and the first Kurdish revolt—half tribal and half religious—broke out and was suppressed in 1925. In the circumstances, the Turkish Government is probably bound to use the strong hand. But this can hardly be the end of the story; for the Kurdish districts cover not much less than one-third of the present territories of the Turkish Republic; and as law and order prevail there these will bring in their train an increase of Kurdish prosperity, Kurdish population and Kurdish nationalism. It is to be hoped that the Turkish Government will be content with reducing the Kurds to obedience without attempting to use the same high-handed methods for the more dubious purpose of denationalising them.

Labour Standards.—The Government was attacked by both the Labour and Liberal Opposition in the debate on the Ministry of Labour Vote on Wednesday for having failed to support the International Labour Office and to ratify its conventions for the improvement of working conditions. The debate which ensued was unworthy of the subject. Mr Herbert Morrison, moving the reduction of the Ministry of Labour Vote by £100, alleged that the Government's attitude to the I.L.O. and its recommendations had been backward and obstructive. Since 1932 they had failed to ratify conventions about hours in mines and glass factories, holidays with pay and minimum wages. In particular they had recently led the opposition to the general introduction of the forty-hour week by international agreement.

Mr Morrison's charges were made with much rhetoric and little sense of the economic difficulties and problems involved; while Mr Ernest Brown's reply was lame, evasive and unconvincing. He cited an unimpressive list of cases in which conventions had been ratified; pointed out that British ratifications were always operative; and dismissed the forty-hour week as a slogan and "almost a theological faith." Apart from some cogent and opportune words by Miss Cazalet about the shabby treatment of unprotected domestic servants, the debate was useful only because it uncovered a dilemma which still underlies our national policy of industrial regulation. If the Government opposes further improvements in hours, wages and working conditions because they would leave our industries open to severe international competition, would not the obvious mode of procedure seem to be by international agreement at Geneva? Is it that the Government, bearing in mind that to date Spain has recorded the highest number of ratified conventions, cannot trust other countries to keep their promises? Or have the Government real and cogent economic reasons? If so, they should adduce them.

Current Monetary Policy.—A memorandum prepared by Professor T. E. Gregory for the Berlin Congress of the International Chamber of Commerce examines the provisional character of monetary thought since 1929. For a time, he points out, there was an exaggerated belief in the virtues of exchange depreciation, and a consequent intensification of protectionism and autarky. Practice, however, outran confused theory, and a move to stabilise the chief exchanges began. The dollar price of gold was fixed in 1934, and in September, 1936, the Tripartite Agreement embodied the intention of Great Britain, the United States and France to maintain the greatest possible equilibrium of the international exchanges. Professor Gregory suggests, however, that a number of theoretical and practical difficulties still remain in this provisional period of flexible parities. Some people wish to preserve purely provisional currency parities indefinitely because they believe that the equilibrium of the balance of payments is always liable to be upset by "economic weaknesses"; cash reserves are low, borrowed reserves are at dangerously short-term, and export surpluses are hard to establish and maintain. Moreover, some countries have fixed a rigid price and production structure by autarkic planning, and their currency policies must be subordinated to their political pre-occupations. Consequently, all we can say is that "until the limits to which self-sufficiency and planning will be carried can be determined, the task of deciding what form of currency organisation can be finally adopted cannot be undertaken." We must wait and see; and meanwhile we are encouraged by the fact that the cessa-

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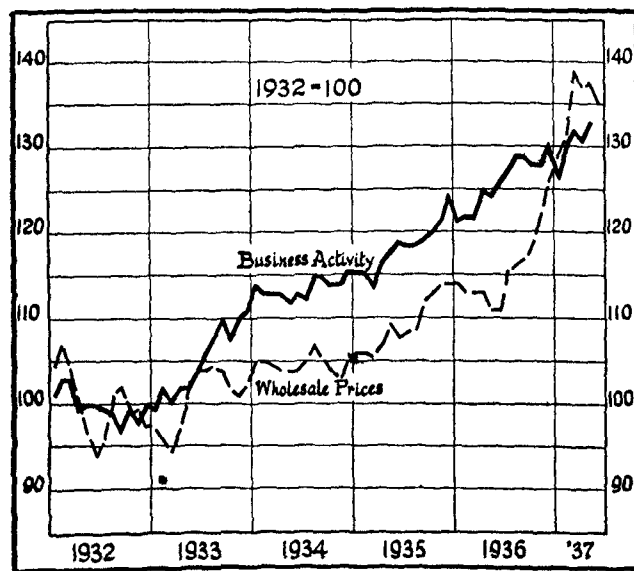
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tion of competitive exchange depreciation has modified the urge towards protectionism and autarky.

Having lucidly stated the implications and difficulties of the present situation, Professor Gregory goes on to discuss the special problems of gold, exchange equalisation and exchange control. The world has not in any sense "abandoned" gold, and the special task of adjusting price levels to the increase in the value and volume of gold supplies since devaluation still remains. He argues that the ruling flexible parities impose a special obligation on governments to conduct their gold policy to cause the minimum of disturbance. The United States, in his view, should preferably pursue a policy of sterilisation, tariff reduction and increased foreign lending. Professor Gregory deprecates the division of function between Exchange Equalisation Accounts and Central Banks; and suggests that the problem of exchange controls which threaten to destroy the elasticity of international trade can only be solved by currency devaluation—since they owe their origin to an unsuitable relationship between local and world price levels. The outlook is uncertain, and this survey is excellent; but Professor Gregory sees rays of hope. There is a common interest in the expansion of world trade; and co-operation between central banks is more active now than it has ever been before.

Trend of Prices and Production.—A period of expansion in business activity is often, but not invariably, accompanied by rising costs and wholesale prices, but a downward trend of activity is always associated with falling prices. During 1928-29, when industrial production was rising, wholesale prices were falling. In 1930-32, both production and prices were falling. The diagram below shows changes in *The Economist's* indices of wholesale prices and business activity since January, 1932. Changes in the component series of the

WHOLESALE PRICES AND BUSINESS ACTIVITY
Based on *The Economist* indices of wholesale prices (complete index) and Business Activity



two indices are shown on pages 19 and 21 respectively of the Trade Supplement to this week's issue of *The Economist*. Between 1932 and the middle of 1936, business activity rose faster than wholesale prices. But as industrial production approached the current capacity of British industry, and as recovery gained ground abroad, especially in the United States, the prices of internationally traded primary products and British internal costs showed a pronounced upward trend. Since March, however, the prices of primary products have shown a marked decline, reflected in the fall in *The Economist* index of wholesale prices. This decline in raw material quotations is, as yet, no more than a

corrective to the previous upward rush and has not been accompanied by a fall in the industrial costs of converting primary products into finished goods.

Industrial News.—The latest reports from the principal industrial centres on pages 769-772 are still fairly encouraging. The scarcity of iron and steel continues to hamper progress and, as our Glasgow correspondent points out, the position in that centre is serious. Capacity is being increased, one of the latest schemes being that for Jarrow discussed on page 725. The Government's iron and steel import policy was severely criticised this week by Mr. H. Donald Hope, Chairman of Henry Hope and Sons, a company engaged in the manufacture of metal windows. Mr. Hope pointed out that his company is unable to obtain sufficient supplies of rolled steel sections—the principal raw material—from English rolling mills and from the Continental cartel. As a precaution against a partial closing of the factories, his company had been obliged to place considerable orders with mills in the United States. But as American steel is subject to a duty of 33½ per cent., against 10 per cent. payable on imports from the cartel under quota certificates, Mr. Hope rightly declared that "there is something wrong in these arrangements for the protection of steel in Great Britain which compels a firm . . . to pay so heavy a duty as 33½ per cent. on the only material available." Meanwhile Mr. Stanley, in answer to a question by Miss Wilkinson in the House of Commons last Tuesday, pointed out that he was arranging to publish the report of the steel inquiry "as soon as possible." Activity in most branches of the engineering industry continues to expand, but the industry is faced with a demand for an increase of wages by twopence per hour. Coal production is well above the level of a year ago, output during the week ending June 12th amounting to 4,807,000 tons, against 4,521,000 tons. New business in cotton and wool textiles remains limited, but owing to the firmer tendency of raw wool prices, orders are expected to increase during the next few weeks.

The Australian Basic Wage.—The Arbitration Court of the Commonwealth of Australia has this week given a unanimous award, affecting fifty-three unions and involving an average increase of 5s. a week in the basic wage. The annual gain to the body of Australian wage-earners is estimated at £6,250,000, of which perhaps one-third will be payable by the Commonwealth and State Governments. But the importance of the award does not lie only in its amount and in the burden it imposes on industry and on Budgets which can with difficulty be balanced. In effect, a new principle has found its way into the basic wage system. The original meaning of the basic wage was a minimum living standard—the lowest wage payable to an unskilled labourer on the basis of the normal needs of "a human being living in a civilised community." This definition has no relation to the capacity of industry to pay. In 1931, however, an all-round cut of 10 per cent. was made, for no other reason than the inability of industry to pay more; and in 1934 a new consolidated basic wage scale was awarded, avowedly founded on the condition of Australian industry at that time. The present award goes still further in the same direction. In the first place, the additions of 4s. to 6s. to the weekly wage (according to location) are not variable with the cost of living, as a minimum living wage must logically be, and as the whole basic wage has been hitherto. In the second place, the wage is now effectively varied according to the differing circumstances of the States, not according to the differing needs of their citizens or the differing degrees of "civilisation" they have attained. The whole award is based on an optimistic view of the economic condition and capacity of Australia, which, in the Court's opinion, had reached pre-depression standards, with the extra advantage that the country no longer relied on external borrowing.

Overseas Correspondence

From Our Special Correspondents

United States

Strikes and the Boom

NEW YORK, June 15.—Emphasis upon the significance of the current strikes is fully justified; but there is some danger of exaggerating their immediate economic significance. After two years of general tranquillity, we have for six months experienced an almost continuous succession of major strikes. Beginning with the maritime strike, the movement passed to the motor industry and its branches, and now into the steel industry. There have been plenty of scattered strikes in other industries, small and large; but they were on the fringes of the main movement. The maritime strike almost completely suspended sailings of American salt-water shipping—but not quite. The motor industry was not completely shut down at any one time—the Chrysler strike came after the General Motors strike. In the same way, currently, a large part of the steel industry continues uninterrupted operation although important units are partly or completely closed.

While the movement as a whole takes on some of the aspects of a general strike, it has so far not produced any such synchronous suspension of operations as occurred in France in June 1936, and is even less like the British general strike of 1926. Whether the method is the consequence of strategy or accident must be left to conjecture, but the consequence is that we have had something in the nature of a general strike, over a period of about six months to date, and during that time industry has maintained a very high level of activity, by any standard of comparison. It is only in the last few days that any statistical evidence of recession could be cited, and even this cannot with any certainty be attributed to strikes. It is true that the decline in steel output is a direct reflection of "the shut-downs"; but seasonal influences are adverse, and it must be remembered that the fading out of our mid-winter seller's market might of itself be expected to account for some slackening toward mid-year.

Violence in Michigan

While minor strikes have occurred everywhere, the focus of the spring strike disturbance has been in the industrial middle-west, and conspicuously in the state of Michigan. The industrialist elsewhere has had troubles of his own, but they have not been nearly so acute; and he reads of the siege of Monroe, Michigan, with something of the sense of remoteness with which the British industrialist reads of the siege of Bilbao, Spain. The distance between Maine and Michigan is comparable to that between, let us say, Lancashire and Catalonia.

At the moment the siege of Monroe, Michigan, occupies the headlines. Monroe is a small city of perhaps 20,000, with paper making as its principal industry. There is also a small steel mill, employing something over 1,000 persons. The employees of the mill took a strike vote under the auspices of the local clergy, and by an overwhelming majority decided not to strike. The strike was called, however, and the mill picketed. The picket line was rushed in a fracas in which gas was apparently used on both sides, and the mill re-opened. The Committee for Industrial Organisation then called for volunteers in nearby cities to move on Monroe; and, according to the press, intended to mobilize 10,000 men. At this, the Mayor of Monroe armed a number of deputies, and out-posted his town. A prospective battle was averted when the Governor of Michigan dispatched several companies of the National Guard to the scene and the prospect of an armed encounter receded. This episode has

filled the papers for several days without ever seeming to become quite real, at least to persons living so far from the front as New York. It illustrates, however, the trend in the direction of increased violence.

Huge Gold Imports

The foreign trade figures for April showed a moderate decline in imports, suggestive of less intense demand in our economy. Exports, however, increased, but not sufficiently to balance imports; gold imports rose, to the almost incredible figure of \$216 million, but silver imports were again relatively negligible.

FOREIGN TRADE OF THE U.S.
(\$000,000)

	Merchandise Imports	
	1936	1937
March	199	308
April	201	287
Four months ended April	782	1,122
	Merchandise Exports	
	1936	1937
March	195	256
April	193	269
Four months ended April	768	980
	Net Gold Imports	
	1936	1937
March	— 16	154
April	28	216
Four months ended April	53	613

The magnitude of the visible adverse balance is apparently increasing. Furthermore, during two months of the period, our security market was not conspicuously attractive, and there were rumours of foreign liquidation, and even of repatriation. One might infer, however, that foreign balances continue to accumulate. It occasioned no surprise when, in his recent tax message, the President dwelt at some length on the old theme of "hot money," although the emphasis was new. No new tax legislation has yet been introduced but the hearings will open presently, and it is considered likely that taxation of non-resident alien security holders will be increased, with 20 or 25 per cent. as a likely figure. Apparently the 10 per cent. tax is proving fairly easy to collect and is yielding a satisfactory return. From the message it would appear that the hope of devising a tax on capital gains has not been entirely abandoned; but practical methods of collection are not easily suggested.

France

Prospects for the New Cabinet

PARIS, June 24.—M. Blum was not thrown down by the Senate. He resigned at the eleventh hour before the opening of the Stock Exchange, which otherwise would have condemned him. But the Government of the Popular Front, which had already obtained plenary powers from the Chamber, was not disrupted. There are still unsolved conflicts: liberty against autarky, Senate against Chamber, and capital against labour. If capital or labour now strike, the matter will have to be dealt with by a second Cabinet of the Popular Front, which will try to practise an effective "pause" in reform and expenditure. This Cabinet will be presided over by a Radical-Socialist, M. Chautemps, with M. Blum as Vice-President. The resignation of M. Blum and the arrival of his successor have taken place amid the greatest calm. M. Doriot, the leader of the anti-Communist group, was beaten in the St. Denis election, on the same day as M. Blum was defeated in the Senate.

The difficulties are just beginning. The actual distribution of the Budget shows the gravity of these difficulties: some 21.30 per cent. of the total goes to debt charges, 20.32 per cent. to pensions, 26.95 per cent. to re-armament and 31.43 per cent. to administration. The Treasury has been spending at the rate of 80,000 million francs a year, while it receives only 40,000 millions. Two years ago, Parliament, faced with a similar disequilibrium, voted against the abandonment of the gold bloc, just as yesterday it voted against measures of coercion. To-day the Equalisation Fund has lost its gold, and the Treasury needs nearly 20,000 million francs before the end of the year. A vast programme for financial and economic recovery must be begun, which will entail new sacrifices from labour and capital. Economies and increased taxes and tariffs are not improbable, but the immediate sums must be still obtained from loans, with perhaps a new monetary operation which must, however, respect the Tripartite Agreement. Will the exported capital now return? The new Cabinet offers investors the caution of a Liberal, M. Georges Bonnet, as Minister of Finance; and he will be assisted by M. Brunet, who has been recently charged with the preparation of the Bill to reorganise public credit.

But, in any case, it appears that plenary powers will be necessary. On the other hand, business activity is greater than a year ago. And if some revision of the social reforms were accepted, now that unemployment has fallen to 330,000, the lowest since 1934, the yield of production could be improved. If French prices could be lowered and if the present business activity could be maintained, new opportunities of putting matters right might be open to the new Cabinet. If not, then the extremists will consider that it has been proved that no constructive policy is feasible within the present framework of liberty; and it will be impossible to oppose measures of coercion. This is the lesson of the recent crisis, and opponents of any slackening of social reform may be ready to make concessions lest worse befall. The Socialists have already shown their realisation of this by deciding upon loyal co-operation with the new Cabinet.

The Course of Foreign Trade

Imports in May were valued at 3,050 million francs, and exports at 1,758 million francs, so that the import surplus was 1,292 million francs.

	FOREIGN TRADE			
	In Francs (000,000 omitted)	In Tons (000 omitted)		
	April, 1937	May, 1937	April, 1937	May, 1937
Imports:—				
Foodstuffs	830	759	515	412
Raw materials	1,986	1,839	4,215	3,974
Manufactured goods	481	452	223	165
Total	3,297	3,050	4,953	4,551
Exports:—				
Foodstuffs	277	255	89	73
Raw materials	735	621	2,257	2,166
Manufactured goods	961	882	255	219
Total	1,973	1,758	2,601	2,458
Import Surplus	1,334	1,292	...	...

Imports and exports were lower in value than in April. Compared with May of last year, the volume of imports has increased, but the volume of exports has fallen. The volume of manufactured goods exported has increased from 167,930 tons to 219,187 tons. The import surplus has fallen from 1,546 million francs in January to 1,390 million francs in March, 1,324 million francs in April, and 1,292 million francs in May.

Compared with the figures of 1936, imports for the first five months of the year have increased in volume from 19,632 tons to 24,214 tons, while the volume of exports has fallen from 12,289 tons to 12,114 tons. The increase in imports of raw materials was particularly important; imports of coal were 15,700,000 tons against 11,842,000 tons a year ago. In value imports rose from

10,118 million francs to 16,575 million francs, and exports from 6,049 million francs to 9,038 million francs. Imports in the first five months of 1937 from the colonies rose from 2,769 million francs in value to 3,838 million francs, while exports to them have increased from 2,027 million francs to 2,690 million francs.

Germany

"Tu l'as voulu, Georges Dandin!"

BERLIN, June 22.—Official investigations recently revealed that 80 per cent. of textile shopkeepers in a West German province were violating the rules for calculating prices. There is no ground to think, comments an authoritative financial journal, that the number of offenders in this particular province is abnormally high. "A comprehensive test in other districts would yield the same result." The journal cited is usually regarded as a mouthpiece of Dr Schacht; and it is not more outspoken than Dr Schacht himself, who described "the bureaucratisation of our economy" as "hideous" (*scheusslich*). The case in question, it is implied by his journal, is merely one more confirmation of the proverb "the more laws, the more lawbreakers"—and the more punishments. The 80 per cent. of shopkeepers, adds the journal, had of course to be punished. For legal reasons punishment is inevitable even when "from the economic viewpoint many of the acts and omissions of much-occupied business men are innocuous."

It is now virtually impossible for a German business man, or indeed for any German, to perform any economic act, without risking punishment. The trouble lies not merely in the universal permit system, which at least requires initiative or activity in the offender, but equally in the universal obligation to register, or report (*anmelden*) which a citizen may violate even when he lies in bed reading detective stories. The condition not merely of active but also of passive existence is the *Wenn Ihr mir die Erlaubnis gebt* of Goethe's Devil. This is a consequence of what Dr Schacht's organ calls "the daily paper war, the accumulation of ministerial decrees, ordinances, and rulings." That the meaning of these is unclear "even to the professionally expert officials of the departments," is proved by proceedings before the highest courts.

The rich business concerns, which like the government can employ professional experts, themselves unwittingly violate the laws and regulations. It has been stated that one great bank, which pays several hundred foreign-exchange experts for this branch of work alone, almost daily to its surprise discovers that it has broken the law, and has duly to confess to the Reichsbank; and that the Reichsbank, being itself only professionally expert, often cannot determine in what way the law has been broken. In such conditions the small man has no chance at all. In the case above mentioned "the trapped merchants mostly affirmed that they did not know the regulations exactly." How could they know them, asks Dr Schacht's organ, when the regulations about shop competition, which are merely one branch of much wider retail-trade regulation, fill 700 pages?

To the critic who asks why such "hideous bureaucratisation" so far from being abolished, daily waxes in enormity, Dr Schacht's organ makes the crushing retort, "Tu l'as voulu, Georges Dandin!" The 700 pages of regulation, it remarks, were compiled at the wish of the shopkeepers themselves, in their "aspiration to prevent even the smallest injustice or inequality." It would seem that this aspiration will be fulfilled when one hundred per cent. of the shopkeepers instead of a mere 80 per cent. are justly and equally in gaol.

Disappointing Trade Returns

The foreign trade report for May is disappointing. True, the very sharp decline in exports by Rm. 36 millions compared with an increase of Rm. 6 millions in May, 1936, was in part a reaction after the abnormally large advances in exports last March and April; and in some respects the movement of trade in May

was seasonal. But since the era of passive balances terminated in the middle of 1935, every month the export surplus has been greater than that of the corresponding month of the preceding year. And now to this rule May is an exception, the export surplus being only Rm. 9 millions compared with Rm. 35 millions in May, 1936. Despite heavy deliveries of cereals, imports as a whole fell very sharply, but still remained one-third larger than last year. Exports, which in April were valued at Rm. 492 millions, against Rm. 366 millions in April, 1936, fell to Rm. 456 millions.

Imports in all the chief groups of commodities, and from most countries, declined. The fall in imports from Great Britain and from the South-East European countries was particularly sharp. The decline in exports was also spread over all the chief groups, but was greatest in industrial finished articles; and here also deliveries to Great Britain show the greatest decline. In the first five months, the trade balance with the United States was almost in equilibrium, whereas exports to Russia exceeded imports by 350 per cent. In May iron and steel exports increased despite the domestic shortage. The export surplus for the first five months of 1937 was Rm. 215 millions, against Rm. 121 millions in the same months of 1936.

Imports	Millions of Marks		
	April	May	Jan.-May
I. Foodstuffs	181.3	169.4	745.7
(a) Livestock	7.1	6.3	39.9
(b) Animal foodstuffs	41.1	37.0	188.5
(c) Vegetable foodstuffs	105.0	99.2	387.7
II. Industrial goods	291.2	273.7	1,250.1
(a) Raw materials	173.3	164.9	752.5
(b) Semi-manufactured	84.3	79.5	350.1
(c) Manufactured	33.6	29.3	147.5
Total	476.7	447.3	2,015.6
Exports	Millions of Marks		
	April	May	Jan.-May
I. Foodstuffs	8.3	6.3	37.6
(a) Livestock	0.4	0.2	1.5
(b) Animal foodstuffs	0.6	0.6	3.2
(c) Vegetable foodstuffs	4.6	3.2	19.5
II. Industrial goods	483.3	449.4	2,192.4
(a) Raw materials	48.5	45.0	213.3
(b) Semi-manufactured	44.5	42.1	208.4
(c) Manufactured	390.3	362.3	1,770.7
Total	491.8	455.8	2,230.6

The Customs report for 1936 shows that 56 per cent. (by value) of all imports was duty-free, this consisting almost entirely of raw and semi-finished materials. In consequence of declining dependence on foreign foodstuffs, an ever greater proportion of the Customs yield comes from industrial materials and products.

The Reich Debt on March 31st is returned at Rm. 16,058 millions compared with Rm. 14,372 millions in March, 1936. Foreign indebtedness declined in the twelve months from Rm. 1,678 millions to Rm. 1,442 millions, partly because of the gold-bloc devaluations. The home long- and medium-term debt (other than valorised pre-stabilisation liabilities) rose from Rm. 6,030 to Rm. 8,611 millions; this was due to new consolidation loans. The short-term debt declined only from Rm. 2,899 to Rm. 2,383 millions. Tax-credit certificates and other divulged debts not in the above grand total amount to Rm. 937 millions against Rm. 1,366 millions in March, 1936. No new information has appeared as to the special-bill debt for re-armament and the financing of work-creation.

Austria

The Recovery of the Credit-Anstalt

VIENNA, June 20.—Six years ago the collapse of the mighty Credit-Anstalt initiated a disastrous period in the financial organisation of the world. For Austria, it meant the collapse of her financial position in Central and South-Eastern Europe and a cruel awakening to the sober fact that she had been deprived of capital and

credit and reduced to poverty by the last war and its sequels. In its wake followed the decadence and disappearance of the powerful democratic parties, the Social Democrats and the Social Catholics, and the establishment of a special and unique form of government in which dictatorial authority maintains the principle of democracy.

The economic effects of the failure of the Austrian Rothschild-bank were not limited to the circle of its shareholders and creditors. The Credit-Anstalt had previously amalgamated a great number of big Austrian banks, the Anglo-Austrian Bank, the Union Bank and the Boden Creditanstalt, partly overestimating her own strength and, in the case of the last named institution, under official pressure. The whole economic system of Austria, financially and socially, was dependent on the maintenance of the Credit-Anstalt. Thus the problem of the Credit-Anstalt has ever since been rightly regarded as a political matter of the first importance, justifying heavy sacrifices of public funds, official guarantees, exceptional claims on the Nationalbank and also the concessions repeatedly made by the creditors.

Even in Austria the trade cycle is now moving upwards and it seems that the lean years are over for the Credit-Anstalt, too. The balance sheet for 1936, just published, reflects the great progress the bank has already made. Internal financial adjustments have been made, a profit has been earned, and the bank can now expect to pay dividends and to regain her position on the international credit market.

Reducing Liabilities

Through the swallowing of many other banks, the Credit-Anstalt not only accumulated debts, which remained long after her own debtors had become insolvent, but also a heavy charge for pensions. Even the reconstructed bank, after drastically reducing the rights of her pensioners, was saddled with a yearly payment of more than 11 million schillings for pensions. The first step to reduce that charge was taken in 1935. In the agreement of the Credit-Anstalt with the foreign creditors the Government had undertaken to indemnify the foreign creditors for the so-called "live claims." The management of the Credit-Anstalt redeemed the Government's promise by paying 60 million schillings cash to the foreign creditors, taking in exchange the same amount in 4 per cent. Government bonds, which the Credit-Anstalt deposited in her pension fund.

But the management was still faced with the task of covering the extraordinary expenditure of 60 million schillings. They could bring it forward as a fictitious asset, they could choose to amortize it out of their annual profits, which would have taken ten or fifteen prosperous years, or they could eliminate the liability by reducing the share capital. The management has chosen the last way. They have approached the Austrian Credit-Anstalt International Committee in London which represents the holders of the preference shares, and have arranged to

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reduce the share capital from 167 million schillings to 101 million schillings, by reducing the ordinary shares by 50 per cent. and the preference shares by 25 per cent. The holders of preference shares are to be indemnified with sinking certificates yielding 5 per cent. annually. The interest on the sinking certificates (*Tilgungsschein*) is payable only after a dividend of 5 per cent. has been paid on the reduced preference capital, if any profit then remains. The certificates are redeemable by a yearly payment up to 2.5 million schillings after a dividend of 5 per cent has been paid on the preference shares, the certificates and the ordinary shares, if any profit still remains. Should it be possible to pay 5 per cent. dividend on both categories of shares and on the certificates for three years in succession and to redeem 50 per cent. of the certificates, then all shares are to be unified. By reducing the share capital in this way the liabilities are lessened by 66 million schillings, which together with another 30 million schillings brought into the account of the pensions fund, will build up a capital to cover the total pensions of the Credit-Anstalt, without further claims on the profits.

Writing down the whole loss of 4.9 million schillings caused by the devaluation of foreign currencies in 1936, the net profit of 1936 amounts to 4,664,000 schillings. Nevertheless, the management do not propose to pay a dividend for 1936. They expect that the economic situation of Austria and the changes in the share capital of the bank will make a dividend possible for 1937, the first year whose profits will not be earmarked for the burden of pensions. It is a good omen that the Credit-Anstalt was able to grant about 1,000 new credits in 1936 amounting to a total of nearly 70 million schillings.

Italy

Prices and Wages

TURIN, June 9.—The new monthly bulletins of the Central Statistical Bureau provide some valuable information, although, unlike the previous series which ended in October, 1935, the new one for May, 1937, includes no figures for banks of issue or about public finance. In general the indices point to rising activity. The index of raw material imports, which fell as low as 33 in 1936 (1928 = 100), stood in May at 67.3. The index of manufactured exports, which declined to 30.6 in 1936 (1928 = 100), stood in May at 60.2. There has, of course, been a considerable rise in wholesale prices which must be taken into account.

INDEX OF WHOLESALE PRICES (1928 = 100)

	1934	1936	September, 1936	April, 1937
Raw materials:—				
Food.....	58.8	77.7	79.8	86.7
Others.....	47.5	65.4	64.1	88.7
Semi-finished goods.....	66.6	89.7	86	99.1
Finished goods:—				
Food.....	64.9	73.5	74.8	79.9
Others.....	57.2	71.3	71.5	82.7
General Index.....	62.0	76.4	76.9	86.1

Prices had already risen above the lowest point reached in 1934 before the alignment of the lira in September 1936. The rise was absolutely and relatively more marked in the price index for production goods (from 79.7 in 1934 to 114.2 in April 1937, or 43 per cent.) than in the index for consumption goods (from 60.4 to 82.6, or 36 per cent.).

A comparison between the cost of living, according to the general national index, and industrial and agricultural wages is as follows:—

(AUGUST, 1934 = 100)

	1935	1936	Dec., 1936	Feb., 1937	April, 1937
Cost of living index.....	104.2	112.1	116.0	117.2	118.4
Hourly wages:—					
Agriculture.....	101.8	101.8	105.4	...	...
Industry.....	102.3	107.0	105.8	104.1	...
Number of workers employed.....	115.5	113.9	111.1	111.2	...

The index of wages does not yet include the eight to ten per cent. rise given in April. Moreover the increase in the number employed should counterbalance the rise in the cost of living, so far as family budgets are concerned.

Heavy Import Surplus

While the index of import values has risen from 38.9 to 61.2 (1925 = 100), the index of export values has only risen from 33.2 to 45.4. The import surplus in the first four months of 1937 was valued at 910.6 million lire against 659.2 million in the same period of 1936. The 1936 harvest was poor, and wheat imports in the first four months of this year were 779,868 tons, against 104,598 in the same months of 1936. The value rose from 45.4 million lire to 620.2 million lire.

Under the present conditions of compensated exchanges, quotas, clearings, etc., foreign trade is governed by peculiar rules. It may be useful to give a few representative figures of Italy's trade with different countries:

	1935		1936		First four months 1937	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
<i>Europe</i>						
(In million lire)						
Albania.....	18.2	22.1	28.3	29.8	18.5	10.6
Austria.....	272.2	134.2	368.8	191.3	223.6	82.2
Czechoslovakia.....	105.3	77.8	49.4	58.4	72.3	43.5
France.....	470.8	305.0	127.6	194.2	123.8	163.9
Germany.....	1,427.2	850.6	1,584.1	1,061.0	740.9	455.0
Great Britain.....	568.1	430.7	51.5	155.4	98.8	197.0
Greece.....	30.9	37.8	6.6	12.3	16.4	23.3
Jugoslavia.....	197.0	101.0	68.3	45.0	70.7	77.7
Roumania.....	241.0	67.0	220.9	20.4	124.9	29.7
Spain.....	111.1	93.4	44.4	12.9	41.8	14.1
Switzerland.....	246.5	337.6	231.4	340.5	81.8	154.2
U.S.S.R.....	184.3	55.9	154.8	91.9	35.6	7.3
Hungary.....	154.3	80.2	219.6	112.4	138.3	62.4
<i>Mediterranean Basin</i>						
Egypt.....	137.1	96.8	85.8	93.8	80.1	79.7
Tunis.....	74.4	19.7	34.0	12.9	22.1	7.3
<i>America</i>						
United States.....	879.1	422.0	892.4	546.9	465.9	265.1
Canada.....	28.4	20.1	33.1	14.2	19.2	10.9
Argentina.....	295.0	162.0	178.5	158.2	344.9	86.3
Brazil.....	105.6	62.6	136.3	62.1	57.2	19.2
<i>Asia and Africa</i>						
British India.....	230.2	92.3	136.9	49.7	117.4	33.6
Union of South Africa.....	76.4	41.3	27.9	17.5	29.8	29.4

Except for France, Great Britain, Greece, Yugoslavia and Switzerland, there was a surplus of imports from all the principal countries in the first four months of 1937. As the gold reserve of the Bank of Italy increased in the same period by 1.2 million lire, we must conclude that the tourist expenditure and shipping revenue were sufficient to counterbalance the surplus. Indeed it was officially stated in the Senate that it was even possible to liquidate past commercial debts, such as, for instance, the 150 million lire due to Great Britain.

Financing War

The report of the Governor of the Bank of Italy and the speeches of the Finance Minister have gone far, in spite of the non-publication of the usual figures, to explain how the Treasury managed to surmount the financial problem of the Ethiopian war, and of other exceptional expenditure. Extraordinary revenue, floating debts and other Exchequer means yielded during the thirty-four months from July 1, 1934 to April 30, 1937 a total of 25,288 million lire, which sufficed to meet the excess of total expenditure over ordinary revenue.

The principal items included in the total were:—

	Million lire
(1) Cash premium paid by holders of 3½ per cent. redeemable for conversion into 5 per cent. (included the subscription price for about 1,087 millions new 5 per cent.).....	6,804.6
(2) Sums paid on account of the compulsory real estate 5 per cent. loan.....	5,376.4
(3) Treasury bonds and bills and other advances (exclusive of 1,087 millions new 5 per cent., as above).....	6,807.0
(4) State notes issued.....	1,350.0
	20,388.0

Greece

Agricultural Debt Relief

ATHENS, June 10.—The law promulgated recently to regulate agrarian loans was the last in a series of steps which had been taken since 1917 to relieve indebted farmers. The total amount of these debts is estimated at Drs. 10,000 millions in round figures, divided as follows: Drs. 1,150 millions due to the now dissolved Refugee Settlement Commission; Drs. 1,250 millions due to the Greek State; Drs. 158 millions due to agricultural co-operatives and other corporate bodies; Drs. 165 millions due to the National Bank of Greece; Drs. 4,830 millions due to various individuals; and Drs. 2,084 owed to the Agricultural Bank. The law stipulates that all farmers' debts in drachmas, or converted into drachmas, incurred or contracted before January 1, 1935, are subject to regulation. Debts due to the State, to the late Refugee Settlement Commission, to the Special Colonisation Fund, to the Agricultural Bank of Greece, and fully secured debts are exempted from regulation.

All overdue interest on the regulated debts is cancelled, and the net capital amount due, plus expenses, is payable in twelve annual instalments, at 3 per cent. compound interest, calculated from January 1, 1937. The first instalment is payable on October 1, 1938. Debtors paying off their debts by September 30, 1938, are entitled to a 30 per cent. reduction. To those discharging them after that date and by September 30, 1939, a reduction of 25 per cent. is accorded. Half of these reductions is allowed to those paying off half of their debts in the stated periods. The debtors are entitled to pay off their debts at any time after October 1, 1939, without reductions.

Apart from the cancellation of overdue interest, the lowering of the interest rate to 3 per cent. (the official discount rate is at present 6 per cent., and the market discount and loan rate 8 to 9 per cent.), and the extension of the period of payment, it is further stipulated that where the total sum of debts of all sorts, including those not subject to regulation, owed by a farmer exceeds 60 per cent. of the value of his revenue-producing movable and immovable property, he is to be considered as "over-indebted." In such a case the excess indebtedness is cancelled, and the loss is sustained proportionately by the creditors whose claims are subject to regulation. Overdue interest on debts due by farmers to the State is cancelled, and the capital is repayable in twenty-five years at 3 per cent. compound interest.

General Regulation of Debt

Another important provision of the law enforces a reduction to 8 per cent. of the interest on all debts—not subject to the present regulation—existing in Greece and contracted before December 31, 1934. If a lower interest rate was agreed upon between creditor and debtor it prevails. This measure, which takes effect retrospectively, was intended to favour those creditors of farmers who are in their turn debtor to other people, to compensate for the sacrifices involved in the regulation of the agricultural debts. In view of the general character of this concession, however, many people will benefit who are not the creditors of farmers.

On the other hand, the commercial banks are called upon to make a double sacrifice, one to the farmers, another to their other debtors. This is particularly true of the agrarian loans of the National Bank, which has organised and developed rural credit in this country, and had been until a few years ago—when, in co-operation with the State, it created the Agricultural Bank—of great assistance to the agricultural classes. With the exception of the reduction of the nominal amount of the debts in case of over-indebtedness, the relief provided by the law is granted without distinction to all indebted farmers, irrespective of whether they are really in need or not. It is, however, true that the majority of peasants are in straitened financial circumstances.

Norway

Freer Trade

OSLO, June 15.—One of the few outstanding events of last month was the renewal of the trade agreement known as the Oslo Convention, according to which the signatories agree to give due notification, not only of forthcoming customs increases but also of trade restrictions of any nature whatsoever which may be contemplated. Positive steps have already been taken by members of the Convention to remove, or at any rate reduce, prohibitive duties on goods exchanged between them. It is an interesting coincidence that this agreement has been effected on the very eve of Anglo-American discussions about a new trade agreement on the same lines.

Our foreign trade continues to expand notably. Imports during April amounted to 131 million kroner against 67.5 million kroner in April 1936, and exports rose from 45 million to 69 million kroner. Compared with March of this year the figures represent increases of 31 million kroner and 7 million respectively. Although the sharp rise in prices is to some extent responsible for these unusually high figures, there has also been an appreciable increase in the volume of trade in a number of articles; in some cases the increase in volume has amounted to about 40 per cent. compared with the same month last year. This is partly because of purchases in anticipation of the trend of prices, but partly also to actually increased demand. About 65 per cent. of imports are articles of production, such as raw and semi-manufactured minerals and metals, machines and ships. This fact corroborates the impression that trade and industry are still expanding. The number of unemployed registered at the public labour exchanges on May 15th was 26,300 against 31,800 a month earlier. The peaceful solution of a number of labour disputes about wages during April and May should ensure stability and give fresh impetus to the favourable development of our trade and industry.

The rapid rise in prices in domestic markets now seems to have been checked to some extent; the wholesale price index of the *Ökonimsk Revue* on May 31st showed a rise of 1.2 points on the month, while the rise from February to March was 5 points. The Government recently gave notice of the redemption of the 5 per cent. Internal Loan of 1922 of which about 86 million kroner are outstanding. Subscriptions were invited for a new 4½ per cent. conversion loan of 87 million kroner. The loan, which is free of redemption for one year and thereafter repayable in the course of 29 years, was over-subscribed by about 4 million kroner. In view of this success, further conversion operations may be expected in the course of the next few months.

The results of the first three quarters of the present Budget year have recently been published, and indicate a surplus over the Budget estimate of 25.5 million kroner for the period. The corresponding figure in the preceding financial year was 21 million kroner. Unlike the active business of the preceding two months, operations on the Bourse during May were only on a limited scale, and there was a considerable set back in the rates for nearly all categories of shares, especially tankers. There was a better tone for bonds, but the amount of business was rather negligible. During the last few days the markets improved considerably, and shipping and whaling shares again attracted interest.

Canada

A New Party in Ontario

OTTAWA, June 8. —The calm which has prevailed in Canadian politics for the past year has been broken by Mr Hepburn, the Liberal Premier of Ontario, who has suddenly renounced allegiance to the Federal Liberal Ministry. The avowed reason is the unwillingness of the King Ministry, which Mr Hepburn derides as a vacillating administration, to support him in his crusade against Mr John Lewis and the Committee for Industrial Organisation; but relations between the two Governments have been notoriously strained for some time past. Mr Hepburn has managed to carry with him the Ontario Liberal Association, and the suspicion prevails that he is involved in an ambitious adventure with the backing of influential business and mining interests, who dislike what they regard as the King Ministry's deplorable apathy about the C.I.O. and the railway problem. It was considered very significant that in the same speech in which Mr Hepburn announced his secession he indulged in a eulogy of Mr Duplessis, the Union-Nationale Premier of Quebec, as a great national figure who should play a larger part in the affairs of the Dominion. Mr Duplessis, who shares Mr Hepburn's views about the C.I.O. and other matters, has apparently made his peace with big business in Montreal. Some people allege that these are the opening moves in a plan to form a new party, led by Messrs Hepburn and Duplessis and backed by big business in Eastern Canada under the label "National." Such a party would pursue very conservative policies, deal sternly with the C.I.O., and if possible amalgamate the two railway systems under the Canadian Pacific Railway management.

The success of such a move is doubtful, because it would be solidly opposed by organised labour; but the King Ministry is now faced with hostile governments in the two central provinces which contain two-thirds of the population. The Federal Government will have to create for itself a new organisation in Ontario, and it will have to meet boldly the challenge now offered by the reactionary courses of Messrs Hepburn and Duplessis and their backers.

In Alberta there have been some interesting developments. The provincial Court of Appeal has upheld the judgment of a lower court which declared that the Alberta Reduction and Settlement of Debts Act was *ultra vires*, and that "interest" was a field into which the Alberta Legislature had no right to enter. In addition, the Alberta Government, having been refused financial aid by both the Federal Ministry and the Bank of Canada, has defaulted on a bond issue of \$1,650,000 which matured on June 1. Furthermore, Major Douglas has declined the invitation to proceed once more to Alberta and assist in working out a scheme of Social Credit, but he has sent one of his chief lieutenants, Mr G. F. Powell, who will arrive this week. To give the Aberhart Ministry

and the Social Credit Board time to confer with him the Legislature was again adjourned till June 14. The situation remains tense; the insurgents in the Social Credit party have not abated their hostility to Premier Aberhart, and the Liberals, who have just elected a new leader, are making preparations for an early general election.

Better Harvest Prospects

The farmers of Eastern Canada have been handicapped by an excess of moisture which has delayed cultivation and seeding. In the prairie provinces the planting of the grain crop is practically completed. The latest crop surveys report that favourable conditions and good growth for the young grain prevail over all Manitoba, northern Saskatchewan, and north-central and northern Alberta, where there have been generous rains; that there has been considerable improvement lately in the situation in southern Alberta; but that the plight of the territory in Saskatchewan south of the C.P.R. main line is again serious through lack of moisture. Taken all round, however, prospects are materially better than they were a year ago; and estimates by American experts forecast the western wheat crop at between 315 and 345 million bushels, which would be at least 100 million bushels more than the yield of 1936.

General Business Conditions

Summerlike conditions now prevail throughout Canada, and business is just about holding its own without registering any advance. The general economic index of the Bureau of Statistics continues to fluctuate within a narrow range, but still remains about 7 per cent. or 8 per cent. above the level at the corresponding date of 1936. Given below are the data of three major components of the index:—

Week ending	Car Loadings	Wholesale Prices	Bank Clearings	Economic Index
May 30, 1936 ...	73.2	71.8	85.4	102.5
May 22, 1937 ...	86.2	85.4	103.9	111.1
May 29, 1937 ...	81.8	85.1	97.4	110.0

There is a good demand for groceries, hardware, and building supplies, and preparations are being made to cater for the largest tourist traffic on record. Iron and steel plants are working close to capacity and textile mills are also busy. Courtauld's Canadian subsidiary have just announced a large addition to their plant at Cornwall, Ontario. The mining interests have been in a depressed mood, but their spirits have now been raised by Britain's decision to fix a price for gold and Mr Roosevelt's reassurances. The newsprint industry continues its progress towards prosperity with rising prices, and firms shipping to the East Indian market have just marked up their prices by some 25 per cent. from September 1st onwards. The Federal revenues are very buoyant, and in the first two months of this fiscal year the yield of income tax was 17 million dollars above last year's figures, and that of customs and excise taxes was up 11½ millions.

Letters to the Editor

N.D.C.: New and Old

TO THE EDITOR OF THE ECONOMIST

SIR,—In your article on the passing of the old N.D.C. you say "we confess to some regret that the principle of taxing high profits as such has vanished"; you have more than once expressed the same view recently. I may, of course, have not interpreted correctly what you have in mind, but if it is that a company's capital is first of all assessed and that then profits over a certain percentage are automatically to attract extra taxation, it seems to me to be open to objection.

A difficulty arises at the start in assessing the capital. "Goodwill" plays a widely differing part in different industries; in some, where open tender to closely defined specifications is general practice, it may be small. In others market connections may be most important, or

where goods have to be taken partly on trust a reputation for a high standard of quality is a valuable attribute. In so far as it exists, "goodwill" clearly has to figure among and be valued with the other assets. But how is this to be done? Much has been written about the valuation of "goodwill," and I will not attempt to discuss it in detail. Mr A. E. Cutforth, for instance, deals with it in his "Methods of Amalgamation." Broadly, the general procedure is to value the tangible assets, assume a 6 to 8 per cent. return on them, and subtract this figure from the average profits actually earned if they are higher. The remaining profits are then capitalised at so many years' purchase (there are many theories affecting the number) and the figure thus capitalised is assumed to be the value of the "goodwill."

From the above it will be clear that it is merely going round in a circle to value a company in accordance with ordinary practice and then to put a special tax on high profits. It may, of course, be argued that "goodwill"

should not be regarded as an asset. It is difficult, however, to see how such an attitude could be justified when it is recollected that large sums of money may have been expended either in a lump sum or over a series of years in developing "goodwill"; that where a company has been sold a considerable figure may have been placed on the "goodwill" asset; and that the ordinary investor in buying shares has taken into account earning power which, in turn, may be partly dependent on "goodwill."

Not only are there objections such as this of a practical nature to the proposed high profits tax, but it would involve some of the objectionable features associated with the first edition of N.D.C. High profits usually arise in one of two ways, either through a whole industry being unusually profitable, or through individual firms earning higher profits than most of their competitors.

As far as industries are concerned, high profits usually occur after a slump and rarely last for a very prolonged period. A high rate of profit in any industry rapidly attracts new entrants who quickly cut into fat margins, as is shown by the recent history of companies manufacturing artificial silk and wireless instruments.

If averaging over a period of years is allowed, few if any high profit industries will be found.

If averaging is not allowed, then one of the chief objections to the original N.D.C. is created.

The second condition under which high profits are earned is when one firm in an industry where profits are normal is earning more than its competitors. It is true that such instances may occur, though whether the period of exceptional prosperity is ever of long duration is doubtful. While it lasts, is there any other explanation than that the management of the concern has been more efficient and enterprising than that of its competitors (e.g. devising new products or patented processes)? Or, it may be that its judgment of the market and of the trend of events has been more shrewd. In any case, it is difficult to see why, if there are two competitive firms each with £100,000 worth of assets one making £5,000 profit and the other £10,000, the second firm, contributing *pro rata* to the finances of the nation, should, in addition, pay a further supplementary tax.

In conclusion, may I suggest that both through the impracticable nature of its calculation and on account of its inequity, a tax on high profits is not a sound method of raising revenue.

L. J. CADBURY.

Northfield,
Birmingham.

[A tax on high profits can be much more easily justified than most of our existing taxes. The ability to pay is unquestioned. As for equity, it is true that continued high profits may be due to superior management. But they may equally be due to good fortune or lack of scruple. In any case, high individual earnings, due to the same causes, are already taxed at a differential rate. Is that inequitable? Finally, there would be little effect on enterprise, since the profits to be taxed, by definition, would be those in excess of the rate to be expected normally. It would be, in general, a tax on windfalls—the fairest of all taxes.]

There would undoubtedly be practical difficulties. If Mr. Cadbury will re-read our article, he will find that we emphasised them, concluding, however, that "the difficulties are more an argument for tackling the job gradually and deliberately than for abandoning it altogether." The treatment of goodwill would be one of these practical difficulties. Where existing companies are concerned, the assessment would be complex, though by no means impossible if the distinction be borne in mind that goodwill which represents development expenditure incurred in the past is legitimately included in capital, while goodwill which is merely the capitalisation of the expectation of excessive profits in the future is not. Difficulties such as Mr. Cadbury mentions confirm us in the belief, expressed in the same article, that "there are many purposes for which it would be an advantage to have a statutory definition and assessment of capital" so that, in future, access to a fruitful source of revenue should not be impeded by difficulties of accountancy.—ED., *Econ.*]

What to do about Gold

TO THE EDITOR OF THE ECONOMIST

SIR,—Your plea for time to allow trade to develop before altering the existing exchange policy will be endorsed by those who remember that a notable feature of the boom that ended in 1929 was the comparative steadiness of the prices

of raw materials and other standardised products. A tendency for wholesale prices to fall with the cumulative realisation of technical economies is likely to be a distinguishing characteristic of the expansion of which we have recently seen the initial phase. The necessity for sterilising gold will then, presumably, disappear, and it will again be allowed to flow freely into the channels of international trade—raising wages and profits throughout the world.

But will the long-term problem even then be solved unless the world uses its recovered prosperity to pay off its debts instead of increasing them?

Yours faithfully,

Co. Dublin.

A. C. DOBBS.

State Money and Bank Money

TO THE EDITOR OF THE ECONOMIST

SIR,—As the views expressed by Sir A. Verdon-Roe in the letter on "State and Bank Money" in *The Economist* of May 22, appear to be increasingly popular, some criticism of them may be desirable. The belief that bank creation of credit is a dangerous fraud, and that the beneficial method of augmenting its volume is through the State prerogative of issuing inconvertible currency, are based upon jejune historical generalisations and an improper analogy with war-time conditions. Today, the expansion of credit is normally confined to the increase on working capital, a purpose for which an equivalent increase in currency is certainly not required. Traders generally use bank credit not because there is any shortage of "genuine money," but because it is more convenient or profitable to borrow for temporary finance than to keep their own funds idle for relatively long periods as liquid capital. This "increase of debt" is harmless so long as it is not artificially inflated by falling prices. But for the State to "issue notes" for its own expenditure, as opposed to having to buy them with services like everyone else, is contrary to every proper principle of money.

The theory that issue of money was originally a State prerogative, and was impudently usurped by bankers, is contrary to both history and reason. Credit originated in the inability of buyers to give immediate equivalent for goods received. They incurred debts, and gave notes or bills as evidence of obligation to pay. The lack of negotiability of such instruments, and the need for a means of payment which as legal tender for settling debts would be generally acceptable (with the realisation of the profits to be gained from debts bearing no interest) gave local tyrants and their overlords the opportunity to provide currencies for their subjects. It was abuse of this privilege by extravagant rulers, combined with the need of money of intrinsic value for foreign payments, that ended the reign of inconvertible currency.

Since currency circulates, the quantity required in any community amounts to the sum needed to be held for cash transactions and emergencies, and has only an indirect relation to the supply of goods produced or consumed over any period. Similarly, the volume of money, "the unspent margin" in Mr. Hawtrey's words, as distinct from income, has to be limited not to any increase in output of goods and services, but to what the public, banks and traders will hold. Let it exceed such a maximum, and the excess will be thrown on the markets least prepared to absorb it, with consequent disorganisation and rising prices—the very evils ascribed by the currency cranks to bank credit which is only created in response to demand. Finally, there is an insuperable objection to the heretical proposal to stabilise prices by "issuing more or less currency," instead of acting on credit in the ordinary way. For though the banks' holdings of currency have some conventional relation to their active credits, it would be impossible to control income with any precision by this means, and the flow of currency into circulation is one of the last factors affected in the credit cycle.

GEOFFREY BIDDULPH.

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Books and Publications

The Problem of Lending Abroad

INTERNATIONAL investment is a subject which has received insufficient attention from economists and students of international politics; and it will require much intensive study before the subject is put on a sound statistical basis and a comprehensive grasp of the situation is made possible. Still more remote is the prospect of reasonably accurate forecasting of future movements of capital between countries. Changes in methods of international lending since the war have rapidly been rendering obsolete the established technique of study in the lists of public new issues, and it is now necessary to devise some alternative approach. In future full account must be taken of the increasing proportion of overseas investment which is done through the purchase of securities on foreign stock exchanges, medium-term credits, and "direct" investments, such as the export of capital by corporations rather than private individuals and the ploughing back of reserves. Even apart from these technical difficulties, the subject is full of unsolved questions of political and economic policy and even of historical fact.

It is the principal merit of the excellent volume now published by the Royal Institute of International Affairs* that it draws attention to the magnitude of the problem and to the urgent necessity for investigation and criticism of post-war trends in overseas lending. Only by basing our policy on the results of such study can we lessen the possibility of a recurrence of the chronic maladjustments which delayed, and through delaying accentuated, the crisis of 1929-33. Part One of the book approaches the problem through an examination of the international balance of payments, and the transfer whereby import and export surpluses are offset. The general conclusion is, like that of Mr Hobson's shorter memorandum,† that, on the whole, too critical and pessimistic a view has been taken of the main movements of international lending since the war; and that given a sufficient measure of enterprise and adaptability in financial technique there is still an attractive field for overseas investment.

On the other hand, the reversal of the trend of increasing populations in Western Europe and North America, the increased efficiency of agricultural production, and the growth of economic nationalism are all tending to limit the volume and alter the direction of international lending in the future. Great Britain, it is argued, has ignored the logic of the facts on several occasions since the war and shown a tendency to over-extend. The United States, on the other hand, with a large and fairly well maintained export surplus on current account, is still sucking burnt fingers after the post-war experiments in financing an insolvent Europe, and hesitating to accept payments in goods and services, which alone could ensure repayment of some of its outstanding loans and at the same time bring a measure of revival to European export industries.

The second part of the book consists of a reconsideration of the post-war situation from the points of view of the chief creditor and debtor countries and a study of international investments in the depression period. Not least interesting in this section is a preliminary survey of international investment before the war in which the collected and often sadly inadequate data are brought together for the first time.

The book might have served rather better its purpose of attracting widespread attention to an important

and complicated question had it been considerably shorter. But it is an interesting and stimulating volume based on sound and solid work, and it is undoubtedly the best existing summary of lending abroad since the war.

Mr Hobson, in his memorandum for the International Chamber of Commerce, treads a similar but shorter path. He glances at the rôle of overseas investment in the past and sets out to refute the arguments of those who believe that the function of foreign lending has now largely been accomplished. Populations may threaten to decline, but they are by no means fully supplied even with elementary foodstuffs and materials. He urges that it is not true that world communications have been completed, or even that major developments in the near future requiring large capital outlay, akin to the railways a century ago, are unlikely. The argument that capital is better used at home because it increases the employment of labour he dismisses as special pleading and fallacious.

The pessimists have misunderstood the nature of lending and borrowing. The first requisite for foreign investment is adequate savings, and not even a favourable balance of payments is strictly necessary. Only in conditions of under-employment, when savings are needed at home, should foreign lending be restricted. Otherwise, foreign investment stimulates exports and, given normally healthy exchanges, should itself create the conditions for the transfer of the loans.

Unfortunately, as Mr Hobson admits, there are in fact barriers to lending, such as the "restrictionist mentality of officials and politicians" and the desire of Governments to borrow cheaply for armaments. The basis of foreign investment is world trade, and since commerce is restricted by customs, tariffs and other devices, lending is correspondingly curtailed. Foreign lending is simply "a function of the general economic and political state of the world."

Mr Hobson is an optimist. It is true that the scope for further fruitful international investment is potentially "immense," but he almost certainly under-estimates the duration of that "economic and political state of the world" which to-day curtails trade and lending. Economic nationalism may even have come to stay, and the ability or inability of borrowers to pay cannot be lightly dismissed. Nevertheless, this memorandum is an encouraging and lucid document, ably compiled and amply illustrated with well-chosen statistical data.

Shorter Notices

Government of Palestine. Annual Report by the Director of the Department of Migration.

This report for 1936 is of exceptional interest because of the controversy which has been raging about Jewish immigration into Palestine. The outstanding feature of immigration last year was that it was just under half that of 1935, the peak year. The total number of registered immigrants was 31,671, of whom 29,727 were Jews. The Jewish figure in 1935 was 61,854. In view of the recent disturbances, however, the entry of just on 30,000 is a remarkable indication of the unabated will to build up the National Home. Poland, as always, was the principal reservoir; over 40 per cent. of those who entered hailed from that country. The most striking change was that the Jews from Germany rose from 12 to 30 per cent.; and Germany has now replaced Russia as the second land in importance. An interesting change in occupational distribution was that the percentage of those who had been engaged in agriculture was doubled from five to ten, while the percentage of those engaged in industry fell from twelve to seven.

The Director suggests that the disturbances since 1920 have shown that the economic structure is both plastic and resilient—"plastic because the Jews decline to permit economic catastrophe in the country which is their national

home, and resilient because both Arabs and Jews insist on continuing to live as such." The Director urges that the best test of the success of immigration is to be found in the movement of real income. Examination of the standard of living by analysing the consumption of staple foods, clothing, and luxury commodities, goes to show that during the last ten years the average standard of living in Palestine has, at least, not deteriorated.

"Sugar: A Case Study of Government Control." By John E. Dalton. (New York) The Macmillan Company. 311 pages. 12s. 6d.

The United States has recently witnessed the rapid extension of Federal control in business life and the merits and demerits of this development have become the subject of acute controversy. Mr Dalton, who was chief of the Sugar Section of the Agricultural Adjustment Administration in 1934 and 1935, believes that it is futile to argue in general terms about this extension of Federal control. "What is sorely needed is specific inquiry into a long list of cases where government and business have come into contact. A thorough knowledge of what is happening is necessary before any conclusion can be reached as to what should be done." This study is objective and thorough. He examines the development of the problem since the Civil War; describes the background against which the Sugar Act was passed; and considers some of its effects. He provides an abundance of data from which the reader can draw his own conclusions.

"The Electrification of Agriculture and Rural Districts." By E. W. Golding, M.Sc. English Universities Press. 244 pages. 16s.

Although Mr Golding is himself in academic life, his book is essentially practical. The main part describes a host of ways in which electricity has been applied to multifarious activities of agricultural life and is designed for the non-technical reader. There is also an opening section dealing with rural electrification from the economic and social point of view, while the last two chapters are designed to give advice about farm wiring and electricity supply. The mechanisation of farming is proceeding fairly rapidly in this country; and here as elsewhere electricity is playing an increasingly important rôle. The farmer who has studied Mr Golding's book will be well equipped to take advantage of the latest aids that science has to offer.

"Stock Exchanges Ten-Year Record." Fredc. C. Mathieson and Sons. 584 pages. 20s. 6d.

This is the twenty-ninth edition of a work which has proved invaluable to investors and their advisers. It supplies a record of quotations and dividends for securities dealt in on the London and provincial Stock Exchanges. The dividends are set out most conveniently for income-tax purposes, and the price records are of particular interest to the student who likes to dwell on the mutability of investment affairs. Messrs Mathieson are justly famed for their publications of Stock Exchange movements within convenient compass, and this annual work is uniform in format with the monthly record of prices which is available to subscribers.

Books Received

Prosperity and Depression. By G. von Haberler. (London) Allen and Unwin. 363 pages. 7s. 6d. net.

Industrial Assurance. By Sir Arnold Wilson and H. Levy. (London) H. Milford. 519 pages. 21s. net.

British Experiments in Public Ownership and Control. By Terence H. O'Brien. (London) Allen & Unwin. 304 pages. 10s. 6d. net.

Africa and World Peace. By George Padmore. (London) Martin Secker. 285 pages. 7s. 6d. net.

What Communism Means To-day. By Hilary Newitt (London) Gollancz. Nisbet and Company, Ltd., 164 pages. 3s. 6d. net.

Die Deutschen Hypothekenbanken. (Berlin) Carl Heymanns Verlag. 160 pages. Rm. 6.

Women Must Choose. By Hilary Newitt (London) Gollancz. 288 pages. 7s. 6d. net.

Hitler's Conspiracy Against Peace. By S. Erckner (London) Gollancz. 288 pages. 6s. net.

The White Sahibs in India. By R. Reynolds. (London) Martin Secker and Warburg, Ltd. 410 pages. 12s. 6d. net.

State and National Power Over Commerce. By F. D. G. Ribble. (London) H. Milford. 266 pages. 15s. net.

Insurance Shares as an Investment, 1937. Compiled and edited by T. Wheelock. (London) P. W. Cooper and Company, Ltd., 11 King Street, Cheapside, E.C.2. 85 pages. 5s. net.

Milk Consumption. By K. A. H. Murray. (Oxford) Agricultural Economics Research Institute. 64 pages. 2s. 6d. net.

The Tenure of Agricultural Land. By Sachin Sen. (Calcutta) The Politics Club, Post Box No. 175. 114 pages. Rs. 2-8.

Register of Chartered Surveyors, Chartered Land Agents and of Auctioneers and Estate Agents. (London) Thomas Skinner and Company, 330 Gresham House, Old Broad Street, E.C.2. 1,348 pages. 20s., post free.

Savings Banks at Kintore and Inverurie. By H. Oliver Horne. (Aberdeen) Aberdeen Journals, Ltd. 32 pages. No price stated.

Annual Statistical Report of the American Iron and Steel Institute, 1936. (New York) American Iron and Steel Institute. 350, Fifth Avenue. 93 pages. No price stated.

Official Publications

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

Public Income and Expenditure. Year ended March 31, 1937. 1d. net.

Assistance to British Shipping: Report of the Ships Replacement Committee. Cmd. 5459. 2d. net.

Report by a Court of Inquiry concerning the Stoppage of the London Central Omnibus Services, 1937. Cmd. 5464. 4d. net.

Empire Air Mail Scheme. Cmd. 5414. 3d. net.

Agricultural Research Council: Grass Drying. By E. J. Roberts, M.A., M.Sc. 2s. net.

Imperial Economic Committee: Grain Crops—A summary of figures of production and trade relating to wheat, barley, etc. 2s. 6d. net.

THE INSTITUTE OF ACTUARIES APPOINTMENTS BOARD

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Any public body, company, society or person requiring the permanent services of a qualified Actuary or of an actuarial student is invited to apply to the Chairman of the Board, who will supply the names of such members of the Institute of Actuaries as appear to the Board to be likely to be interested in the appointment, and qualified to undertake the duties involved.

* "The Problem of International Investment." A Report by a Study Group of Members of the Royal Institute of International Affairs. Oxford. 373 pages. 12/6.

† "The Function of Foreign Lending." By Oscar R. Hobson (assisted by W. Manning Dacey). International Chamber of Commerce. 22 pages.

MONEY AND BANKING

France's Financial Dilemma

THE financial crisis which led to the downfall of M. Blum's Government could long have been foreseen. Nevertheless, it developed with unexpected rapidity and had unexpected results. Essentially it was the latest of a succession of fiscal crises which have occurred regularly during recent years whenever the French Treasury found itself short of funds. It is not easy for the English observer to appreciate this particular difficulty of a French Government; for it is almost unthinkable that a British Government should be unable to place sufficient bills at any time in the London market to satisfy its immediate needs. A French Government, however, cannot rely in the same way upon the Paris market, especially at a time when large quantities of French liquid capital have fled the country.

It was generally supposed that the eight milliards of francs obtained from the Defence Loans last March would see the Treasury through for a time; and early in May M. Vincent Auriol, the Finance Minister, apparently let it be known that the Treasury was comfortably placed for cash. There is, however, a suspicion that part of the Defence Loan money was needed to defray indebtedness outstanding at the time the loans were issued; so that the whole of the eight milliards was not available for future needs. There is little doubt that a fortnight ago the Treasury found itself again approaching the end of its tether; and the realisation that the margin was narrowing came as a new shock to the country. It is true that the Treasury still had certain borrowing powers in hand. Theoretically it could issue the remaining Frs. 2½ milliards of the Defence Loan, though the state of the rentes market made that course somewhat illusory. It also had borrowing powers of Frs. 2 milliards at the Banque de France not yet utilised. Still, these would not go very far to meet the growing deficit. Thus, a fortnight ago the French Government had to seek further resources.

Two new proposals were apparently put forward. The first was a fresh revaluation of the Banque de France's gold at the lower statutory limit of 43 milligrammes of gold to the franc, in substitution for the upper limit of 49 milligrammes at which the Bank's gold is now valued. Omitting from the revaluation the Frs. 4 milliards of gold (at the present value of 49) earmarked for the repayment of the London credit, the revaluation of the remainder would yield a profit of about seven milliards. Next, it was proposed to proclaim a "nominal stabilisation" of the franc, which in simple language meant the winding-up of the French Exchange Fund, which today consists entirely of francs, having been denuded of its original stock of gold. This would yield about another Frs. 10 milliards; and if the Treasury took over the proceeds of both these operations it would have a new amount of Frs. 17 milliards.

Substance for these rumours was provided when two members of the new Exchange Control Committee appointed last March resigned only last week. Their recently published letter of resignation shows that their reasons were actually that they considered the Government's proposals inadequate. However, the effect of their move was to give a fresh shock to public opinion, and M. Blum's attempt to secure plenary financial powers had to be made in an unfavourable atmosphere. This may help to explain why the Senate, possibly influenced by expressions of opinion from the Provinces, rejected his plenary request and were only willing to grant him strictly circumscribed powers.

It is now necessary to disentangle the financial problems of France, for it is important to remember that

a change of Government in itself provides no solution. There are two chief problems, which though inter-related are essentially distinct. They have already given rise to confusion of thought in the French Chamber and elsewhere. They are the fiscal problem and the exchange problem.

The fiscal problem consists of the chronic deficits of the Government. A few months ago, M. Vincent Auriol estimated the Budget deficit at Frs. 4 milliards a year; but unofficial estimates now place it at nearer Frs. 9 milliards. This is comprehensible in view of the general increase in French internal prices and costs, from which Government expenditure cannot hope to remain immune. Next there is the extraordinary expenditure upon re-armament, the railway deficits and the losses on the French *collectivités publiques*, or public utilities such as gas and electricity undertakings, all of which are guaranteed by the State. The sum total of these deficits is formidable; and the Treasury also has to provide next October for Frs. 8 milliards of maturing Treasury bonds, while the date for repayment of the sterling credit will also be looming up.

There are only two remedies: heavier taxation or new borrowing. Probably there is now more room for increased taxation and for the prevention of tax evasion; but there is an obvious upper limit, determined by the size of the French national income. Sooner or later this limit will be reached, and then any further increase in Budget revenue must be dependent upon an expansion in the national income. This implies either a new increase in the volume of business or else a further rise in French internal prices. The bearing of these upon both the French social reform programme, with its influence upon production costs, and the future exchange value of the franc, needs little elaboration.

New borrowing immediately introduces the exchange problem; for this arises largely from the flight of capital. French opinion is greatly exercised by what it terms the capital strike; and here the opponents of the late Government cannot escape their share of responsibility for France's present plight. A repatriation of the huge quantities of French capital now abroad would not by itself solve the fiscal problem. It would not add to Budget revenue nor reduce Budget expenditure. It is here that the critics of the Government went wrong when they declaimed against the depletion of the Exchange Fund's gold resources. This was not wasteful Government expenditure, as they suggested, but the inevitable consequence of the flight of French capital abroad.

On the other hand, the repatriation of this capital would relieve the position in several important respects. It would replenish the Exchange Fund and ease the condition of the Banque de France. Next, it would provide France with the capital she badly needs at home. It would restore the rentes market, lower interest rates and render possible fresh Government long-term borrowing. Equally it would make new capital available for French commerce and industry, and this would facilitate a new expansion in French production and so in the national income. Thus, indirectly, the repatriation of French capital would ease the fiscal problem as well as solving the exchange problem.

What is now the outlook before the new Government? For the moment nothing seems possible but palliatives; and it is doubtful if they can do more than carry the Treasury up to the October date of the Treasury bill maturities. Nor can the repatriation of French capital be enforced beyond a point; for while it may be possible to make French companies disclose their foreign assets,

it is quite impossible to force foreign banks to do so. Even when the French Government has tried to make disclosure one of the terms of her foreign commercial treaties, the foreign Governments have either refused altogether, or have called attention to the absence of any compulsory powers which would enable them to obtain this information from the banks. Hence the question becomes whether the French Government can restore confidence at home before the palliatives still at its disposal have exhausted their potency.

Here the Government is on the horns of a dilemma. The Radicals claim the right to follow a policy of "sound finance," while the Socialists claim the right to complete the social reform programme. Too much social reform will raise production costs too high, will discourage the repatriation of capital, and will check recovery; while too little will plunge the country into a maelstrom of strikes—and equally check recovery. In short, France may be driven back upon a new devaluation of the franc, to offset the cost of social reform and stimulate a new increase in her national income. Equally she may be driven back upon exchange restrictions, to prevent the flight of fresh capital, even though they cannot bring home the capital now abroad. These still remain only possibilities, but they can no longer be called remote. The change of Government by itself has solved, and can solve, none of France's financial and economic problems.

Financial Notes

A Conference of Bank Economists.—A small but valuable informal conference has recently been held in England. Some fifteen economists employed by commercial banks in Great Britain, the U.S.A., Canada, Australia, France and seven other European countries met under the chairmanship of Mr W. F. Crick, of the Midland Bank to discuss matters of common interest to people working in very different circumstances. The main topics dealt with were the relations of government with banking policy, of the central banks with the commercial banks and money markets, and of the commercial banks and their customers and their influence upon economic conditions. But the general discussion resolved itself into an examination of changes and potentialities that have emerged in the last year or so, the exact effects of which are as yet not fully known or fully examined. The assembled experts discussed such questions as the decline in commercial short-term credit and the rise in holdings of government bonds, the possibilities of adding the qualitative control of credit to the already exercised controls over its quantity and its price as a further weapon of monetary management, and the precise rôle of the banks in the capital market. Fixed conclusions and a row of resolutions were very sensibly not an object of the conference and each participant was left to apply the general consensus of agreement upon principle to the particular conditions prevailing in his own country. But a final exchange of views upon the contemporary economic and financial situation made it possible for the conference as a whole to come to a common viewpoint upon future trends. There is a very welcome possibility that some form of permanent association will be born of this meeting, the members of which will exchange information, discuss policy, and perhaps hold further conferences of the same sort. One may even, perhaps a little fancifully, hope that such contacts may eventually lead, when acute problems next come up for urgent decision, to a greater consistency of banking policies in different countries.

The Foreign Exchanges.—The foreign exchange market continues to be dominated by the French crisis. Funds continued to flow from Paris in considerable quantities over the week-end, and the uncertainty immediately following the fall of M. Blum accentuated the pressure. The formation of M. Chautemps' Cabinet caused a sharp rally, the one month's forward discount narrowing to Frs. 2½ and the three months' to Frs. 4½, but when the market realised the continued

preponderance of Socialists in the Cabinet rates relapsed once more. On Thursday, on renewed rumours of an impending devaluation, the discounts fell right back to Frs. 5½ and Frs. 8½ to Frs. 9 respectively, but there was a recovery in rentes. Meanwhile the spot rate has been maintained assiduously at Frs. 110.90, save for a short period on Thursday morning when it fell to 110.95. It was generally believed that M. Bonnet's first move would be to stabilise the exchange at 124 francs to the £, the rate of M. Poincaré's stabilisation, and for that reason very acceptable to the general public. The other main development of the week has been the weakness of the dollar exchange, which moved on June 18th from \$4.938 to \$4.94. It then remained unaltered until, on June 24th, dollars were bid for again. The explanation appears to have been a renewal of direct French dollar purchases, when a rumour early in the week that the American authorities would assist the French to trace the movement of French funds had by then become discounted.

The Bank Return.—As was predicted in the issue of *The Economist* last week, the Bank has purchased gold from the Exchange Account to relieve the stringency caused by the Account's large gold purchases. The new purchase of £5,145,259 raised the total of new gold bought this year to £12,745,963. It offsets French hoarding of notes, and should relieve any stringency that might be caused in the coming holiday season.

BANK OF ENGLAND					
	June 24, 1936	June 2, 1937	June 9, 1937	June 16, 1937	June 23, 1937
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	216.3	321.3	321.3	321.3	326.4
Note circulation	434.8	475.6	476.5	479.8	483.7
Banking Department:—					
Reserve	42.5	46.5	45.6	42.4	43.6
Public deposits	20.0	10.2	10.7	10.0	15.5
Bankers' deposits	90.8	109.5	107.4	102.3	95.0
Other deposits	37.4	37.3	36.8	37.1	37.2
Government securities	99.6	102.8	101.2	101.3	98.0
Discounts and advances	7.6	4.7	4.8	3.7	3.8
Other securities	16.5	20.7	21.1	19.9	20.2
Proportion	28.6%	29.6%	29.4%	28.3%	29.5%

The rise of £3.9 millions in the note circulation to a new record suggests that hoarding is still continuing. The decline of £3.3 millions in Government securities is probably to be accounted for by the further repayment of the Ways and Means Advances made to cover the June 1st War Loan dividend. The decline in bankers' and the rise in public deposits are probably to be explained by differences in the dates of Treasury Bill maturities and payments. Had it not been for the Bank's gold purchases there would have been a still greater drop in bankers' deposits.

The Money Market.—The money market this week has experienced the usual half-year changes. The banks have been limited and reluctant buyers of bills, and in consequence money has been in good demand by the brokers. The ordinary rate for outside money remains unchanged at ½ per cent., but some money is being borrowed into July at 1½ per cent. to 1½ per cent. —

	June 3, 1937	June 10, 1937	June 17, 1937	June 24, 1937
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate	1	1	1	1
Short loan rate:—				
Clearing banks	1½-1*	1½-1*	1½-1*	1½-1*
Others	1½-1	1½-1	1½-1	1½-1
Discount rates:—				
Treasury bills	1	1	1	1
Three months' bank bills	1	1	1	1

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

It is not believed that there is any likelihood of anyone being forced into the Bank over the end of the half-year.

THE STOCK EXCHANGE

Outlook for Kaffirs

To her one principal export South Africa has recently added another, unknown to her trade returns, but familiar across the Atlantic as "sunshine talk." The full weight of political and mining authority has been given to confident statements regarding the future of gold. Even within the past few days Sir Ernest Oppenheimer and Mr Havenga have reaffirmed this confidence. But, as Johannesburg's behaviour has since proved, the sunshine has shed but watery gleams; the prize which the industry seeks is not optimism, but *de jure* stabilisation with gold at 140s. an ounce.

Repeated gold scares have uncovered a weak speculative position, particularly at the Cape. The minor boom at the end of last year raised representative gold shares to their highest level since 1932; prices have since fallen by more than 4 per cent. The speculative issues—particularly those in the Anglo-American group—have proved wholly incapable of withstanding the shock. West Wits., which were bought up to 19½ this year, were as low as 7½ on Tuesday. This fall was perhaps the most severe blow that the speculative movement has suffered. No exact process of valuation can be applied to such favoured infants of the boom. At such times appetites thrive on wishful thinking and painful indigestion inevitably follows. Although it cannot be said that there has been over-speculation in established mining shares, their falls have nevertheless been severe, and many of them now offer gross yields of 10 per cent. or more. The mining investor may well ask where the process of readjustment is likely to stop.

In conditions like the present, cold analysis may not be a safe guide to market behaviour; but there are three principal points from which an investigation of Kaffir prospects must begin. Has the industry an adequate defence against a fall in gold or a rise in costs? What part does the incidence of taxation play? And what scope exists for richer mining, if it should prove necessary?

We may examine the first problem as a converse to the history of the industry since 1932. The rise in gold from 85s. to 140s. permitted the Rand mines to reduce their pay limits—the average grade milled fell from 6.339 dwts. at the end of 1932 to 4.476 for April last—and to increase their reserves. To some extent

the reduction in grade was encouraged by the excess profits tax, under which some concerns profited by putting waste rock through the mill. These trends are illustrated since 1934 in the first three sections of the table which appears below. Next, working cost conditions are shown for certain important producers, at different stages of development, over the same period. Costs have remained so stable that the average for all Rand undertakings in April 1935, 1d., was only one penny below that for December, 1932. The most impressive reductions have been achieved by Consolidated Main Reef and Randfontein, through a vast increase in the scale of operations since 1933.

A fall in the price of gold would reverse the trend since 1932 and necessitate a downward revision of payable reserves. But this revision would not cancel all the progress which has been made. Development work under the stimulus of gold at 140s. has often opened up ore which would, in fact, have been payable before 1931. Secondly, unless the gloomiest assumptions regarding the future of gold are contemplated, an upward grading would not have serious effects save for the low-grade properties. For the latter, a relatively small fall in gold might seriously prejudice future life and expected profits. But for the richer properties, with lives of anything up to forty years, the appropriate effect upon share values would not be considerable.

The calculation of payable grade, indeed, is the main determinant of prospective life. At this point, the problem must be translated into current mining policy. It is commonly stated that any moderate fall in gold could be offset if the mines worked a slightly higher grade of ore. If we take a hypothetical mine milling 5 dwt. ore, its revenue per ton, with gold at 140s., will be 35s. If we assume costs at 20s., the profit per ton will be 15s. Suppose that gold falls to 130s. Then, without changing the scale of mining or working costs per ton, profits could be maintained by milling 5.38 dwt. ore. Whether the maintenance of current profits would be given precedence over the maintenance of life is a problem which the Rand mining authorities would have to decide in the interests of the industry and its shareholders. But the effect of overhead costs is important for mines which have increased their treatment plant.

It pays to run a mill to full capacity. Hence an increase in grade necessitated by a fall in gold might have the paradoxical effect of increasing the Rand's gold output.

Our calculations, however, tell less than the full story, for taxation plays a decisive part in mining policy. It would, in fact, be unnecessary to increase the grade to the full extent described above. The South African Treasury bears up to half the burden of a fall in profits under the present taxation system. Since the companies could pass on about half their reduction in profits (in the present example, 43½ per cent.), the grade necessary to maintain current profits would lie between the two limits. It is, however, important to distinguish between properties which could increase their grade appreciably, if such action became necessary, and those which could only increase their grade at the expense of future production. For this reason, we show the margin between the grade of ore milled in the latest year and the average quality of the ore reserves, which constitutes the "buffer" for richer mining.

The same figures, associated with the latest costs, indicate the margin by which increased costs could be compensated by an adjustment of grade. Taking gold at 7s. per dwt., it will be seen that this margin varies widely between 10s. per ton for City Deep and little more than a shilling for Nourse—subject again to the effect of the taxation formula. In the two right-hand columns, the effect upon earnings per share of an increase of 0.5 dwt. in grade, with gold at 140s., and of a 5s. movement in the price of gold is shown. These calculations, which are extracted from a recent brochure on Kaffir shares issued by a well-known firm of brokers, take into account the adjustment of tax liability between the companies and the Government.

What general conclusions emerge from this detailed study? First, if there were general confidence in the maintenance of the gold price, Kaffir shares could undoubtedly be regarded as bargains. But without this assurance it is necessary to provide against the future contingencies of a fall in gold or a rise in costs. The developed mines now offer little scope for the speculator, although their present yield basis would attract a rush of buyers in normal circumstances. Yet even here it is necessary to concentrate upon mines with an appreciable margin between their average grade of reserves and the grade at present milled. And since a change of grade is most easily effected by a mine in the earlier stages of maturity, credit may be given to properties which still have some development work to carry out.

The position of established properties which are at present expanding their operations, and consequently their profits, is worth noting. Durban Deep, to select only one example, has achieved a new lease of life and is rapidly increasing its capacity. Consequently, this share offers the lowest mining yield in the accompanying list. The company has financed its expansion in part by a new share issue and in part from profits. In such cases, where the peak of capital expenditure has been reached, the scope for increased dividend distributions is enhanced. The position of the developing concerns, however, is more difficult to assess. It is still too early to gauge their prospects with gold at 140s. This price has overcome the risk factor which prevented earlier development at both extremities of the Rand. If the properties develop rich ore, the risk factor will have proved an illusory barrier, and a lower gold price would still permit profitable operation. But the significant point affecting these concerns is the rapid rise in the cost of mining equipment and development work. To open up a mine is the work of years, and at present some fairly considerable increase of capital expenditure must inevitably be faced. In the present temper of the market the developing shares must still be regarded as the most uncertain group.

Finally, we may briefly consider the position of the leading finance houses. To them are entrusted decisions of broad mining policy, and history suggests that they would be unlikely to increase the grade of mining to an extent likely to prejudice the future working life of the Rand. If the gold bears prove wrong, the Rand's only obstacle will be the increase in costs which accompanies rising prices. So far as dividend income is con-

	Share Prices			Dividends, 4 latest years				Unamortised current yield, allowing for tax relief
	End 1935	End 1936	June 24, 1937	1	2	3	4	
Expanding Mines								%
Durban Deep (10/-)	57/6	70/-	51/3	1/3	1/-	1/3	1/3	5.37
East Rand Prop. (10/-)	62/9	75/3	56/3	1/8	1/9	1/9	1/9	7.15
Luipards Vlei (2/-)	14/9	27/3	20/-	-	-3	-8	-6	5.71
Developed Mines								
Crown Mines (10/-)	£13½	£16½	£12	9/-	9/6	9/6	9/6	9.09
Geduld (£1)	£10½	£11½	£7½	7/3	7/6	7/6	7/6	10.86
Robinson Deep B (7/6)	46/10½	60/-	51/3	1/6	2/-	2/6	2/6	11.15
West Rand Cons. (10/-)	33/-	38/9	31/3	1/6	1/-	1/6	1/-	9.15
City Deep (£1)	31/3	40/-	28/9	1/-	1/-	1/-	1/-	7.89
Cons. Main Reef (£1)	75/7½	93/9	70/-	2/6	3/6	2/9	2/9	9.14
Modder East (£1)	73/9	97/6	72/6	2/6	3/6	3/-	3/-	9.14
Randfontein (£1)	53/6	75/9	50/-	2/-	2/6	2/6	2/3	11.14
Shorter-life Mines								
Nourse (£1)	42/6	50/-	37/6	2/-	2/6	2/6	2/-	13.72
Wit. Deep (£1)	33/9	31/3	17/6	1/9	2/-	2/-	1/9	24.50
Developing Properties								
West Wit. (10/-)	£4½	£18½	£8½	...	...	...	...	...
Venterspost (10/-)	17/9	50/6	26/3	...	...	...	...	...
Western Reefs (5/-)	...	63/9	35/7½	...	...	...	...	...
Grootvlei (£1)	111/3	122/6	92/6	...	...	...	...	...
Vlakfontein (10/-)	35/7½	62/6	35/-	...	...	...	...	...
S. African Lands (3/6)	54/4½	87/6	66/3	...	...	...	...	...
Finance Houses								
Anglo-American Corp. (10/-)	31/-	89/4½	57/6	Nil	1/-	2/-	3/-	5.96
Central Mining (£8)	£23½	£28½	£23	8/-	12/-	8/-	12/-	5.20
Cons. Gold Fields (£1)	72/-	114/4½	72/6	2/9	1/3	2/9	1/3	6.28
General Mining (£1)	96/3	120/-	90/-	1/6	2/6	2/-	3/-	6.28
Johannesburg Cons. (£1)	76/3	88/1½	65/-	3/-	4/-	4/-	4/-	7.03
Rand Mines (5/-)	160/-	187/6	135/-	4/-	4/-	4/-	4/-	6.80
Union Corp. (12/6 f.p.)	167/6	200/-	150/-	2/6	5/6	2/6	6/-	6.47

* Yearly dividends.

cerned, the finance houses would then remain in their present comfortable position. But in the present state of the Kaffir market, jobbing opportunities are less remunerative, while the hidden reserves represented by conservatively valued portfolios have been reduced. In these circumstances, yields of 6 to 7 per cent. on the leading shares must be accepted as reasonable.

Broadly, the Kaffir share market, despite the ostensible attractiveness of current share yields, can hardly expect a rapid recovery. On the basis of the present analysis, it is possible to find high-yielding shares which are protected from the worst effects of a possible fall in gold. But while the world's markets remain a prey to successive gold scares, the lore of nicely calculated less or more must take second place.

Investment Notes

The New N.D.C.—The draft clauses of the Finance Bill dealing with the new N.D.C. are decidedly more complicated than "a simple tax upon the profits of industry" might lead investors to expect. The new clauses follow the outline given in the last issue of *The Economist* (pages 669 and 688), and several doubtful points which we raised are clarified. The utility undertakings to be exempted are explicitly stated. Water, gas, electricity and hydraulic power undertakings, railways and road passenger transport (though not goods), canals, harbours, docks, etc., and river conservancies are specifically exempted, if their charges or dividends are subject to statutory limitations—even, apparently, if the statutory limitations are higher than current charges. This list covers a wide range of companies, and holding companies with a controlling interest—either financial or management—in exempted undertakings will not be liable for income received from statutory undertakings. This provision appears to cover the Tilling group, but presumably investment trusts with a non-controlling interest would be liable for dividends received from ordinary shares in statutory undertakings. Provision has been made, as we anticipated, for the avoidance of double taxation, although the rules in turn appear to have introduced a further anomaly. Income received by invest-

	Ore Reserves (000's tons)			Average Grade (dwts.)			Yield per ton milled (dwts.)				Working Costs per ton				Margin between grade milled and average latest year (dwts.)	Effect on Earnings per Share	
	1934	1935	1936	1934	1935	1936	1934	1935	1936	April, 1937	1934	1935	1936	April, 1937		0.5 dwt. increase in grade (gold at 140s.)	5s. movement in Gold price
Expanding Mines																	
Durban Deep	4,258	4,729	5,179	5.43	5.08	4.79	4.85	4.61	4.20	4.13	24/6	25/2	24/3	23/5	0.59	s. d.	s. d.
East Rand Prop.	8,458	9,466	10,992	5.2	5.2	5.3	4.54	4.40	4.47	4.41	21/8	21/6	21/9	21/11	0.83	0 11	0 3
Luipards Vlei	1,857	2,036	2,290	4.94	4.84	4.88	4.5	4.4	4.4	4.16	20/-	20/9	21/1	22/-	0.48	0 4	0 11
Developed Mines																	
Crown Mines	21,342	24,904	25,542	5.85	5.30	5.30	5.63	4.90	4.78	4.80	19/10	18/6	18/6	19/-	0.52	4 0	1 3
Geduld	9,000	9,000	9,100	5.4	5.2	5.0	5.81	5.60	5.20	5.02	14/10	14/5	14/3	14/5	-0.2	1 8	0 6
Robinson Deep	5,846	6,032	6,102	4.9	4.9	4.9	5.02	4.98	5.00	4.72	19/3	20/4	20/2	19/1	-0.7	1 3	0 5
West Rand Cons.	9,271	9,964	10,406	4.5	4.4	4.4	4.94	4.20	4.09	4.03	17/3½	16/9	16/9	16/10	0.31	0 7½	0 2
City Deep	3,496	3,624	3,994	5.57	5.38	5.20	3.92	3.86	3.77	3.91	21/7	22/8	22/6	23/9	1.43	1 5	0 4
Cons. Main Reef	3,225*	7,130	9,688	6.3*	4.74	4.39	5.3	4.4	4.0	3.68	23/6	21/8	20/6	19/11	0.39	2 7	0 9
Modder East†	2,319*	5,243	5,835	5.8*	4.7	4.6	4.98	4.38	4.23	3.96	20/8	19/7	19/2	18/6	0.37	2 6	0 8
Randfontein	1,941†	14,895	14,057	3.5†	4.2	3.9	4.01	3.58	3.55	3.44	19/7	17/2	16/9	16/10	0.35	1 11	0 5
Shorter-life Mines																	
Nourse†	1,861*	4,007	4,133	5.9*	4.7	4.4	4.9	4.5	4.2	4.12	23/9	23/10	22/6	23/4	0.2	2 3	0 7
Wit. Deep	1,719†	1,081‡	878§	3.8†	4.9	4.4	3.88	3.84	3.72	3.55	21/5	21/9	21/6	21/4	0.68	2 0	0 6

* Based on 1932 conditions. † Accounting years to June 30th. Others to December 31st.

‡ Additional amounts based on 1933 conditions.

§ On

ment companies "by way of dividend or distribution of profits" from companies which have already borne N.D.C. are excluded from the investment company's assessment. This rule, of course, does not cover interest receipts from gilt-edged securities, bonds or debentures. But it does apply to preference dividends, on the ground that profits from which such dividends are distributed have been reduced by the payment of N.D.C. Here is a somewhat striking anomaly, arising from the distinction between the legal character of preference dividends, (which represent a division of, and not a charge upon, profits) and the effective incidence of N.D.C., which falls entirely on equity capital, save in the cases where the preference dividend is uncovered by payment of the tax. Sound preference shares, it appears, will rank as N.D.C.-free investments for investment trust purposes.

A notable omission from the draft clauses is the absence of any limitation on the proportion of ordinary share earnings absorbed by the tax. The Chancellor of the Exchequer justified this omission in Monday's debate on the Financial Resolution, on the ground that the provision could not be applied to firms, and on the further argument that inequity would arise between companies making the same total profits but having different capital structures. Sir John Simon's examples were more convincing in their arithmetic than in their general application to companies whose preference dividends are well covered, but whose gearing differs. Since N.D.C. in such cases is a tax on equity earnings, differences in capitalisation do exert an arbitrary influence on its incidence. The 10 per cent. limit under C.P.T. may have produced anomalies such as the Chancellor mentioned, but no objection was taken to them at the time and the principle of the limitation appears sound. And if the Chancellor's argument applies to the case of a high-g geared preference *cum* ordinary capitalisation, its applies in practice, if not in law, to high-g geared debenture *cum* ordinary capitalisations. Ordinary shareholders, therefore, will follow the fate of the amendment proposing the 10 per cent. limitation with close interest. Finally, while the income of companies registered in this country but operating abroad will be liable for the tax, the clauses leave it to be inferred that the profits of an overseas subsidiary of a British company will be taxed only to the extent of the dividends declared. If this interpretation is correct, the separate formation of overseas operating subsidiaries would enable the holding companies to avoid tax on undistributed profits. Other avenues of escape, such as the issue of an overwhelming debenture capital, appear to be estopped not only by prudence but also by the clauses preventing "artificial" limitation of profits.

The L.C.C. Loan.—Few loans have been accorded so blank a reception as this week's London County Council issue. The gilt-edged market reacted with acute dismay at the deposit of another unwelcome foundling on its doorstep. The market already has one failure to nurse in the 53 per cent. under-subscription of the latest Australian conversion. Under prevailing conditions, indeed, it seems impossible to find terms which have any attraction for buyers and yet leave existing gilt-edged and corporation loan levels unscathed. The contrast between the latest terms for L.C.C. borrowing and the historic issue at 2½ per cent. early in 1935 provides a text for an instructive sermon on interest rates and cheap money. This week's offer is for the same amount of stock—£10 millions—but whereas in 1935 the L.C.C. dashed away with a 2½ per cent. loan with an average life of 25 years, on this occasion County Hall must be content with a 3½ per cent. issue, half a point above par, with an average life of 20 years. The authorities, indeed, appear to have made special efforts to encourage success (as they did, of course, for the Australian issue), for the price is half a point lower than the Leeds issue in May, while the

redemption dates, though widened, are slightly earlier on the average. Moreover, a full coupon will be paid next January, although the loan is not fully payable until August 6th.

The contemporary difficulties of the authorities in maintaining the *morale* of the corporation loan market are illustrated by the following table, which gives a selection of typical corporation issues since 1935, and shows their subsequent market fate:—

Date of Issue	Borrower	Amount (£)	Rate (%)	Re-demption	Issue Price	Present Price
1935						
Jan.	L.C.C.	10,000,000	2½	1960 70	Par	87
June	Manchester	4,000,000	3	1952 55	99	96
June	Liverpool	3,000,000	3	1955 58	99½	95
1936						
April	Birmingham	4,882,700	3	1956 58	99	95½
Sept.	L.C.C.	10,000,000	3	1956 61	99	94
Oct.	Aberdeen	1,500,000	3	1953 63	99½	95
1937						
May	Leeds	4,000,000	3½	1957 60	101	½ dis.
June	West Riding C.C.	1,000,000	3½	1957	100½	½ premium
June	L.C.C.	10,000,000	3½	1952 62	100½	...

The first L.C.C. loan now stands 13 points below the issue price, while subsequent issues on the 3 per cent. interest basis which prevailed during 1935 and 1936 are now standing at discounts of as much as 5 points on their respective issue prices. With the fixed-interest lender "on strike," it may well be that the authorities will find it difficult to maintain the present 3½ per cent. basis for very long. At the beginning of 1935, corporation issues were still a "seller's market." But now the lender has the whip hand, and he is proving difficult to tempt.

The Investment Outlook.—Perhaps the choice of this innocuous title will convey an impression of objectivity in discussing the market prospects. Discussion is now focussed upon the future of prosperity—a word which may be employed, perhaps, without introducing the vaguely opprobrious terms "boom" and "slump." Sir William Beveridge, in a speech last week, forecast a double slump—the first of the cyclical character experienced in the past, and the second resulting from the falling trend of population. A well-known firm of dealers in the industrial market has issued a striking counterblast to those views, examined in our article on page 718. Their brochure—headed "The Slump Obsession: a Prevalent Delusion"—spares no force in attacking "boom and slump mentality," which is the product of "disordered imaginations." It points out that the late depression did not follow a real trade boom in America, and still less in this country, despite the hectic Wall Street boom and general activity on the London market. Distinction should be made, according to this argument, between exuberant expansion of trade activity which leads to recession, and gambling in securities, the reaction to which does not "normally" affect the progress and profits of industry. Finally, there is no boom in trade at present, and although securities have risen far since 1932, stock market activity in Wall Street and London has not approached the level of 1929. These propositions are argued at some length in the pamphlet, but it is interesting to note that the authors base their hopes of future prosperity on a revival of overseas trade, as earlier commentators have done. Re-armament is admitted to be a hindrance to many industries "rather than a stimulus," but it is somewhat remarkable that the brochure should make no attempt to assess the effects of the building boom upon recovery, and should omit to consider its future possibilities. Although investors are invited to back their belief in the future of industry, in terms more optimistic than most market commentators have recently adopted, the upward revision of yields both on gilt-edged and industrials is one limiting factor to any market recovery. It would have been instructive to have an expression of opinion on this point, and on the effects of rising costs in industry.

Railway Rates and Dividends.—The evidence given by Sir Ralph Wedgwood and Sir William Wood in putting the railway companies' claims for a general 5 per cent. increase of charges before the Railway Rates Tribunal contains a number of interesting points for stockholders. No direct pointer to the prospective earnings and dividends for 1937 is disclosed; upon that question both witnesses were silent. But, for the first time, official estimates have been presented of the full incidence of rising costs and of the extent to which these costs will be offset by increasing receipts. Sir Ralph and Sir William presented a table which makes an "instructed guess" at the prospective net revenue in a notional year, which would in fact resemble the year commencing in October next, when the proposed increase in charges would take effect. The general principles which underlie the estimate are simple. To the net revenue for 1936 (£35,731,000) is added the prospective 1937 increase of £6,724,000 in gross receipts—the result of applying a 4.7 per cent. increase to the railway receipts for 1936. This total is then reduced by £7,000,000, representing the increase in expenditure on revenue account, assuming 1936 quantities of materials and 1937 prices. The calculation shows that if no increase in charges were granted, the net revenue for the notional year would actually be below that of 1936. The increase of 5 per cent. in charges is then added—account being taken of possible loss of traffic to the roads as a result of increased charges—giving a final net revenue result of £41,064,000. This is rather surprisingly equivalent to earnings of 3.2 per cent. on L.M.S. Ordinary, 3.6 per cent. on L.N.E.R. 2nd Preference, 5.9 per cent. on Great Western Ordinary and 1 per cent. on Southern Deferred. If dividends of this order can be expected in February, 1939, the stocks are evidently undervalued. The witnesses, however, entered one important *caveat*. The expenditure figures assume no further increase in costs, and they are based on the same volume of materials as that required in 1936—an obvious under-estimate in view of increasing traffics. Moreover, the unions have lodged wage claims to a total cost of £2,500,000 in a full year, which if completely satisfied in the "notional" year would reduce the earnings on the four stocks above to 2.1 per cent., 2.4 per cent., 4.9 per cent. and *nil* respectively.

For the current year, as we have seen, the position is less clearly defined. The present trend of traffics is highly satisfactory, and the assumption underlying the estimates—that the 4.7 per cent. increase over 1936 will be maintained—seems amply justified. Regarding expenditure, Sir William Wood declared that the wage-bill would be £2,500,000 higher in 1937 than in 1936, but he did not give a figure of the actual extra cost of materials in 1937. At current prices, 1936 requirements would cost £5,000,000 more, but part of the current year's needs is covered by forward contracts at appreciably lower prices. The conclusion would seem to be, therefore, that if there is no increase in charges, the companies will do a little better in 1937 than in 1936, but that net revenues will fall again in 1938. If railway charges are increased, dividends next February should be higher than those for 1936, and the declarations in February, 1939, should be higher still—until the obverse side of the medal is seen in an intensified fall in traffics, should business begin gradually to decline.

Wall Street's Worries.—The last six weeks have produced stock market uneasiness which has left no single centre unaffected. Yet Wall Street has seemed determined to make a burden of its troubles. It has shown a complete lack of spirit or resistance, yielding instead to a slow process of petrification which has ended recently in the lowest prices and the lowest turnover of the year. Since the market peak was reached early in March, share prices have fallen relentlessly, and gains made earlier in the year have been completely lost. The "Standard Statistics" index of common stocks, for

Short Particulars.

UNION CINEMAS SUBSIDIARY PROPERTIES LIMITED.

(Incorporated under the Companies Act, 1929)

SHARE CAPITAL - £500,000

Authorised :	Issued or to be issued :
£300,000 in 300,000 6 per cent. Cumulative Participating Preference shares of £1 each	£300,000
£200,000 in 1,000,000 Ordinary shares of 4s. each	£200,000
£500,000	£500,000

The List of Applications will Open and Close on Tuesday, the 29th June, for an

ISSUE AT PAR
of

300,000 6 Per Cent. CUMULATIVE
PARTICIPATING PREFERENCE SHARES OF £1 EACH.

The 1,000,000 Ordinary Shares of 4s. each have been subscribed for by Union Cinemas Limited at 4/7½d. per share.

The Prospectus shows *inter alia* that:—

1. The 6 per cent. Cumulative Participating Preference shares will carry the right to a fixed cumulative preferential dividend at the rate of 6 per cent. and, after Ordinary shareholders have received 6 per cent., to a further cumulative 2 per cent. per annum, making 8 per cent. in all.

2. The Company owns 17 Cinemas which have been leased for 99 years from the 25th March, 1937, at a rental of £89,262 per annum to Union Cinemas Limited, which also guarantees the Mortgage below mentioned. Union Cinemas Ltd. has a paid-up share capital of £3,265,025, and its earnings available to pay the above rent are estimated at £220,000 per annum for the current financial year, increasing to £270,000 when additional cinemas now in course of completion have been in full operation for a year.

3. The balance of the above rental, after meeting Mortgage Interest and all other outgoings, subject to taxation and allocations to reserves, will cover the fixed 6 per cent. dividend on the Preference shares more than 2½ times and, after provision for a like dividend on the Ordinary shares, will leave a surplus of £19,110 available for a further dividend of 2 per cent. (requiring £6,000) on the Preference shares.

4. The Cinemas which are practically all of recent construction, are situated in carefully selected positions in various Provincial towns, all being freehold with one exception which is partly freehold and partly long leasehold. They have been valued by Messrs. Leopold Farmer & Sons at £1,105,440, and on this basis the balance of assets available as cover for the £300,000 of preference shares (after provision for Mortgage) will be £504,648.

Copies of the Prospectus (upon the terms of which alone applications will be considered) and Forms of Application can be obtained from the

BANKERS:

NATIONAL PROVINCIAL BANK LIMITED, New Issue Department, 15 Bishopsgate, London, E.C.2, and Branches.

BROKERS:

IAN ANDERSON & NAIRN, 1 Throgmorton Street, London, E.C.2, and Stock Exchange, London.
THE COMPANY AT ITS REGISTERED OFFICE, 62 London Wall, London, E.C.2,

and from

INVESTMENT REGISTRY LIMITED, 6 Grafton Street, New Bond Street, London, W.1.

instance, reached 170.5 at its highest point, fell to around 155 by the middle of May, stayed at about that level for some five weeks, and then collapsed to 147.4 in mid-June. It is true that the market has had plenty of preoccupations. The threat of a reduced gold price has set a gloomy background to the whole course of events, and official reassurances have done little to remove uneasiness. Again, the labour situation which, until the recent outburst of strikes, was accepted with unconcern, has lately been causing the anxiety it merits. In the political field, hostile forces are no less in evidence. Plans for dealing with flood and drought problems carry a significant hint for utilities, attacks upon tax evasion and the possibility of new taxation are mooted, and Wall Street has taken to heart the President's intentions of proceeding with proposals for reform of the Supreme Court. More recently, normal seasonal influences have reduced industrial activity and have thus depressed stock prices. But when all is taken into account, it appears that, except for the steel strikes, markets are making the most of their maladies. Doubtless, industrial recovery has made more rapid progress than is often imagined (particularly in steel), but it is surely far from exhausted. Even building activity, which has hitherto lagged behind, is now expanding considerably, though stock prices have been depressed by fears of rising costs. If business activity continues to mend, Wall Street's gloom cannot last for ever.

Company Notes

General Electric Progress.—An increase of £19,359 in the G.E.C. total profits represents in itself a satisfactory rate of improvement, though it is appreciably smaller than in the two previous years. Owing to higher depreciation and tax provisions, the amount earned for the equity, as shown in the following table, is slightly smaller:—

	Years ended March 31		
	1935	1936	1937
	£	£	£
Profit	1,184,483	1,485,153	1,604,512
Depreciation	259,293	298,813	343,248
Taxation reserve	142,576	194,245	275,000
Other expenses	149,056†	48,357	50,405
Preference dividends	195,300	193,725	190,569
Ordinary stock :—			
<i>Earned</i>	<i>438,258</i>	<i>750,013</i>	<i>745,290</i>
Paid	295,795	436,536	551,036
<i>Earned (%)</i>	<i>14·8</i>	<i>25·8</i>	<i>23·7</i>
Paid (%)	10	15	17½*
Reserve	98,883	100,000	125,455
Carry-forward	467,018	680,495	749,294

* On £4,198,372 ordinary stock, against £3,816,702. † Includes £103,930 debenture interest.

The margin of earnings over the 17½ per cent. distribution is thus somewhat reduced. Yet the more generous distribution policy does not affect the general reserve allocation—£125,455 against £100,000. This amount, together with a direct transfer of £774,545 from share premiums, increases the reserve to no less than £4,400,000, or over one-quarter of total assets. The general expansion of the business is illustrated by the rise in stocks and work in progress from £2,268,451 to £3,037,617. The prospects of a further advance in profits are good, subject to the company's ability to withstand increasing costs. The "Beama" index of new orders for heavy electrical machinery has risen from an average of 167 for 1936 to 180 for the first five months of 1937, the advance being particularly marked for export orders. General Electric should obtain its share of this further improvement, and should have an equity in such ultimate possibilities as railway electrification. Earlier this year the £1 units touched 94s. 9d., but the market has since adjusted the quotation to more sober estimates. The current yield of £4 8s. per cent. at 79s. 3d. seems roughly appropriate to a company with

moderately expansive dividend prospects and an exceptionally strong reserve position. The ordinary capital will not be vitally affected by the incidence of N.D.C., which, on the latest profits, would not amount to more than $1\frac{1}{2}$ per cent. on the ordinary stock.

Lancashire Cotton Profits.—For the six months to April 30, 1937, the Lancashire Cotton Corporation announces a net trading profit, before debenture interest and depreciation, of £176,052. This compares with £63,287 for the previous six months and £127,899 for the year to October 31, 1936. It is interesting to observe that the indicated annual rate of profits is just over £350,000 (making no allowance for the possibility of more remunerative contracts during the current half-year), a figure which closely corresponds with the estimate of the Corporation's 1936-37 profits given in our article of December 19, 1936 (page 590). At that time this estimate of the improvement on the 1936 earnings caused comment in the trade and was pronounced excessive. It would now appear that the estimate was justified but that the excesses lay in speculators' anticipations of the dividends which would flow from such earnings. The chairman's speech of last April made it clear that the directors will be guided by the most conservative principles in their dividend policy. The only charge against profits which can be calculated with certainty at present is £75,000 for interest on the new debentures—the £15,000 sinking fund does not begin till 1942. On the balance of £275,000 which would remain from annual net profits of £350,000, depreciation must be the first charge. No depreciation has yet been provided and there is no clue to what the directors will consider a proper allocation. The assets are modestly valued after the capital reconstruction of last year, but cash must be set aside for replacement and probably for modernisation. In the *pro forma* balance sheet for October 31st last, cash amounted to £511,000 and total surplus liquid assets to £1,356,000. That is not a weak position, but it might with advantage be stronger. It would not be surprising to find the directors placing as much as £175,000 to depreciation, leaving £100,000 to cover the preference dividend of £68,875, with just over £30,000 earned on the ordinary—too small a sum to suggest any distribution for this year. A "windfall" benefit to profits will accrue from the income tax set-off for accumulated losses and wear and tear allowances for past years. In effect, preference (and ordinary) payments will only cost the company the net, not the gross, amount. But in their present mood the directors may well retain that benefit for the Corporation. At 15s. 9d. the ordinary stock units appear fairly valued for the present. The preference, with their par for par conversion option, seem a better holding at 20s. 7½d.

Imperial Airways Position.—Commenting upon Imperial Airways ordinary shares, which stood at 51s. last November, we observed that the price appeared to value Treasury support and prospective rights to new capital on a generous basis. The shares have fallen sharply this week, to 38s. 9d., losing as much as 6s. 3d. on Wednesday, but they have since recovered to around 40s. 7½d. The proximate cause of the fall was the report—as yet unconfirmed—that one million £1 ordinary shares are to be issued shortly at 30s. per share. This report (coupled with the death of the chairman, Sir Eric Geddes) came as a blow to the market. It appears that the issue, whose terms are subject to Treasury approval, will not be made as of right to existing ordinary shareholders, but rather that preferential allotment will be given to them. In these circumstances, it would be instructive to know why the authorities decided on an issue price as low as 30s.—if, indeed, such a decision has been reached. Conversely, the value of rights to a new issue at 30s. at the rate of three new for two shares held, would clearly have called for a reduction in earlier share levels. After the proposed offer, the company have some £3,350,000

of share capital unissued, and Sir George Beharrell, speaking at last Friday's meeting, mentioned the possibility that preference shares might be issued for part of the company's requirements. The effect of the new subsidy and postal arrangements upon the ordinary share prospects cannot be assessed even roughly at present, for the company is engaged on a vast expansion of its operations which rules out any comparison with its previous cost conditions. After the ordinary shares have received 10 per cent., one-half of the balance of profits is due to the deferred capital held by the Government. Within what period such allocations may be made, the investor cannot possibly judge at present.

Royal Mail Lines. — The report that Furness Withy has purchased 750,000 Royal Mail Lines shares is hailed as a bull point for the latter for two reasons. Firstly, it removes one of the two remaining possible sources of supply for the market and secondly, it is taken as an indication of Lord Essendon's view of the prospects for the company. This block of shares is understood to comprise the remaining lots held by R.M. Realisation, D. McIver (whose share capital is owned by the Realisation Company) and the Nelson Company, which is in voluntary liquidation. As the holdings of the first two concerns may be ascertained from the Realisation Company's report, it may be assumed that the number of shares from the Nelson holding is 210,000. In effect the proceeds of this block of 210,000 shares represent the equity of the Realisation Company in the Nelson liquidation. On the basis of the present market price the sum represented is presumably of the order of £250,000, a figure closely approximating to the estimate given in these columns on March 25th. The only remaining block of Royal Mail Lines consists of 1,200,000 shares held by R.M.S.P. Meat Transports but charged to the creditors, whose total claims, with accrued interest, exceed £3,000,000. They are, therefore, dead from the point of view of R.M. Realisation and there is no news yet of any intention to deal with this holding, either by sale *en bloc* or by a market deal.

“Shell” Transport Meeting.—Lord Bearsted was unusually expansive on the subject of American oil control in his speech to the shareholders of “Shell” Transport this week. In his opinion the problem of wasteful over-production had not been solved; so long as California remained outside the Inter-State compact for output control, some uncertainty would exist. Nevertheless, the end of 1936 found the industry in a greatly improved statistical position, and the immediate outlook, he said, was favourable. He was frankly sceptical of the competition of petroleum substitutes. Ample supplies of natural petroleum products were available to meet the growing world demand, and at prices which would make the cost of substitutes (without heavy protective duties) thoroughly uneconomic and unprofitable. Lord Bearsted then reviewed the Company’s interests in Mexico and Venezuela, remarking that the Mexican Government appeared sincerely desirous of reaching an agreement on outstanding questions. It was disclosed that the group is now actively prospecting in Colombia. As chairman of a large distributing company in this country, Lord Bearsted referred to the change in the composition of the company’s motor spirit to meet modern engine design, and complained of inadequacy in the present road system in Great Britain. As chairman of an international trading company Lord Bearsted was naturally critical of economic rationalism. Self-sufficiency, he said, could only result in the lowering of the standard of living throughout the world. Happily the company had reached an agreement in principle with the Japanese Government, whose new petroleum law had threatened the foreign oil companies with eviction.

Anglo-Iranian Review. — Anglo-Iranian shareholders could not fail to be gratified by Lord Cadman's speech. The remarkable increase of 38 per cent. in the net trading profit (£9,443,950) was due almost entirely to the growth in oil revenues, and 60 per cent. of this growth was attributable to larger turnover, the net price realised having advanced by only $7\frac{1}{2}$ per cent. The year's production amounted to $9\frac{1}{2}$ million tons, of which 8,198,000 tons were obtained from the fields in Iran and 1,219,000 tons from the Iraq Petroleum Company in which the Company holds a 25 per cent. interest. It is probably true to say that the Anglo-Iranian is the cheapest crude oil producer in the world. In the absence of all competitive drilling it has been able from the outset to apply scientific principles to the control of production. The life of its two main producing fields (Haft Kel and Masjid-i-Sulaiman) had been greatly extended by the employment of gas conservation measures, and Lord Cadman stated with confidence that both fields should continue to produce by natural flow for many years to come. Shareholders will be gratified to hear that a new oilfield has been discovered at Gach Qaraghuli, which lies 125 miles south of Haft Kel and 155 miles east of the Abadan Refinery. This field is expected to be as large as Masjid-i-Sulaiman. Two other areas are being explored which should yield promising results. It is unfortunate that the drilling operations in Great Britain have so far been as barren as those in Iran have been productive, Lord Cadman referred to the improvements which had been effected in refinery technique and to the enlargement of the tanker fleet, which now consists of 84 vessels with an aggregate dead-weight tonnage of 843,000 tons. During the last 20 years the company has been spending on new tonnage approximately £1,000,000 a year. Lord Cadman was optimistic of the future, in view of the steady increase in world consumption, and he reminded shareholders that the retail price of first-grade motor spirit in Great Britain, after deduction of the duty, was still only 11 $\frac{1}{4}$ d. per gallon, compared with 1s. 6d. before the War, while the quality has been vastly improved.

Recent Tea Results.—In general, tea company reports for 1936 make somewhat uninspiring reading. A fair measure of prosperity was enjoyed by most companies but, with average tea prices virtually unchanged from their 1935 levels, alterations in profits have been mainly due to more or less fortuitous individual variations in costs, on the one hand, and output on the other. When translated in terms of percentage profits, however, these changes are by no means negligible. Most tea companies possess highly geared capital structures, and even small changes in earnings are usually substantially reflected in dividends. This lesson is illustrated in the accompanying table, which summarises the record of a representative selection of tea companies, whose reports have recently appeared:—

Company (and Share denomination)	1935		1936		Current Price of Ord.	Yield on 1935 dividends
	Earned	Paid	Earned	Paid		
	%	%	%	%		%
Borhat (f1)	5.6	6.0	6.1	5.0	18½-x	5.6
Darjeeling (f1)	8.1	7.5	8.6	6.0	26/3	4.6
Deamoolie (f1)	20.6	20.0	14.6	12.5	2½	4.5
Doom Dooma (f1)	16.3	15.0	13.7	12.5	46/3	5.4
Galaha Ceylon (f1)	9.5	7.5	7.4	6.5	28/9	5.0
Imperial Tea (f1)	2.9(a)	Nil	11.4	6.0	23/9	4.6
Kanan Devan (f10).....	11.6	12.5	14.5	12.5	23½	5.4

(a) Before investments written off, earnings = 6.0 per cent.

OVER ONE HUNDRED AND TEN YEARS OF SERVICE

SCOTTISH UNION & NATIONAL

INSURANCE COMPANY

ASSETS EXCEED £16,000,000

FIRE LIFE ACCIDENT MARINE

Edinburgh: 35 St. Andrew Square
London: 5 Walkbrook, E.C.4, and 45 Pall Mall S.W.1

Borhat, a medium-grade Assam producer, suffered a sharp reduction in gross receipts as a consequence of smaller output. Costs, however, were commensurately reduced, so that net income was somewhat higher than a year ago. Nevertheless, the dividend is reduced to 5 per cent. against 6 per cent., as provision is being made for reserves. The company has a high capitalisation, so that gains this year from higher tea prices will probably be moderate. The Darjeeling Company shows earnings almost equal to those of 1935, despite a small reduction in the average realised price of tea. Output was larger in consequence of purchased export rights, but plantation costs rose by the exceptionally large amount of over 2d. a lb. Economies in other directions, however, appear to have counterbalanced this increase. Deamoolie has suffered the largest reduction in net profits of any company in the group. Prices were almost unchanged, but costs are up by over 1d. a lb. and output shows a substantial fall. The company produces over 14 lbs. of tea for every £1 of capital, so that profits are highly responsive. Doom Dooma, another fairly high-grade Assam producer, owes its smaller earnings more to decreased output than to any other factor. Prices, indeed, were somewhat better (16.32d. per lb., against 16.11d.), and costs somewhat lower (11.65d., against 11.70d.). Prices of Assam tea have not benefited strikingly from the general advance this year, but on the whole a better average should be enjoyed than in 1936.

In the case of Galaha Ceylon, such favourable factors as increased output were more than offset by adverse developments, including slightly lower prices and somewhat higher costs. The company's debenture stock and preference capital increases the leverage on the ordinary shares, but the comparatively low yield on the latter at current prices suggests that future prospects are optimistically viewed. Auction prices this year to date are almost 2d. a lb. in excess of last year. Imperial Tea produces comparatively low-grade tea and enjoyed better prices in 1936. Net profits show a very striking recovery, due in part to higher returns, but mainly to a very substantial decline in costs. The great efforts made to restore the company's fortunes are thus meeting with success. Finally, Kanan Devan, another producer of fairly low-grade teas, has also enjoyed larger prices with a lower crop. Costs were materially reduced, but £12,000 has been put to replacement reserve, so that, despite larger earnings, dividends are unchanged.

London Tin Corporation.—During the past year the capital of London Tin was drastically reorganised and the associated Anglo-Oriental Mining undertaking was absorbed. As a result, the issued capital now stands at £3,618,240 in 4s. shares, compared with £3,158,350 partly in preference and partly in ordinary shares of 10s. each. The balance brought in from the Anglo-Oriental is £3,940 and the net profit amounts to £313,080. The 7 per cent. dividend absorbs £253,280 of this sum, leaving £83,370 to be carried forward, against £13,840 brought in. Following the acquisition of shares from other undertakings in the group, investments have been increased by £435,700 to £3,357,380. Of this total, quoted shares—which form the great bulk of the portfolio—showed an appreciation of over £1½ millions on April 30th above the book figure. Since then, of course, a setback in prices has occurred. The particulars given regarding the various interests, which are accompanied by a useful map, suggest that London Tin shares at the current price of 4s. 10½d. have long-run possibilities.

Siamese and Bangrin.—These two far-Eastern dredging concerns derived a disappointingly small benefit last year from the substantial increase in the production quota. The mining revenue of Siamese Tin Dredging amounted to £205,650 as against £163,120, but owing to increased expenditure the profit was no higher than £46,610, compared with £31,890. The dividend was,

however, raised by 5 per cent. to 25 per cent. For Bangrin, mining revenue totalled £88,370 as compared with £68,620, but the operating surplus was only £7,000, higher at £20,890. The repetition of the previous year's dividend of 5 per cent. leaves a slightly increased balance of £9,300 to go forward. Siamese 5s. shares are quoted in the market at about 26s. 3d., and Bangrin £1 shares at 19s. 4½d. The financial position of both companies is good, and better results may be secured during the current year.

Other Company Results.—About 70 further reports are contained in our usual analysis of profit and loss accounts appearing on page 767, including a number of interesting iron, coal and steel results, besides those of the Elder Dempster companies. A discussion of the results appears on page 766 under the heading "Shorter Company Comments."

Company Meetings of the Week.—Reports of company meetings begin on page 753 of this issue. In reviewing the events of 1936 in countries in which the *Ottoman Bank* was interested, General Sir Herbert Lawrence stressed the unusual nature of the present recovery, in that it consists of an irregular series of national internal recoveries with only slow revival in international trade. Mr L. D. Whitehead, addressing *Whitehead Iron and Steel* shareholders, discussed the company's policy of declaring capital bonuses, and pointed out that in view of the completion of capital expenditure, the directors intended to begin investing a good part of the reserve in securities. The purchase of additional land was being negotiated to safeguard future requirements. At the first annual meeting of *Philip Hill and Partners*, Mr Philip E. Hill explained the company's policy in connection with new issues. Exhaustive investigations were always made, and the company did not consider that its responsibility ended with the allotment of shares. In commenting on the recent phase of depression in the stock markets, he declared that there was no real justification for current market conditions. Viscount Bearsted's address at the "Shell" *Transport and Trading* meeting, and Lord Cadman's speech to *Anglo-Iranian Oil Company* shareholders are both discussed on page 745. After explaining to *Venezuelan Oil Concession* members the effects of the strike, Viscount Bearsted declared that costs remained relatively low, and the scope for further economies could hardly be extended. At the *Gordon Hotels* meeting, Major-General Guy Dawnay referred with satisfaction to the better trading profits, although revenue was no longer derived from the Hotel Metropole. Colonel Fenwick, in his speech to *Willoughby's Consolidated* members, remarked that their cattle ranching business in Rhodesia was becoming firmly established. At the *British Electric Traction* meeting, the chairman criticised the Government's electricity proposals, but hoped the present year was likely to show a further advance. Sir Archibald Mitchelson, at the *Great Universal Stores* meeting, outlined the developments of their mail order business and the stores transaction. Mr Eugene Serre, at the *Advance Laundries* meeting, explained that the proposed new issue of capital was necessary to provide plant sufficient to meet requirements within the limits of an ordinary working day. Mr Harold W. Batty showed that the revenue of *Selected Land and Property Company* was being broadened, so that a greater proportion of income would arise from rentals as distinct from profits on sales. Mr K. O. Hunter, at the *Bangrin Tin Dredging* meeting, discussed the acquisition of an option to purchase an adjoining tin-bearing area. At the *Siamese Tin Syndicate* meeting, he referred to the satisfactory results so far obtained in the current year. Colonel Charles Ponsonby, at the *Forster's Glass Company* meeting, reminded his hearers that the improvement in results would have been greater but for the effect of poor weather last summer on mineral water bottle sales.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: JULY 6

ACCOUNT: JULY 8

THE market has passed through some bad patches this week, but it can fairly claim to have survived its many ordeals with credit. The opening was overshadowed by the French crisis, and before Monday had passed a black cloud had blown up from beyond the Rhine, fanned by the gusty winds of the German Press. On Tuesday, the blow came from the Cape, where extensive liquidation of Kaffir shares—established producers and developing counters together—depressed prices to new low levels. Yet in the face of these recurrent blows, the industrial market kept its head, and mining shares, thanks to London's ability to absorb shares, recovered a good deal of their losses.

None the less, investors with profits to record for the last week of a miserable account will certainly congratulate themselves. The gilt-edged market opened with the uncomfortable news that 53 per cent. of the Australian issue had been left with the underwriters, and prices declined all round. The fall was accentuated on the following day by the underwriting of the L.C.C. loan (discussed on page 742). The size of the issue worried the market more than its terms, which had been favourably pitched, like those of the Australian operation, in hope of success. War Loan reached a low record since 1933, and fell further to 100½ on Thursday, together with the National Defence Bonds to 3½ discount. The Australian scrip opened at ½ discount, and rapidly declined to 1½ discount in mid-week. Dominion issues were generally affected, while home corporation stocks were lowered on the L.C.C. issue.

In the foreign bond market, European issues were markedly depressed. French rentes were at first sold, although they found support on the formation of the Chautemps government. German bonds, which had received attention last week in anticipation of Baron von Neurath's visit, were depressed by its cancellation, and the explosive atmosphere created out of the "Leipzig" incident affected a far wider range of securities.

Little business was reported in the home rail market, and prices drifted lower. Prior charges were affected by the

malaise of the gilt-edged market, while the ordinary stocks found no support even after the publication of excellent traffics. The proceedings at the Railway Rates Tribunal (discussed on page 743) also attracted no interest, despite their revealing nature. Argentine rails remained in a state of depression, fractional movements being the rule.

After two uncertain days, the industrial market became steadier in mid-week, although there was no expansion in the low level of business. International counters fluctuated widely, but showed a decided improvement in mid-week. Intermittent support for coal shares (stimulated by the increased Powell Duffryn dividend) kept the group firm, but steel shares showed no decided trend. Most of the general industrial groups ruled dull to steady. Electrical equipment shares found little support, and one of the few features in the motor group was the fall and subsequent rally in Standard. Imperial Airways fell at one time to 38s. 9d. on the report of the new issue (see page 744) while the stores group was steady in mid-week after an early setback.

Textile shares opened firm, but uncertainty developed later. The Patons and Baldwins results were succeeded by fluctuation which left the shares lower on balance. Tobacco shares were not impressive, but the shipping group shook off its troubles and made a further mid-week improvement. The leading miscellaneous shares drifted to lower levels, despite the canvassing of their cheapness.

Buyers were scarce in the oil share market. The French crisis and Wall Street's uncertainty killed any interest in the shares at first, and the strike news from Trinidad was a further retarding factor. The Shell Union announcement pulled the market together, but despite the absence of selling, small declines were again registered on Tuesday. A slightly better tone prevailed in mid-week, assisted to some extent by Lord Bearsted's remarks at the "Shell" meeting (discussed on page 745). A little public attention was reported in the rubber market at first, but the disappointing trend of the commodity reduced interest, although the shares kept steady. Tea shares remained idle.

Kaffir shares opened with the usual pre-occupation on the future of gold, but the dullness of Monday was as nothing to the heavy declines which Tuesday's selling from the Cape produced. The market fastened on the report that the banks had imposed heavy cuts on carried accounts, and the general nature of the falls tended to support that view. West Wits. fell at one



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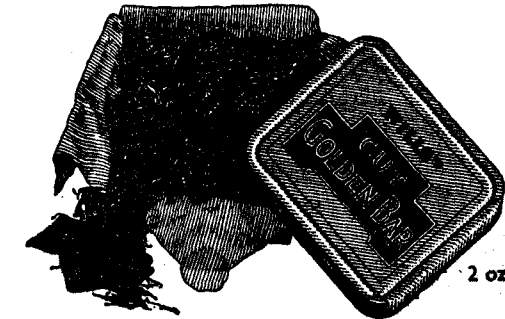
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GOLDEN MOMENTS

The Diamond Sculls

He makes his last big effort a quarter of a mile from the finish. Gradually he draws away—a canvas—half a length—a length ahead—He's won! What a fine race and what a Golden Moment it must be for him—winner of the Diamond Sculls—as he hears the crowd's applause.

But even he cannot buy a better tobacco than "Cut Golden Bar" at a shilling an ounce. But it must be Wills's.



2 oz. Vacuum tin

time to 7½, although they recovered to 8½ following some "shop" support. Most of the new concerns were seriously affected, although London's absorptive power enabled the whole market to recover from mid-week. It is now thought that the Johannesburg weakness has been cleared up, although earlier reports before Tuesday's collapse told the same story. Rhodesian copper shares improved with the metal, and some of the base metal shares recovered a few pence.

"FINANCIAL NEWS" MARKET INDICATORS

	June 17	June 18	June 21	June 22	June 23	June 24
Approximate total of bargains recorded in S.E. List <i>Corres. day 1937</i>	7,560	7,370	8,005	7,520	6,810	6,8
	7,844	8,571	9,144	8,608	8,756	8,796
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100) ...	110.6	110.9	110.7	109.7	109.6	110.0
Index of 20 Fixed Interest Securities (1928=100) ...	128.8	128.7	128.5	128.3	128.0	128.0

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 109.5 (Jan. 15); Fixed Interest 126.5 (Feb. 28).

ACTUARIES' INVESTMENT INDEX

On Tuesday last the Actuaries' index of 177 industrial ordinary shares stood at 82.5, against 82.8 a week ago and 85.2 a month ago. The corresponding yields are 4.40, 4.37 and 4.22 per cent. A selection of the separate indices follows:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yield (%)		
	Month ago (May 25, 1937)	Week ago (June 15, 1937)	This week (June 22, 1937)	Month ago (May 25, 1937)	Week ago (June 15, 1937)	This week (June 22, 1937)
Insurance companies (24)....	125.8	123.8	123.1	3.40	3.53	3.55
Building materials (5).....	96.7	94.1	92.8	5.60	5.72	5.82
Coal (7).....	116.8	119.5	120.5	3.65	3.64	3.70
Motors (5).....	51.0	48.1	49.2	4.79	5.07	4.96
Oil (5).....	97.9	93.4	89.9	5.30	5.84	6.51
Electric supplies (10).....	146.3	143.3	143.9	4.23	4.39	4.45
Breweries and distilleries (21)	148.1	145.2	144.3	4.29	4.38	4.40

NEW YORK STOCK EXCHANGE

CONDITIONS recently have been dull rather than depressing, and it is reassuring to find a stability during the last few days which has not been evident for some weeks. The interest of Wall Street has been so much concentrated on the labour situation, that other news, in particular of the change of government in France, met with a surprising indifference. On Monday, trifling declines and a narrow range of quotations were accompanied by some support for steel shares on the news that Republic Steel would re-open some of its plants to non-strikers the next day. Eventually the Corporation acceded to official requests not to re-open, but little change resulted in the market. A report that progress was being made by the Steel Mediation Board acted as a stimulus in mid-week, the tone being noticeably better and small advances widespread under the lead of steel and copper issues. Steel production is estimated by *Iron Age* at 75 per cent. of capacity against 77 per cent. Seasonal influences are considered partly responsible for a declining volume of business going to companies not affected by strikes, who would normally be expected to report greater activity.

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

	1936		1937		Be- ginning of Year 1937	June 9, 1937	June 16, 1937	June 23, 1937
	Lowest	Highest	Lowest	Highest				
	Apr. 29	Nov. 10	June 16	Mar. 10				
347 Industrials ...	112.7	145.9	130.2	155.7	143.2	136.9	130.2	132.7
92 Rails ...	42.8	60.2(b)	51.5(a)	64.5(f)	54.6	56.0	52.2	51.5
40 Utilities ...	91.2	111.0(e)	89.3	116.4(g)	111.7	92.7	89.3	90.4
Total, 419 Stocks	97.7	125.4	110.4	132.4	123.5	116.1	110.4	112.3
Average yield*.....	4.50%	2.65%	4.46%	3.20%	3.53%	4.21%	4.46%	4.36%
	High (c)	Low (a)	High	Low (g)				

* 40 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 23rd. (d) June 23rd. (e) December 2nd. (f) March 17th. (g) February 10th. (h) January 13th.

NORANDA MINES, LIMITED DIVIDEND NOTICE

Notice is hereby given that an interim dividend of \$1.75 per share, payable in Canadian funds, has been declared by the Directors of NORANDA MINES, LIMITED, payable June 30th, 1937, to shareholders of record at the close of business June 16th, 1937.

By order of the Board. T. N. HAY,
Toronto, June 8th, 1937. Secretary-Treasurer.

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

Highest*	Lowest†	June 16	June 17	June 18	June 19	June 21	June 22	June 23
180.3	147.4	147.4	149.6	150.9	150.4	149.3	149.6	150.9

* March 6th.

† June 16th.

TOTAL DEALINGS IN NEW YORK

	June 17	June 18	June 19*	June 21	June 22	June 23
Stock Exchange—						
Shares (No. Thous.)	1,260	690	220	420	530	550
Bonds (Thous. \$) ...	7,930	6,280	3,010	5,420	5,730	6,610
Curb—						
Shares (Thous.).....	245	181	62	139	147	169

* Two-hour session.

	June 16, 1937 (Close)	June 23, 1937 (Close)	June 24, 1937 (Latest)		June 16, 1937 (Close)	June 23, 1937 (Close)	June 24, 1937 (Latest)
1. <i>Rails & Transport</i>				4. <i>Manufacturing</i>			
Atchafalpa	80½	79½	79½	Briggs	40½	40½	...
Balt. and Ohio	27½	27½	27½	Chrysler	100	100½	102½
B.M.T.	19½	21½	21½	Electric Auto.	73	37½	37½
Can. Pacific	12½	12½	12½	General Motors	48½	50½	50½
Ches. and Ohio	54½	52½	52½	Hudson Motor Car	14	14½	14½
Gt. Nthn. Rly. Pl.	50	50½	50	Murray Corp.	10½	11	11½
Illinois Central	24	24	24½	Packard Motor Car	8	8½	8½
N.Y. Central	39½	38½	38½	Bendix Aviation	18½	19½	19½
Nor. Pac.	29½	29½	29½	Boeing Airplane	28½	30½	29½
Pennsylvania R.R.	27½	45	45½	Douglas Aircraft	56	58	58½
Southern Pac.	46	45	45½	United Aircraft	24½	26½	26½
Southern Rly.	32½	31½	30½	Air Reduction	66	67½	67½
Union Pac.	133	129½	129½	Allied Chem. xd.	216	217	217½
Greyhound Cp. New	13½	14½	14½	Col. Carbon	115	114	114

2. <i>Utilities and Communications</i>				General Electric	50½	52½	53½
Am. Waterworks	16½	16½	17	American Can. xd.	91½	94½	94½
C. & S.	2½	2½	2½	Westinghouse	134½	139½	141
Cons. Gas of N.Y.	33½	33	33	Addressograph	29½	29½	29½
now Cons. Edison	10½	11½	11½	Caterpillar	87	89½	89½
Col. Gas & Electric	14	15½	15½	Cont. Can. xd.	50½	50½	51
Elec. Bond & Share	8½	9½	9½	Ingersoll Rand	130	127½	126
Nat. Pwr. and Lt.	21½	23	23½	Intnl. Harvester	105½	107½	108½
North American	28½	29	29½	Johns Manville	122½	125½	125½
Pac. Gas & Electric	41½	41½	41½	U.S. Radiator	19½	19½	19½
Pac. Lighting	37½	37½	37½	Corn Products	58½	60½	60½
Pub. Service N.J.	5½	7	7	J. I. Case and Co.	184	184½	184½
Stan. Gas & Elec.	44	44½	44½	Gillette	44	43	43½
United Corp.	11½	12	11½	Gen. Am. Transp.	66	65	65
United Gas Imp. xd	165½	165	165	Allied Mills	21½	21½	21½
Am. Tel. & Tel.	10½	10½	10½	Celanese of America	36½	37½	37½
Int. Tel. and Tel.	52½	45	44½	Ind. Rayon New	36½	36½	36½
Western Union	8	8½	8½	Colgate Palmolive	18½	19½	19½
Radio	64½	64	64	Eastman Kodak xd	170½	169½	169½
Radio B. Pref. New				Gillette xd.	17	17½	17½

3. <i>Extractive and Metal Industries</i>				5. <i>Retail Trade and Food</i>			
Am. Rollins Mills	33	34½	34½	Montgomery Ward	51½	55	54½
Beth. Steel xd	79½	81	83	J. C. Penney Co.	85	87	86½
Beth. Steel Pref. xd	112½	112	114	Sears Roebuck xd.	88½	87½	88
Republic Steel	32½	35	35½	United Drug	11½	11½	11½
U.S. Steel	94½	98½	98½	Walgreen xd.	25½	25	25
U.S. Steel Pref.	129½	132½	132½	Woolworth	45½	45	46½
Alaska Juice xd.	11	11½	11½	Borden	23½	22½	22½
American Metal	44½	45	45½	Gen. Foods	36½	37½	37½
American Smelting	88½	84½	84½	Kroger Grocery	19	20	20½
Anaconda	49½	51½	52½	Nat. Biscuit xd.	23	23	23
Bohn Aluminum	62½	63	64	Nat. Dairy	21½	20½	20½
Cerro de Pasco	56½	57½	58	Standard Brand	12	11½	11½
Int. Nickel	53½	56½	58	Am. Tobacco B.	75½	77	77½
Peabody Mines	14½	15½	15½	Liggett Myers B.	94½	96½	97
Pexco Gulf Sulph.	34½	34½	34½	Lorillard	20½	20½	20½
U.S. Smelt xd.	28½	28½	28½	Reynolds Tob. B. x.	49	49½	49½
Vanadium Corp.	25½	25½	25	National Distillers	29	29	29
Atlantic Refining xd	27½	28½	28½	Schenley Distillers	39½	40	40
Phillips Petroleum	52½	54	54	6. <i>Finance</i>			
Shell Union	27	27	27	Commercial Credit	58½	59½	59½
Shell Union Pref.	104½	104½	104½	Atlas Corp.	15½	15½	15½
Socony Vacuum	18½	19½	19½	Com. Invest. Trust	64½	64½	65
Stand. Oil Calif.	40½	40½	41½				
Stand. Oil N.J.	63½	66	66½				
Texas Corp. xd.	57	57½	58½				

CAPITAL ISSUES

APART from the *London County Council* issue (discussed in a Note on page 742), new issue activity this week has been at low ebb. The only prospectus is that of *B. Finch and Company, Ltd.*, a concern which amalgamates two sanitary and heating engineers' businesses, and issues 100,000 6 per cent. 10s. preference and 700,000 2s. ordinary shares at par. The three years' combined average covers the preference dividend four times and leaves, according to the prospectus, £13 16s. 4-8d. per cent. for the ordinary. Stocks represent just under half the net assets of £51,521, which, together with profits from January 1st of an undisclosed amount, are acquired for £69,500, all in cash. The total goodwill of £18,729 represents a considerable proportion of the purchase price. The yield offered on both classes of shares seems appropriate in relation to the company's size. A statement for

information only has been published by the *Beehive Spinning Company*, which shows an estimated profit of £27,500 on the basis of full capacity. Compared with a profit of £2,542 for the latest year, this estimate illustrates the high expectations from the spinning agreement.

TOTALS OF CAPITAL ISSUES DURING WEEK

Net Sales of National Savings Certificates, week ended June 19, 1937. Dr. £200,000.

	Nominal Capital £	Conversions	New Money £		
To the Public	10,120,000	£	10,170,000		
To Shareholders only	1,502,900	995,180	571,720		
By Stock Exchange Introduction	Nil	...	Nil		
By Permission to Deal	250,000	...	187,500		
Total Capital Raised—					
	Including Conversions £	Excluding Conversions £			
1937 (New Basis) ...	334,618,254	288,495,094	Whole Year (New Basis)—		
1937 (Old Basis) ...	228,548,469	184,857,244	1936 ...	642,017,245	494,139,765
1936 (New Basis) ...	256,818,321	173,932,279	1935 ...	688,313,125	357,525,440
1936 (Old Basis) ...	181,258,184	99,272,143	Whole Year (Old Basis)—		
January 1 to date (Old Basis) ...	154,474,946	65,300,204	1936 ...	402,470,003	255,570,993
1935 ...	261,565,876	96,800,206	1935 ...	548,351,393	236,147,637
1934 ...	...	244,762,793	1934 ...	410,980,300	169,108,700
1928 ...	...	...	1933 ...	467,921,500	244,780,500
			1928 ...	683,000,056	369,058,073

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis)	242,788,156	44,513,478	1,193,460	288,495,094
1937 (Old Basis)	170,808,521	13,948,723	Nil	184,857,244

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis)	150,303,021	19,171,646	119,020,427	288,495,094
1937 (Old Basis)	136,714,103	12,664,731	35,478,410	184,857,244
1936 (New Basis)	65,173,778	21,132,471	87,626,030	173,932,279
1936 (Old Basis)	55,667,624	9,689,569	39,914,950	99,272,143

Whole Year (Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1929	222,064,300	12,733,700	9,982,500	244,780,500
1930	102,769,300	21,461,000	44,878,400	169,108,700
1931	167,185,509	31,695,741	37,265,387	236,147,637
1936	160,521,116	24,423,647	70,626,230	255,570,993

Whole Year (New Basis)—				
1935	193,599,713	48,806,822	115,118,905	357,525,440
1936	184,255,833	41,580,731	268,303,201	494,139,765

PUBLIC OFFERS

London County Council.—Issue of £10,000,000 3½ per cent. stock at 100½. A trustee stock, redeemable at par 1962, or from 1952 on notice. Proceeds to redeem £1,250,000 housing bonds, and for expenditure on re-housing, open spaces, etc. Area, 117 square miles; estimated population, 4,141,000; rateable value £60,000,000. Net debt £80,522,000 (£47,000,000 revenue producing). Rate of 7s. 3d. produces £22,000,000; government grants, £8,500,000; rents £2,800,000.

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1936				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 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1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937				Prices, Year 1937			
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(Continued from page 749)

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	June 16, 1937	June 23, 1937
Allied Newspapers Ord. 20s	34	33	...	1/0 6d dis
Do. 6 1/2% 1st Pref. 20s	27/6	27/6	...	1/0 1/6 pm
Australia 3 1/2% 1950-52	96 1/2	5	...	1 1/2 1/8 dis
Cork Manufacturing Ord. 5s	11	11	...	10/3 10/9
Do. 6% Pref. 5s	5/9	5/9	...	5/9 6/3
County of London Electric 4% Pref. £1	20/6	50	13d dis 13d pm	13d dis 13d pm
Do. 3 1/2% Debs.	9 1/2	20	1 dis par	1 dis par
Devenish (I. A.) 4% Debs.	103	35	1 1/2 dis	1 1/2 dis
Imperial Cold Storage 5% Debs.	104	26	1 1/2 1/4 pm	1 1/2 1/4 pm
Lewis (I. J.) Properties 4 1/2% Pref. £1	20	10	...	6d dis par
Met. Water Sydney 4% Debs.	100	30	1 1/2 7 dis	1 1/2 7 dis
National Defence 2 1/2% Loan	99 1/2	49 1/2	3 2 1/2 dis	3 1/2 3 1/2 dis
Oldham Paper Ord. 4s	5/9	5/9	5/9 6/3	5/9 6/3
Do. 6% Pref. 10s	10	10	9 7 1/2 10 1 1/4	9 7 1/2 10 1 1/4
Scottish Power 4% Pref. £1	20	10	3d 6d pm	3d 6d pm
Spirling Motor Bodies 4 1/2% Debs.	5	5	4 10 1/2 5 1 1/2	4 7 1/2 4 10 1/2
Steel Corporation of Bengal 4 1/2% Debs.	100	20	10 1/2 1 1/4 d	1/0 - 1/3
Tranco Ord. 1s	10	1	1/3 3d dis	1/3 3d dis
Do. 10% Pref. 10s	20	5	9d 3d dis	9d 3d dis
United Kingdom Gas 4% Pref. 20s	100 1/2	25 1/2	1 1/2 1 1/2 pm	1 1/2 1 1/2 pm
West Riding County Council 3 1/2%	100 1/2	25 1/2	...	...

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended June 18, 1937. (c) Week ended June 19, 1937.	Miles Open	Gross Receipts, week ended June 20, 1937 (£'000)					Aggregate Gross Receipts, compared with 1936 (24 weeks) (£'000)				
		Passen- ger, etc.	Merchandise, etc.	Coal and Lignite	Total	Total	Passen- ger, etc.	Merchandise, etc.	Coal and Lignite	Total	Total
Great Western { 1937 { 1936	3,738 3,746	236 219	208 196	109 94	317 290	553 509	4,533 4,358	4,718 4,542	2,707 2,444	7,425 6,986	11,958 11,344
(c) L. & N. { 1937 { 1936	6,320 6,333	369 344	359 325	233 216	592 541	961 885	7,109 6,795	8,126 7,775	6,082 5,710	14,208 13,485	21,317 20,280
L. M. & S. { 1937 { 1936	6,877 6,888	544 530	513 493	225 220	738 713	1,282 1,243	10,852 10,407	11,723 11,415	6,439 5,981	18,162 17,386	29,014 27,804
Southern { 1937 { 1936	2,153 2,154	364 355	68 66	28 28	96 94	460 449	7,007 6,614	1,439 1,495	754 760	2,193 2,255	9,200 8,869
Total { 1937 { 1936	19,088 19,131	1,513 1,448	1,148 1,080	595 558	1,743 1,638	3,256 3,086	29,501 28,174	28,006 25,227	15,982 14,895	41,988 40,122	71,489 68,296
(b) Belfast & Co. Down { 1937 { 1936	80 80	2-9 3-1	...	...	0-5 0-5	3-4 3-7	48-8 49-9	...	...	12-0 13-6	60-8 63-5
(b) Great Northern { 1937 { 1936	543 543	11-2 11-2	...	...	8-9 8-5	20-1 19-7	213-3 213-4	...	...	226-4 241-3	439-7 454-7
(b) Great Southern { 1937 { 1936	2,076 2,124	37-7 36-6	...	...	39-2 38-1	76-9 74-7	723-2 730-7	...	...	992-6 1,008-4	1,715-8 1,739-1

COMPARISONS WITH CORRESPONDING PERIODS, 1935 and 1936
(000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year, 1936, compared with first half-year, 1935:				
Gross increase or decrease.....	+ 263	+ 937	+ 534	+ 85
Second half-year, 1936, compared with second half-year, 1935:				
Gross increase or decrease.....	+ 491	+ 1,575	+ 751	+ 378
First half-year, 1937, compared with first half-year, 1936:				
24 weeks to June 19, 1937.....	+ 614	+ 1,211	+ 1,037	+ 331
Weekly average first half 1937	+ 25 1/2	+ 50 1/2	+ 43 1/2	+ 13 1/2
Latest week 1937 compared with 1936.....	+ 44	+ 39	+ 76	+ 11

LONDON TRANSPORT

	Takings (before pooling)	Compared with corresponding period of last year
Week ending June 19, 1937.....	£56,900	£11,100
Aggregate 51 weeks to June 19, 1937.....	£26,158,200	+ £28,200

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1937	+ or -
				1937	+ or -

INDIAN

			Rs.	Rs.	Rs.	Rs.
Assam Bengal	9	May 31	1,330	+5,07,900	+ 35,495	23,88,800
Barelly Ry.	9	May 31	202	+41,100	- 5,300	2,97,500
Bengal & N. Western	9	May 31	2,107	+13,30,840	+1,21,564	74,75,982
Bengal-Nagpur	9	May 31	3,268	+30,78,000	+3,80,564	1,66,95,000
Bombay, Bar. & C.I.	10	June 10	3,072	+36,10,000	+4,16,000	2,65,79,000
Madras & S. Mahr.	9	May 31	3,229	+25,98,000	+2,32,300	1,38,12,000
Robilch & Kumaon	9	May 31	572	+2,29,353	- 24,401	14,58,381
South Indian	9	May 31	2,532	+16,95,413	+ 46,414	94,57,560

† 10 days.

† 11 days.

CANADIAN

			1937	1936	1937	1936
Canadian National	23	June 14	235,666	3,546,604	+ 209,418	86,183,151
Canadian Pacific	23	June 14	172,228	2,607,000	+ 130,000	60,553,000

SOUTH AMERICAN

			1937	1936	1937	1936
Antofagasta (Chili and Bolivia)	25	June 20	844	£17,020	+ 2,640	413,630
Argentine N.E.	51	June 19	753	£197,000	+ 100,800	7,531,400
B.A. and Pacific	51	June 19	2,806	£12,221	+ 6,572	454,744
B.A. Central	50	June 12	...	£1,553,000	+ 404,000	80,899,300
B.A. Gt. Southern	51	June 19	5,084	£1,876,000	+ 33,000	24,032,000
B.A. Western	51	June 19	1,930	£1,116,377	+ 8,166	7,543,877
Central Argentine	51	June 19	3,700	£1,930,000	+ 73,000	41,836,000
Central Uruguay	50	June 12	273	£1,562,550	+ 507,350	129,175,730
C. Urg. (East Ext.)	50	June 12	311	£1,156,486	+ 38,154	7,830,083
C. Urg. (N. Ext.)	50	June 12	185	£1,281,811	+ 2,057	626,728
C. Urg. (W. Ext.)	50	June 12	211	£1,639	+ 1,639	129,619
Cordoba Central	51	June 19	1,218	£2,403	+ 657	91,656
Entre Rios	51	June 19	810	£1,688	+ 17	47,852
G. West. of Brazil	25	June 19	1,082	£538,000	+ 26,000	27,001,000
Leopoldina	25	June 19	1,918	£33,370	+ 250	1,637,270
Leopoldina Term.	25	June 19	1,918	£238,300	+ 67,600	10,888,600
Nitrate	23	June 15	397	£14,782	+ 4,759	658,545
Paraguay Central	51	June 19	274	£6,700	+ 700	185,200
Salvador	51	June 19	1,000	£1,067,000	+ 197,000	42,893,000
San Paulo	24	June 13	1,534	£22,280	+ 5,452	545,027
United of Havana	51	June 19	1,353	£1,352,000	+ 22,000	8,668,000

* Converted at average official rate during week ended June 19, 1937: 16:12 pesos to £.
 † Free market rate. ‡ Receipts in Argentine pesos. † Fortnight.
 * Converted at official rate. † Converted at "controlled free" rate.
 ‡ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

			1937	1936	1937	1936
Egyptian Delta Light	9	May 31	621	£6,283	+ £ 336	37,184
Egyptian Markets	24	June 17	...	£1,184	+ 106	42,677
Gr. South. of Spain	34	Aug. 29	104	Ps. 14,208	+ 62,843	840,732
Mexican Railway	24	June 14	483	\$240,400	+ 26,400	7,280,700

† 11 days.

SUEZ CANAL RECEIPTS

			1937	1936	1937	1936
Suez Canal	23	June 10	...	£294,800	+ £9,600	5,171,200

† 10 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

			1937	1936	1937	1936
Anglo-Argentine	24	June 17	325	\$683,102	+ 50,777	15,412,475
B. Aires Tramways	50	June 13	...	\$60,759	+ 4,199	3,377,744
Burnley, Colne and Nelson Jt. Trst.	24	June 19	88	£5,421	+ 329	...
Calcutta Tramways	24	June 19	...	Rs. 1,18,040	+ 3,183	23,86,313
Ile of Thanet Elec.	12	Mar. 24	...	£2,683	+ 91	35,951
Liverpool Corp.	11	June 16	...	£31,359	+ 2,884	345,316
Madras Electric	22	June 15	...	Rs. 59,897	+ 3,502	5,64,415

† Fortnight.

MONTHLY TRAFFICS

Company	Months	Ending	De-scrip-tion	Receipts for Month	Receipts to Date
				1937	+ or -
				1937	+ or -
Benguela	5	May 31	Gross	£30,981	+ 12,383
Brazilian Traction	5	May 31	Gross	£3,292,019	+ 658,212
Burnley, Colne and Nelson Jt. Trst.	1	May 31	Net	£1,845,581	+ 392,904
Calcutta Tramways	1	May 31	Gross	Rs. 52,118	+ 1,380
Ile of Thanet Elec.	5	May 31	Gross	£111,000	+ 1,000
Liverpool Corp.	11	May 31	Gross	£16,000	+ 5,200
Madras Electric	11	May 31	Gross	£1,785	+ 378

OIL OUTPUTS

APEX (TRINIDAD) OILFIELDS, LTD.—The results for the month of May are as follows: Production of oil 48,990 tons; deliveries, 48,970 tons.

THE ATTACK OIL COMPANY, LTD.—Production for May, 16,056 barrels.

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—A cablegram has been received from Burma reporting the production of crude oil by this company as 43,218 barrels for May, 1937.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended May 15th, 13,367 barrels. Production for the week ended May 22nd: 13,818 barrels. Production for the week ended May 29th: 13,732 barrels. Production for week ended May 5th, 13,297 barrels. Production for the week ended June 12th was 14,254 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during May was 156,229 barrels, or approximately 22,318 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended May 8, 1937, was 661,000 barrels. Production for the week ended May 22, 1937, was 666,000 barrels. Production for the week ended May 29, 1937, is not available owing to the strike.

PHOENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix Group for May was 57,815 tons.

TAMPICO OIL, LTD.—The total production from the company's properties in Mexico during April was 13,568 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,018 barrels. Production from the Company's properties in Mexico during May was 12,753 barrels, in respect of which Royalty due to Tampico Oil, Ltd., amounted to 956 barrels.

COMPANY MEETINGS

OTTOMAN BANK

EFFECT OF CURRENCY DIFFICULTIES

IMPROVED CONDITIONS IN THE BALKANS AND NEAR EAST

RISE IN AGRICULTURAL PRODUCTS AND METAL ORES

FURTHER COMMERCIAL PROGRESS IN TURKEY

SIR HERBERT LAWRENCE'S ADDRESS

The annual general meeting of shareholders of the Ottoman Bank was held, on the 22nd instant, at Winchester House, Old Broad Street, London, E.C.

General the Hon. Sir Herbert A. Lawrence, G.C.B., presided. Mr W. Stewart McKim (secretary to the committee) having read the notice convening the meeting.

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

After the report and balance sheet were printed your committee received the resignation of one of its members, Monsieur Horace Finally. We wish to express our real regret that this collaboration should come to an end. For more than 16 years our eminent colleague has placed without reserve at the service of the bank his experience and the weight of his authority.

RECOVERY CONTINUED

In spite of the threat of political complications, which continued to prevail in the world at large—more especially so with the outbreak of civil war in Spain—the recovery, which began in 1935, was continued during the year under review.

However, the character of this movement is peculiar, in that it consists essentially in an irregular series of purely national internal recoveries. Hence its irregular pulse and the slow rate of revival in international trade.

In the total of world commerce Europe itself, handicapped by the abuse of quota systems and by the general adoption of compensation agreements, benefited only to a small degree in the general improvement.

However, all things considered, the new and rapid rise in agricultural products and in metal ores has had the effect, not perhaps of restoring a wholesome and durable prosperity, but at least of improving very considerably the economic position of the various countries in the Balkans and in the Near East in which we work.

Almost every one of our groups of branches and of our subsidiaries has felt the beneficial effect of this development.

CURRENCY DIFFICULTIES

If the general results submitted to you do not entirely reflect the situation, the fact is to be imputed to currency difficulties, and more precisely to the currency crisis in the Gold Bloc, latent throughout the year, which came to a head in the month of September last, as you are well aware.

The event did not find us unprepared. Your committee had not been indifferent to the attacks on these currencies in May and November, 1935, and had already envisaged the precautions to be taken in order to reduce to the strict minimum the effect of an eventual devaluation on a portion of the funds of the bank.

In fact, when this devaluation occurred, simultaneously in France, Switzerland, and Holland, and shortly afterwards in Italy and several other countries whose currency was of less international importance, we had already taken precautionary measures with the object of limiting the loss to a figure which could be covered by provisions previously constituted to meet eventualities of this kind.

Nevertheless, such a concentration of our funds in the currency of the balance sheet was bound to have an inevitable reaction on their productiveness.

FAVOURABLE YEAR IN TURKEY

The year 1936 was, on the whole, favourable to the economic welfare of Turkey.

In spite of a rainy summer, the crops were good, both in quantity and in value. Most of the products, notably wheat and tobacco, gave a higher yield than in 1935, and prices, apart from rare exceptions, were on a higher level than in the preceding campaign.

But agricultural production is not alone in feeding the Turkish exports. Minerals contribute to them in a steadily increasing measure. In a desire to derive advantage from this tendency, the Government decided to nationalise the mines. The decision was preceded by friendly negotiations for the repurchase of the concession of the "Société d'Héraclée," in which we own an interest. The repurchase price is to be paid by deliveries of coal to France, since almost all the invested capital is of French origin.

Industrial production remains a matter of paramount interest. Numerous factories were provided for by the first Five-Year Plan, soon to be followed by a second plan which is in course of elaboration. By the end of 1936 most of these factories were already installed. In this connection the chief event of the year was the signature of a contract with the firm of Brassert in London, for the erection at Karabuk of a heavy industry, including steelworks and blast furnaces.

1933, is now bearing fruit. Under an energetic and competent management, our staff has realised the possibilities provided by the credit of our establishment. For three years current accounts creditor have shown sustained progress. Accordingly we are taking year by year a greater part in the financing of trade, and especially of export trade.

The number of branches showing a profit has consequently risen from 11 in 1934 to 17 in 1935 and 23 in 1936, while that of branches showing a loss has dropped from 19 to 13 and to 7. The most profitable branches are those of Yenigami (formerly Stamboul), Izmir, and Ankara. The office at Galata, whose activity is important, is also giving results of a satisfactory nature.

Our relations continue to be most cordial with the Ministry of Finance as with the general management of the Central Bank of the Republic and the other State Administrations. The "Société Commerciale Franco-Turque," the foundation of which I mentioned last year, is fulfilling its task under the best of conditions, and its operations made it possible on May 25th for the bondholders of the debt, as well as for the other foreign creditors who benefit from the agreement, to receive almost the total amount of their coupons.

TREATY BETWEEN GREAT BRITAIN AND EGYPT

The year 1936 will be remembered for the signature of the Treaty of Friendship and Alliance between Egypt and Great Britain. By the terms of this treaty Great Britain recognises Egypt as an independent Sovereign State. The system of Capitulations, which was plainly inconsistent with the new regime, has recently been abolished by an agreement between the Egyptian Government and the Capitulatory Powers. After a transitional period the Mixed Tribunal will disappear, and foreigners in Egypt will be subject to the national jurisdiction.

The Budget figures for 1936-37 provide for total receipts of £E37.7 millions and expenditure of £E35.1 millions. Of that expenditure the following items are worthy of notice: The public debt requires £E4.1 millions; war and marine, £E2 millions only; while the Ministry of Public Works receives £E7 millions (including £E4.2 millions for the Irrigation Department), and the Ministry of Agriculture £E1 million.

The public debt amounts approximately to £E90 millions, while the reserve is valued at about £E20 millions. These figures are impressive and are perhaps unique among countries of this size with similar natural resources.

For 1937-38 the Budget is based on an estimate £E36 millions on both sides of the account.

TRADE FIGURES

The movement of foreign trade continued to be satisfactory during the year and the cotton situation has been good. In 1936 imports into Egypt totalled £E31,515,816 and exports £E32,979,204, of which cotton exports represented £E25,019,561. The 1936-37 cotton crop has been estimated at 9,500,000 cantars, which is a record figure. I think it may safely be said that the general economic condition of the country has improved.

Our branches in Egypt continued during 1936 to feel the effect of the very keen competition between the banks, but it is hoped that the increasing prosperity of Egypt will provide better results in 1937.

POSITION IN PALESTINE

In Palestine during the first three months of 1936 things continued to be prosperous. From April to October business was paralysed by the general political strike of the Arab population and the ensuing disturbances.

Imports during 1936 totalled £P13,979,023—or a fall of about £P4,000,000 as compared with 1935—and exports of domestic produce £P3,625,000, as compared with £P4,700,000 in the preceding years.

Our Palestine branches were obliged to exercise the utmost caution and reserve during most of the year and losses have been avoided. Considering the circumstances, the results have been satisfactory.

In Cyprus the improvement in general conditions was maintained during 1936. Though climatic conditions were unfavourable during May and June and the yield on crops was accordingly disappointing, cultivators found compensation in the higher prices obtained for their produce.

The activity of our branches in the island continued to show satisfactory results.

IRAQ AND IRAN

The year under review has been prosperous in Iraq owing to the exceptionally good cereal crops with a large exportable

surplus and rising prices abroad. Nearly 300 million kilos. of wheat and barley were exported during 1936. In consequence, the purchasing power of the peasantry and of the lower classes generally was greater, although the cost of living also rose.

Notes and coins in circulation increased from 3,760,213 Iraq dinars at March 31, 1936, to 4,701,312 at January 31, 1937, and the figures are expected to be considerably higher in the near future.

During the year it was decided to construct two steel bridges across the Tigris at Bagdad. The contract has been placed with a British firm. It was also decided to prolong the railway line from Bagdad to Haiji on the right bank of the Tigris, in order to join the line from Istanbul to Tel Kocheh on the Northern Iraq-Syrian frontier. Work has been started on this extension, and Iraq will eventually be connected with Europe by rail.

Marked improvement has been made in health conditions, housing facilities, and in education. Many new dispensaries and schools have been opened throughout the country, and slums are being replaced by modern houses and model villages.

Our branches have benefited by the improved conditions and have handled a large share of the commercial business of the country.

During 1936 the outstanding event in Iran was the reintroduction on March 1st of a strict control of foreign exchange. The control is still in force.

The policy of monopolisation of commerce through companies controlled by the Government is being pursued, and the amount of "free" business becomes steadily less.

The branches of the Ottoman Bank have taken a good share in such local business as was available, but results have naturally been less favourable than they would have been had it been possible to operate in foreign exchange.

There remain some words to be said concerning the countries in which we are interested through our subsidiaries.

SYRIA AND THE LEBANON

In Syria and the Lebanon the year was marked by the signature with the Mandatory Power of two treaties of friendship and alliance which provided for their status as independent sovereign States.

From the economic point of view the situation continued to develop favourably, thanks to good harvests and to the completion of the new industries. Unusual factors also contributed: thus, Libanese oranges profited by a momentary disappearance of Spanish competition, and, speaking generally, the foreign trade of the country was stimulated by the devaluation of the Libano-Syrian pound, so that the deficit in the commercial balance, which in 1933 had reached 28,130,000 Libano-Syrian pounds, was only 12,360,000 in 1936.

In view of the increased need for currency, the Banque de Syrie et du Grand Liban saw the circulation of its notes advance from 300,800,000 francs on December 31, 1935, to 423,300,000 francs on December 31, 1936. Though our subsidiary has not yet held its annual general meeting, I am in a position to inform you that the results of the year will be very good, and that it will be able to distribute a dividend of 11.4 per cent., as against 9.8.

IMPROVED CONDITIONS IN YUGOSLAVIA

Yugoslavia benefited by an exceptionally abundant cereal crop, higher than that of 1935 by 50 per cent., and exporters were able to realise the crop at advantageous prices. Though it remains essentially an agricultural country, its natural resources in copper, lead, zinc, and even in gold, have caused it to share no less happily in the recent upward movement of metals. Enterprises for the extraction and smelting of these have for this reason during the last year entered on a period of prosperity which is of benefit to the national economy. The increase in the number of trucks loaded, as also of deposits in the banks and savings banks, a surplus of 12 per cent. in the yield of direct taxes, and of 8½ per cent. in the yield of indirect taxes, are all favourable symptoms. Since the raising of sanctions against Italy, the commercial balance has become favourable, and, according to the report of the National Bank, the balance of payments, which has been relieved by the moratorium agreements reached with foreign bondholders, is also balanced.

In any case, when we compare the monetary and banking crisis which descended on Yugoslavia when the pound sterling left gold in 1931, and the calm with which the dinar in 1936 supported the devaluation of the French franc, the Swiss franc, the lira, and the Czechoslovak crown, we can get some idea of the power of resistance which this country has acquired in the interval.

The Banque Franco-Serbe, in the capital of which, as you know, we have an absolute majority, has presented a satisfactory balance sheet to its shareholders. In spite of the competition of the Institutions of Public Credit, our subsidiary has developed both its resources and its activities. It may be said in particular that there is practically no great foreign enterprise working in Yugoslavia which does not make use of its banking services. For the year 1936 it has just distributed a dividend of 5 per cent., while allocating a further amount to its reserves.

ECONOMIC POSITION IN GREECE

In Greece, on the contrary, the economic position last year showed a certain weakness. Climatic conditions were partly the cause. To these, and not to any reduction of the surface cultivated, must be attributed the deficit in the wheat crop and the fact that it only covered 58 per cent. of consumption instead of 62 per cent. during the previous year. The result was a charge on the balance of external payments which was all the heavier in that the prices of imported grain and flour were 30 per cent. higher than those of 1935.

The trade balance showed the most important deficit which has been registered since 1932. It has only been compensated in part by the great activity of the mercantile marine.

In order to protect the national currency, the Greek Government reattached the drachma to the pound sterling at a lower level, and took severe measures against the export of capital, which went so far as the censorship of correspondence and the refusal of passports. Respect for the laws and regulations in each of the countries where we are directly or indirectly represented is one of our principles, and we should have no objection to raise to these measures if the authority given to the banks to carry on exchange operations under the control of the Bank of Greece had not been unjustly denied to the offices of the British-French Discount Bank, Limited, in Athens and the Piraeus as well as to our own branch in Salonica. Subsequently the policy of exclusion was largely modified, but we still await full equality of treatment.

Our subsidiary has, notwithstanding, maintained its previous activity, but its profits cannot be transferred.

In Roumania trading conditions have been more favourable during the past year, principally owing to the rise in world prices of cereals. The business of our subsidiary, the Bank of Roumania, however, although improving, is still hampered by exchange restrictions.

Our offices in London and Paris have used their endeavours under the circumstances, and in the absence of remunerative employment, to make the best possible use of the large liquid means at their disposal.

FAVOURABLE OUTLOOK FOR CURRENT YEAR

After this detailed review of our activity during the past year, the figures of the balance sheet call for no special remark on my part. Before submitting them to your approval, I should like, however—subject to the reserve imposed by the monetary and political conditions of the world to-day—to make a few favourable forecasts with regard to the present year. Our own readjustment is practically complete, or is on the way to being completed, and we expect to profit therefrom sooner or later, hoping, as we do, that we shall not be deprived of its advantages by a continuance of the present monetary instability.

The balance sheet at December 31, 1936, shows, after deduction of all charges and the amortisation of doubtful debts, a net balance of £78,365, which, together with the amount previously carried forward of £29,782, leaves a total of £108,149 at our disposal.

Your committee propose to you to distribute the same dividend of 38. as during the last six years. If you are so good as to follow our recommendations, this dividend will be payable on June 28th in Istanbul, London, and Paris, free of all tax in Paris. The amount again carried forward will be £33,149.

I should not like to end this speech without thanking the staff of the bank, in your name and in ours, for the zeal and devotion shown by all ranks.

I now beg to move, ladies and gentlemen, "That the report and accounts now read be received and adopted; that the dividend for the year ended December 31, 1936, be fixed at the rate of 38. per share, and that this dividend be payable in Istanbul, London, and Paris on June 28, 1937."

Before I put this resolution I shall be happy to answer any questions.

Monsieur A. Roudy: I have pleasure in seconding the resolution. No questions being asked, the chairman put the resolution to the meeting, and it was carried unanimously.

The Chairman: I have also to move "That Monsieur Jacques de Neufville and Monsieur Anathase Roudy be and they are hereby re-elected members of the general committee."

Sir John P. Hewett, G.C.S.I., K.B.E., C.I.E.: I have much pleasure in seconding the resolution.

The motion was carried unanimously.

VOTE OF THANKS TO CHAIRMAN, DIRECTORS AND MANAGEMENT

Mr Gordon L. Jacobs: I am sure shareholders would wish to join me in thanking the chairman for his admirable speech. I was glad to hear the note on which he ended it, because naturally as shareholders we always hopefully look forward to an increase in the rate of dividend if the directors feel justified in paying it. The chairman has made it quite clear that the difficulties of international banking still exist. I would like to propose that the thanks of the meeting be given to the chairman and the board and the management.

Mr. A. Bradbery: I have very much pleasure in seconding that. The vote was unanimously accorded.

The Chairman: I beg to thank you on behalf of the management and my colleagues for the vote of thanks you have been good enough to propose and carry. I think it is well that everybody should remember that while the bank is able under present conditions, and in the future it looks to be more able, to make profits in foreign currencies, they are in foreign currencies, and the great difficulty is in getting those currencies transferred to this country without loss.

The proceedings then terminated.

"SHELL" TRANSPORT AND TRADING COMPANY, LIMITED

SUBSTANTIALLY BETTER RESULTS

PRE-EMINENCE OF SHELL MOTOR SPIRIT

The annual general meeting of the "Shell" Transport and Trading Company, Limited, was held, on the 22nd instant, in London.

The Right Hon. Viscount Bearsted, M.C. (chairman, and one of the managing directors), in the course of his speech, said the reserve account now stands at the sum of £10,709,312, which will be reduced by the amount appropriated for the issue of the new ordinary stock in March of this year. After giving effect to this there will remain a balance of £5,865,040 standing to the credit of this account. Your properties, as in previous years, stand in the balance sheet at well below their replacement cost. I would draw your attention once again to the soundness of your company's financial position and would point out that while the assets are upwards of £52,800,000, your creditors amount to only £66,000. The balance of profit and loss account is upwards of £964,000 greater than in 1935, and enables us to recommend a dividend of 2s. 6d. per £1 of stock on the increased capital of the company free of tax. Your company was once more in the position of being able to pay an interim dividend in January, and I may state that it is not proposed to consider the matter again before January of next year. At the present minute it would be safe to say that there is practically no tanker tonnage laid up in the world. We ourselves added eighteen new tankers with a dead-weight capacity of approximately 180,000 tons to our fleet, which is probably to-day the most up to date in the world.

GROWING WORLD DEMAND

Since I last addressed you no discovery has been made which would permit the economic production of substitutes in competition with petroleum products. I remain firmly of the opinion that not only are there ample supplies of petroleum products available to meet the growing world demand, but that they will be made available at prices which will make the cost of substitutes without heavy protective duties thoroughly uneconomic and unprofitable. During the year the production of your group increased from 26,620,019 tons to 28,172,570 tons. Coincident with this general increase in the consumption of our products throughout the world there has been a somewhat easier currency position generally, and I am hopeful that this is a clear indication of some return to prosperity.

You have heard a good deal about the accumulation of emergency stocks by various Governments. As far as I can judge, only a small part of the increased consumption for the period under review is due to the laying down of such emergency stocks.

IMPROVED POSITION IN U.S.A.

In the United States the year 1936 saw a continuation of the improved conditions which as a result of strenuous efforts on the part of leading oil companies had set in during the latter part of the previous year. It still cannot be said that the problem of wasteful overproduction has been entirely solved, and so long as Californian production is not properly regulated a state of uncertainty exists. The end of 1936 found the industry in an improved statistical position. The result of the improvement in crude and product prices is seen in the recovery of United States oil companies generally, in which your associated companies participated, so that the Shell Union Company was not only able to pay off the preferred dividend arrears amounting to \$26,125 per share, but in addition to pay a dividend on the common stock. In general the immediate outlook for the petroleum industry in the United States appears more favourable, although due consideration must be given to the factors of rising taxes and labour costs, which are imposing a constantly increasing burden on corporation earnings.

MEXICAN SITUATION

The Mexican situation has been dealt with in detail in the reports of the Mexican and Canadian Eagle Companies. Progress in the discussion with the Government has been slow and during the year under review the Mexican Eagle Company has suffered by recurring labour difficulties. We continue to believe, however, that a sincere desire exists on the part of the Mexican Government to reach agreement on the questions outstanding between them and the company. The production of the companies in Venezuela in which our group is interested showed a slight increase in 1936 as compared with 1935. During the latter part of the year under review we have extended our interests to Colombia with the idea of securing Government concessions in that country. With the formation of Mosul Holdings, Limited, which took place in October, 1936, we now have an interest in the concession area of the British Oil Development, Limited, whose concessions are situated to the west of the River Euphrates.

NEW QUALITIES OF SHELL MOTOR SPIRIT

The development of the Shell aviation organisation continues. You will all have seen our recent announcements in the press and elsewhere drawing attention to the new qualities of Shell motor spirit. I am sure that those of you who are motorists have already noticed these qualities yourselves. Over a long series of years Shell motor spirit has maintained a pre-eminent position in public favour. But during all these years it must not be thought that the quality or composition of the petrol remained the same. As the design of motor-car engines developed so in corresponding measure did Shell develop too. We have always aimed at producing a motor spirit suitable for the greatest number of cars on the road.

BOLD ROAD POLICY NEEDED

On similar occasions in the past I have referred to general problems of the road. There is no gainsaying that our present road system is inadequate on many accounts. Not only is the time fast approaching when its inadequacy threatens to throttle road transport, but it is clear that at this very moment that same inadequacy is a menace to the life and safety of the community.

There is no question but that there is urgent need for a bold policy of road construction and improvement. I am not going to suggest that at the present moment, when the country is largely engaged in meeting an urgent requirement in another direction, it would be opportune to embark upon such a programme. Sooner or later, however, the time will arrive when the present activity, some of which is of a non-recurrent nature, is bound to decline, and all the hardships and difficulties which will result from that decline can be largely alleviated if the country's energies are immediately transferred to a national scheme of road construction. It is most necessary, however, that the plans for such a scheme should be made in advance.

I would commend this task of their preparation to the urgent attention of all who are concerned with maintaining the adequacy of the country's transport system.

The report and accounts were unanimously adopted.

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

ANGLO-IRANIAN OIL COMPANY,
LIMITED

PROFITS UP £3,464,741

The twenty-eighth ordinary general meeting of this company was held, on the 21st instant, at 20 Abbermarbury, London.

The Rt. Hon. Lord Cadman, of Silverdale, G.C.M.G., D.Sc., the chairman of the company, presided, and in moving the adoption of the report and accounts, said that the most striking figure in the profit and loss account was the trading profit of £9,443,950, showing the remarkable increase of £3,464,741. The increase was almost entirely due to the growth of net proceeds from the sale of oil, and the most satisfactory feature was that nearly 60 per cent. of the increase was attributable to expansion in sales tonnage, the net price realised having advanced by less than 7½ per cent.

The first figure on the assets side of the balance sheet—£3,877,228, represented the written down value of the refinery at Abadan with all the plant necessary for the multitude of their processes, the tankage, the housing accommodation for staff and workmen, the pipe-lines for transport, and the equipment for the distribution organisation in Iran. As the tonnage handled had been just over 8,000,000 tons the present book value of the above assets was under 10s. per ton—a truly remarkable figure.

Their total production of crude oil for the year amounted to 9,517,000 tons, of which 8,108,000 tons had been obtained from their fields in Iran, and 1,210,000 tons from the Iraq Petroleum Company.

EXPLORATORY DRILLING IN IRAN

In the search for further producing areas they had been successful in proving oil at Gach Qaraghuli, some 125 miles south-east of Haft Kel and 155 miles east of Abadan. The first well to prove important production entered the Asmari limestone at 3,364 ft., giving about 400 tons a day. Another well on the opposite flank of the structure had been drilled into the limestone, and on test had produced oil at a rate equivalent to a daily output of over 4,000 tons.

The demand for what was termed "high octane" spirit had made great calls on the research development and refining sides of the company's operations. Motor spirit which would have been a first-class product a few years ago had now to be "reformed" to meet current standards of quality. Plant was now being installed in their refineries to operate processes only recently developed to utilise certain constituents of the gas evolved in reforming, as a raw material for the production of fuels of even higher octane rating than was normally required for motor-car use. From that source they would have ideal blending materials for aviation spirit.

The petroleum industry in the United States, which was still the pivotal factor in the industry generally, enjoyed a welcome return to prosperity during 1936. Consumption of petroleum products in that country increased to a remarkable extent, and, supervening upon a sounder crude position, the increase of consumption stimulated markets in the States and elsewhere. In consequence, prices of crude and products had gradually increased. World consumption of petroleum products continued to advance and the company had been able to obtain its share of the increase.

In Great Britain sales were being aided by the high quality of their reformed spirit.

PROSPECTS

In many respects the prosperity of the petroleum industry, and consequently of their company, was largely determined by external conditions. Internationally, however, the industry seemed to the board to be healthier than it had been for a long time past, and signs were not wanting that the prosperity of the company would continue. The board had therefore formed the opinion that the time had now come when the issued capital of the company should be brought into closer relationship with the capital employed in the business. In an undertaking such as theirs it was quite impracticable to say what would be its earning capacity for any great length of time ahead, but so far as the year had gone results were favourable; sales tonnage continued to expand, sales prices had further increased, and they were most comfortably placed as regarded the adequacy of their fields to meet demands.

The report and accounts were unanimously adopted and resolutions were passed increasing the capital of the company by the creation of 6,500,000 new ordinary shares of £1 each, capitalising the sum of £6,712,500 out of the reserves and authorising the distribution thereof among the ordinary stockholders.

VENEZUELAN OIL CONCESSIONS,
LIMITEDINCREASED PRODUCTION AND SALES
VISCOUNT BEARSTED'S ADDRESS

The twenty-first ordinary annual general meeting of the Venezuelan Oil Concessions, Limited, was held, on the 18th instant, in the Merchants' Hall, 24 St. Mary Axe, London.

The Right Hon. Viscount Bearsted, M.C. (chairman of the company), in the course of his speech, said: If you turn to the profit and loss account you will see that the first item on the credit side—oil proceeds and value of oil stock—amounts to £3,338,000, as compared with £2,723,000 for 1935. This increase of over £600,000 arises partly from our increased production in 1936 as compared with 1935 and partly from the more favourable prices ruling during last year.

A new item in the profit and loss account is the provision of £250,000, which your directors propose to transfer to an exploration reserve. This company, of course, is one of the pioneers of the oil industry in Venezuela, and, contrary to the apparent beliefs held by many whose knowledge might easily be more accurate, oil fields do not last for ever. We must therefore look to the future and whilst I would emphasise most strongly that shareholders need not be apprehensive as to our ability to maintain production over a considerable number of years, I am sure you will all agree that provision should be made which will enable this company to obtain additional reserves.

EFFECTS OF THE STRIKE

Three asset items in our balance sheet have been considerably affected by the strike which, as you know, commenced towards the end of the year. The interruption of all construction and drilling during the last few weeks of the year arrested the regular consumption of materials for these purposes, while materials already ordered for our increasing activities continued to be shipped. Material in stock and in transit at the end of the year thus amounted to £594,000 compared with £406,000 at the end of 1935.

Oil in stock and in transit at £11,000 as compared with £31,000 at the end of 1935 is low, as our stocks of crude oil in the fields and shipping terminals were naturally depleted during the strike. The strike also accounts for the reduction in debtors from £142,000 a year ago to £35,000 in this balance sheet, the quantity of oil delivered but not paid for at the end of the year being greatly reduced.

The strike, was terminated on January 23 by Presidential Decree. The terms of this decree awarded an increase of Bs.1 per day to the lowest grades of worker and an allowance of Bs.1 per day to all staff not provided with housing by the companies. One of the results of the strike, however, was to make it clear that Communist activities are unlikely to succeed under the present regime, or for that matter in a country such as Venezuela where freedom of thought and individual effort are still characteristic of the great majority of the people. This is always been the case, is taking its full share in the improvement of conditions in Venezuela, which the Government so earnestly desires.

DEVELOPMENT OPERATIONS

Turning now to our normal field development operations, a number of exploratory wells have been drilled at Tia Juana, approximately midway between Lagunillas and La Rosa, and at Bachaquero, some 20 kilometres south-east of Lagunillas. In both these regions the existence of productive levels over a comparatively wide area has been proved, but unfortunately the oil is of even heavier grade than our Lagunillas production.

An exploration well is in progress at Pueblo Viejo between Lagunillas and Bachaquero, while the exploration drilling at Bachaquero is being continued, with the object of delineating the prospective area. At Tia Juana, owing to the commencement of regular development by our competitors operating in the Lake, we have been forced to institute a rather intensive programme of offset drilling along the shoreline. This development was commenced in February and is now employing six strings out of our total programme of 13 strings of tools.

AN IMPORTANT DECISION

A decision of considerable importance which we have taken recently is to utilise electrical energy in the majority of new installations in the Bolivar district. It is not our intention to scrap any of our existing gas engine-driven pumps which are still capable of economic service, but the logical expectation is that

electrically driven equipment will gradually replace other prime movers throughout our principal fields.

Our general activities to-day are probably on a larger scale than ever before. Due, however, to the results of a policy of comprehensive economy and simplification of organisation, on which we have been concentrating for several years past and which we are being careful not to relax, our costs remain relatively low. I must warn you, however, that the scope for bringing about economies in our operations can hardly be further extended, while various factors, such as the increased proportion of our oil which has to be produced by artificial means, the growth of our operations over wider areas, the unfavourable Bolivar rate of exchange, and the important constructional programme which is in hand and in prospect, must add materially to our expenditure.

GROWTH OF SALES

Fortunately, it has been found possible to add appreciably to the volume of our production and oil sales, and there is every reason to anticipate further increases. Our production last year, which totalled over 38,500,000 barrels, was the third highest of any year in the history of the company, and in the absence of any unforeseen development, I expect the 1937 total will constitute a record. Our production this year up to June 12th has been approximately 18,727,000 barrels, which represents a rate some 9 per cent. higher than the average rate maintaining last year.

We have not made any sale of oil contract with the Canadian Eagle Oil Company, Limited, in respect of 1937, as that company's supplies from elsewhere enabled it to dispense with such purchases. Fortunately, however, we have been able to dispose of the quantity previously sold to the Canadian Eagle, and an additional amount besides, under our existing contract with the Asiatic Petroleum Company, Limited. This contract came into effect as from July 1, 1936, as I informed you at our last meeting; it originally provided for deliveries at the rate of 100,000 barrels daily, and has now been increased to cover approximately 125,000 barrels daily. I feel sure that you will appreciate the advantages of the unique position in which this company is placed, having an outlet, on acceptable terms, for its large production.

The report and accounts with the recommendation of a final dividend of 2s. per share, making a total of 3s. per share for the year, were unanimously adopted, and a hearty vote of thanks to the chairman, directors and staff terminated the proceedings.

SELECTED LAND AND PROPERTY
COMPANY, LIMITED

RECORD PROFITS

The ninth ordinary general meeting of this company was held, on the 23rd instant, in London.

Mr Harold W. Batty, F.S.A.A., F.C.I.S. (the chairman), presided, and in the course of his speech said: It is with much pleasure that the directors are able to place before you to-day accounts showing a further increase in the profit made by the company of £4,695 over last year's profit, which was itself a record.

While we are again recommending the payment of a satisfactory rate of dividend to the shareholders, making 8 per cent. for the year on the ordinary shares and 28 per cent. on the deferred shares, this distribution is quite conservative, being considerably less than half the total profit for the year.

The basis of the company's revenue is being broadened, so that in future a larger proportion of the income is likely to accrue from the rentals of properties and the company be less dependent upon profit from sales.

The company is in a reasonably liquid position, while the large amount of profit retained in hand in the reserves and carry-forward (amounting to over 50 per cent. of the issued share capital) places the company in a strong position.

Walpole Court, on the Strawberry Hill Estate, is now largely let up, and no doubt during the coming months the board will decide whether it would be better to dispose of the property, or whether it would be preferable to retain it as a permanent investment.

The company's profits were materially helped during the year by the sale of the greater part of the land at Whitton zoned for shops. This land was only dealt with by the company slowly, as it was felt that it was better to hold the greater part of this land until the district had developed. This policy undoubtedly proved the right one, and during the past year the company received an offer for practically the whole of this land reserved for shops at a price which the board decided to accept. It would consequently be hardly reasonable to expect that the company will be able every year to show such a high earnings yield on its capital.

The report and accounts were unanimously adopted.

PHILIP HILL AND PARTNERS, LIMITED

PROSPECTUS ESTIMATES LARGELY EXCEEDED

FINANCIAL ISSUE SUCCESSES

MR PHILIP E. HILL ON THE BOARD'S POLICY

The annual meeting of Philip Hill and Partners, Limited, was held, on the 23rd instant, at the Hotel Victoria, Northumberland Avenue, London, W.C.

Mr Philip E. Hill (chairman of the company) presided.

The Chairman said: Ladies and gentlemen,—You will have seen from the accounts that the results of the year have been divided into two parts. The first covers the period from March 31 to September 30, 1936, when the business was a private company. The second covers the six months from October 1st last to March 31st, and represents the results achieved since we became a public company, and this, of course, is the portion which interests present shareholders. If you deduct from the profit figures of the past six months the amount required to pay the directors' fees and preference dividend, a balance of £356,058 is left as profit for the six months before deducting income-tax, which compares with the prospectus estimate of £313,615 for a whole year.

You will see that your directors have adopted a conservative dividend policy. A dividend of 12½ per cent. actual has been paid for this period, which, after allowing for income tax, is approximately about one-third of the amount available. We recommend placing the sum of £150,000 to equalisation of dividend account and carrying forward £29,855, a result which is gratifying to your board and we hope pleasing to you, particularly having regard to the change in the tendency of markets which became pronounced in the last month or so of our financial year.

SAFEGUARDING OF SHAREHOLDERS' INTERESTS

As this is our first opportunity of meeting, you would no doubt like me to tell you something more about our business than you have been able to gather from the prospectus and the report and accounts. We have in the past year aimed at linking up finance with trade and industry over a widespread field, but particularly in connection with the businesses which your directors have established and developed, and for which they remain largely responsible, and secondly in carrying out selective financial issues of proved undertakings.

At this juncture I should like to express my thanks and appreciation to the thousands of the British investing public who have never failed to support what is known, I believe, as a "Philip Hill" issue, frequently to the point of embarrassment by subscribing vast sums which we could not possibly utilise. (As an example, when this company's issue of under £2,000,000 was made in October last, over £40,000,000 of shares were applied for.) This support has given us a unique record in the City of London as far as successful issues are concerned.

We are fully conscious of our responsibility not merely to you, our shareholders, but to that great body of public investors who accept our invitations to subscribe for new issues, relying on our judgment. I would assure you that this house will never make a public issue unless beforehand we have satisfied ourselves not merely that as an issue it should prove a success, but that the undertaking for which capital is being raised, as far as it is humanly possible to see, will be properly managed. Every transaction of this nature that we entertain is exhaustively investigated, its management is carefully considered, and, if we decide to transact the business, we are prepared to live with it and do our utmost to see that the shareholders and ourselves obtain a satisfactory investment. We do not consider that our responsibility ends when the allotment has been made; on the contrary, we feel we represent those who have subscribed and that it is our duty to safeguard as far as possible their interests by seeing that the business is permanently conducted on sound lines.

ODEON THEATRE ISSUE

I am glad to be able to tell you that we have a number of attractive financial proposals before us. After the very closest examination, we have decided to sponsor the issue of £1,800,000 debenture stock and 180,000 ordinary shares of Odeon Theatres, Limited, on terms which ensure its success. A formal announcement with regard to this issue will be made in the course of a few days. Applications by shareholders of this company will receive special consideration.

Turning back to our other sources of income, a considerable part of our revenue will always be obtained from general financial

business and from our investments. These cover a wide field and are very carefully selected and are constantly reviewed. Despite the setback which has occurred in the Stock Exchange since the termination of the financial year, I am glad to be able to inform you that the market value of our investments to-day, as compared with that ruling at March 31st, shows a difference of about 2 per cent. only.

And now a word with regard to our current position and future outlook.

Our new financial year opened in April, since which the City has been in a depressed mood. The gold scare and Budget uncertainties, coupled with the Coronation period, were not very conducive to profitable financial operations, and even now that details of the new taxation are known, markets continue apathetic. Let me hasten to dispel any fears you may have as to your next dividend. Your directors propose to pay a dividend of 12½ per cent. actual for the period to end on September 30th next on that date, and I am already in a position to state that after providing for this and all current expenses, there will be a large surplus on our revenue for the six months, March 31st to September 30th.

ENCOURAGING OUTLOOK

As regards the general outlook, I can see no justification for the present pessimism. In his Budget speech the late Chancellor of the Exchequer gave a very clear lead when he suggested raising £25 millions annually for the next five years by taking 25 per cent.—that is, 33 per cent. less income-tax—of the increased profits of industry, leaving it with an estimated increased balance of profit of £75 millions annually. I feel sure his estimate was arrived at on a most conservative basis.

Although the method of taxation has been changed, the Chancellor's estimate of £75 millions annually of increased profits for the next five years remains and provides an outlook of such prosperity which the most optimistic of us have never before in our lives thought possible. Having regard to the views expressed, we surely must all agree that there is no shred of valid reason for the depressed market conditions existing to-day. Our Defence programme has so recently been started that the increased velocity of money which the expenditure entails is only beginning to be appreciated.

From the returns I am receiving from the various industrial companies with which I am connected, and from the information I am receiving from those in a position to judge, it is obvious that money is circulating more freely in all parts of the country. This general increase in turnover, in my opinion, will continue and must mean a further increase in industrial activity. I shall be more than agreeably surprised if our defence programme is completed within the estimated period of five years. Who can say what the conditions will then be? Fat years are, however, sometimes followed by lean years, and that is why we propose to continue the policy of placing substantial sums to the equalisation of dividend account until we have built up an impregnable position—and at the same time to distribute satisfactory dividends.

The export managers of some of our businesses have visited many parts of the world during the past year and I myself have visited a number of British possessions, and we at any rate have come to the unanimous conclusion that there are unmistakable signs of extensive trade recovery.

In my opinion, Stock Market recovery is certain, but I anticipate that investors will be more selective than in the past. Meanwhile, the great prosperity of our industrial undertakings, coupled with a material set-back in share values, offers to-day unique opportunities for the discriminating investor. Generally, I look forward with every confidence to our meeting next year in the belief that we shall produce results which will give you every satisfaction.

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

Mr Hubert A. Meredith (assistant managing director) seconded the resolution, and it was carried unanimously.

The dividend as proposed was approved; the retiring directors, Sir Edward M. Mountain, Bt., J.P., and Sir Percy C. Simmons, K.C.V.O., D.L., were re-elected; the auditors, Messrs Price, Waterhouse and Company, were reappointed; and the proceedings terminated with a hearty vote of thanks to the chairman, directors and staff.

WHITEHEAD IRON AND STEEL COMPANY, LIMITED

LARGE INCREASE IN OUTPUT AND EARNINGS

DIVIDEND AND CASH BONUS OF 35 PER CENT.

MR L. D. WHITEHEAD'S ADDRESS

The thirtieth annual ordinary general meeting of the Whitehead Iron and Steel Company, Limited, was held, on the 22nd instant, at Westgate Hotel, Newport, Mon.

Mr L. D. Whitehead, D.L., J.P. (chairman and managing director), presided.

The secretary (Mr John Lewis) read the notice convening the meeting and the report of the auditors.

The Chairman said: Ladies and gentlemen,—The results for the year ended March 31st last again show a new high level record in the profits of the company.

The expansion of the net profit from £250,564 to £302,285 enables the directors to repeat the previous year's dividend and cash bonus of 35 per cent., and at the same time increase the allocation to general reserve from £70,161 to £126,000. Prior to 1935 our allocations to general reserve had been for many years less than £20,000 per annum, which was considered to be sufficient. Having regard, however, to the remarkable improvement in results, mainly due to the reconstruction of our works and plant carried out in recent years, these increased allocations of profits to reserve were desirable, as I pointed out in my speech last year, in order to build up our capital gradually by way of further capital bonus issues, and so make it commensurate with our assets and earning capacity.

FURTHER CAPITAL BONUS

In pursuance of this policy, your directors now recommend a further capital bonus of 25 per cent. This recommendation will be the subject of a resolution to be submitted to you at an extraordinary general meeting following this meeting.

It is satisfactory to observe that this bonus issue is more than covered by the profits of the year now under review, even after paying the dividend.

One of the great advantages of this policy is that the face value of these capital bonuses is retained in the business, and has therefore been the means of strengthening our financial resources in recent years and so protecting the future of our company.

I stated last year that in view of the completion of our capital expenditure it was the intention of your directors to commence investing a substantial proportion of the general reserve in first-class securities. With this object in mind we have during the last year accelerated the redemption of our 5½ per cent. first mortgage debenture stock from £7,500 per annum provided for under the trust deed to £31,500, and we have also invested up to date £100,000 in gilt-edged and other securities.

PLANT AT FULL PRESSURE

While no new hot rolling plant has come into production during the past year, our output shows a satisfactory expansion from 206,000 tons to 240,000 tons, thus indicating a still higher standard of efficiency, which is most creditable to our staff and workmen.

Our cold rolling department has given most satisfactory results, largely due to the American four-high reversing mill which came into commission early in the past year, and there are distinct prospects of even better results in this direction.

Trade conditions have enabled us to work at full pressure throughout the year, and there is every indication of this continuing as the demand is considerably in excess of the supply. It is to be hoped that this prosperous state of affairs will not be jeopardised by any undue advance in prices. While the recent substantial increase in price was to a great extent justified by the increased cost of wages and materials, we should have felt far happier in regard to the future had the advance been a more moderate one.

I only hope those in control will keep the brakes hard on and stabilise prices at about the present level. Nothing is more destructive of the confidence of buyers than wide fluctuations in prices.

SAFEGUARDING FUTURE REQUIREMENTS

Your directors have thought it desirable to negotiate for the purchase of an additional area of land, in order to safeguard the future requirements of your company.

With regard to our subsidiary—Whitehead, Hill and Company, Limited—the directors took steps during the year to convert the 10 per cent. preferred ordinary shares and deferred ordinary shares

into ordinary shares, so as to bring the share capital of the parent company, our subsidiary company and our associated company all on to one basis—namely ordinary shares.

On this new basis I am glad to say our subsidiary company has contributed 30 per cent. in dividends on its capital, which is highly satisfactory.

The demand for wire has, in common with the rest of the iron and steel trade, been in excess of supplies, but here again only moderation in prices can maintain this level of business. Our subsidiary's new brick works came into operation last November, and I am glad to report that their products are of the highest standard and command a ready sale in the market for the better class bricks. We anticipate this department will give an equally satisfactory return on its capital expenditure. It has certainly made a good start in this direction.

Our associated company—the Whitehead Thomas Bar and Strip Company, Limited—has had a most successful year.

THE ACCOUNTS

With regard to the accounts, I will first deal with the profit and loss account:—

(1) It will be observed that the trading profits have increased from £286,267 to £334,511.

(2) Thanks to the successful trading of our subsidiary and associated companies the income from investments has risen very substantially from £19,198 to £48,518.

(3) An additional £20,500 is provided for income tax.

(4) Depreciation has been raised from £20,000 to £25,000 to cover additional plant which has come into commission.

Now, turning to the balance sheet, and dealing with the liabilities side:—

(1) There is no change in the share capital.

(2) The first debentures are reduced by £31,500, and we have since withdrawn and cancelled £50,000 debentures which were lodged with the bank as collateral security.

(3) Creditors and debtors maintain a satisfactory relation and reflect the increase of business.

(4) I have already dealt with the reasons for the substantial increase in the allocation to general reserve.

(5) The carry-forward is slightly increased from £23,743 to £24,448.

On the assets side of the balance sheet:—

(1) Freehold and leasehold works and plant are up £30,905. Other than the construction of new central stores and the purchase of additional freehold land there is no further expenditure in view for the current year.

(2) Stocks are slightly up, but are lower than we like to see them.

(3) The bank balance is up from £89,833 to £98,768. This is satisfactory after meeting the year's capital expenditure at Newport; financing the cost of the new brick works at Cwmbran; the additional redemption of debentures and the purchase of investments.

As you will have seen from the report, it is proposed to convert the shares into stock, and so considerably reduce the work of our share transfer department. I need hardly say that this change will in no way affect the standing or value of your holdings. Resolutions to give effect to this will be submitted to you at the extraordinary general meeting following this meeting.

EFFECT OF NEW N.D.C.

I think perhaps you would like to know our views in regard to the new National Defence Contribution tax, and how it will affect this company. As its name denotes, it is one of national necessity, and so, obviously, its principle is above challenge.

The Government were, however, ill-advised in submitting this measure to Parliament in its original very complicated and inequitable form, which in consequence caused considerable disturbance to the Stock Markets and trade generally. This would have been avoided had the present very simple and much more equitable provisions been adopted in the first place.

On the basis of our present profits, this new tax will presumably cost us about £13,000 after allowing for income tax, and as this only amounts to 4½ per cent. of our net profits, we

have really no grounds for complaint, especially having regard to its national necessity.

I am glad to say our co-operative scheme has again proved a great success, as is evidenced by the substantial increase in outputs and earnings. The greatest credit is due to our staff and employees for the results we are able to put before you to-day, and they certainly deserve our warmest thanks.

The report and accounts were unanimously adopted and the resolutions on the agenda duly passed.

Messrs A. O. Whitehead and R. Booth—the retiring directors—were re-elected, and Messrs Deloitte Plender Griffiths and Company were reappointed auditors.

The meeting closed with a hearty vote of thanks to the directors, staff and employees, whose co-operation during the past year had produced such excellent results.

At the extraordinary general meeting which followed, resolutions were passed authorising the issue of 125,413 shares by way of a capital bonus and converting the issued share capital into stock.

BRITISH ELECTRIC TRACTION, COMPANY, LIMITED

INCREASED PROFITS

The forty-first ordinary general meeting of this company was held, on the 18th instant, in London.

Mr J. S. Austen (the chairman) said that last year he had told stockholders that in the two previous years they had increased their income by £70,000, or an average of £35,000 a year, and that they could not keep up that rate of increase, but he found that in the year under review they had increased it by £60,000.

Some time ago, when the price of the B.E.T. deferred stock was somewhere about 1,400, which it was at the present moment, he had asked himself whether he thought the stock was worth its present price. He had gone into it very carefully, had made the necessary calculations and had come to the conclusion that their stock was worth a great deal more than 1,400.

Dealing with the McGowan Report, the chairman said that with the main purport of that report, which was the unification of electric supply, he had nothing to say, but he had something to say about the proposals, because, if they were carried out, many thousand pounds' worth of assets would meet with confiscation.

They owned a number of electrical undertakings and they had constructed them under the protection of an Act of Parliament which had said that, in the event of their being bought up, they would be bought up on certain terms. They regarded that Act of Parliament as an agreement. It came as a shock to them when they found that that Act of Parliament, which embodied an agreement, was going to be torn up as if it were a scrap of paper. It was true they were to get some compensation for it, but that compensation was, in effect, to be fixed by the Electricity Commissioners who were, to all intents and purposes, responsible for the scheme.

However, they were not downhearted, and in these times it did not do to look too far forward, so, taking only the present year, they felt satisfied that they would have an increase and that that increase would be large enough to cover what they had to pay under the new duty.

The report was unanimously adopted.

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GORDON HOTELS, LIMITED

IMPROVED POSITION AND PROSPECTS

The forty-seventh ordinary general meeting of The Gordon Hotels, Limited, was held, on the 22nd instant, at the May Fair Hotel, Berkeley Square, London, Major-General Guy Dawnay, C.B., C.M.G., D.S.O. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said:—If you will turn to the trading and profit and loss account you will see that, although the business done for the year under review was £39,500 less than in the previous year, the trading profit shows an increase of £9,400. The figures are not, however, comparable, owing to the fact that previous accounts have included the Hotel Metropole, in Northumberland Avenue, while the accounts now before you reflect the elimination of that property owing to its sale. Actually, making the necessary adjustments for the sale of the Hotel Metropole, the business done in the English hotels for the year covered by the accounts shows an increase of £70,500.

INCREASED TRADING PROFIT

The profit on the year's trading shows an improvement, as I have said, in spite of the fact that the Hotel Metropole was not there to earn any profits. This is particularly satisfactory to your board in view of certain increases in expenditure which we have inevitably had to face.

The profit and loss account requires little comment. The debenture items are not comparable owing to the issue of the new debentures under the scheme of arrangement; but the present account sets out the position, I think, quite clearly.

The balance of profit and loss carried down, subject to provision for interest on the new 7 per cent. income debenture stock, is £19,000, as compared with £5,300 in the previous year. After providing for one half-year's interest on the 7 per cent. income debenture stock, the balance carried to the balance sheet is £6,292 17s. 10d.

I will now turn to certain items of the directors' report, which will bring me to the matters which have caused our meeting to be held in June for the second time consecutively. As we have told you in our report, we succeeded in obtaining £250,000 in cash for the company's interest in the Dorchester, and we accepted that sum with the sanction of the trustees for the debenture stockholders. It has been the question of the disposal of that cash fund which has protracted our negotiations with regard to the company's capital reorganisation.

A number of schemes have been drawn up, considered, and discussed at length with the representatives of the debenture stockholders, aiming at reducing our debenture indebtedness on something better than a 4 per cent. basis. These various negotiations proceeded during the period of changing and uncertain conditions which have prevailed for the last 2½ months. We thought it worth while to continue to explore the possibilities until it became clear, only in the last ten days or so, that the definite formulation of a scheme must, in existing conditions, take longer than we had hoped.

At the point finally reached in these negotiations there appeared in the proposals which were tentatively under discussion a gap which it would be necessary to bridge. If circumstances should arise enabling us to bridge this not very large gap we shall hope to be able to resume the negotiations at the point at which we have had to leave them, in which case we shall not delay in putting proposals before you. You will realise, I know, that any such proposals must inevitably involve a large writing-down in order to bring the share capital into relation with the reduced assets of the company.

CURRENT YEAR'S PROSPECTS

One final word about the prospects for the current year. It is gratifying to be able to report that business in all the company's hotels shows a considerable improvement over that of last year. The improvement on the Riviera has been particularly favourable, and the two foreign hotels will make a satisfactory contribution to the profits of the current year.

During the first four months of the current year, that is, up to the end of April, and before we had felt the influence of such improved business as was due to the Coronation of his Majesty, the English hotels in the aggregate showed an encouraging increase in profit as compared with the corresponding period in 1936, although 1936 included profits from the Hotel Metropole, London, which, of course, were absent this year. I prefer to say nothing about the later results, since the period of the Coronation resulted in a non-recurring increase in revenue, which was, however, gained at not inconsiderable expense.

The report and accounts were adopted.

ADVANCE LAUNDRIES, LIMITED

RECORD PROFITS—INCREASE IN CAPITAL APPROVED

The annual general meeting of Advance Laundries, Limited, was held, on the 18th instant, in London.

Mr Eugene A. Serre (the chairman) presided, and in moving the adoption of the report and accounts said that they had had a successful year, the trading profit being increased by over £11,000. They had charged £2,000 more this year than last year for depreciation, obsolescence of plant, etc., but owing to economies in other directions practically the whole of the increased trading profit was available as net profit, which showed the record figure of £57,017.

In the past, owing to the appreciation by the public of their services, they had had to work very long hours in some of their plants, and it was with a view to abolishing overtime wherever possible and shortening the working hours of their staff that the possible and shortening the working hours of their staff that the managing director had put forward the policy of having plants capable of dealing with future requirements within an ordinary working day. Besides the humanitarian point of view that was economically sound and would materially help in the cost of production. At the extra general meeting which would follow they would ask for powers to increase the capital from £520,000 to £1,000,000. It was proposed to issue at an early date such an amount as the board considered would meet their capital requirements for the next two years and any issue would in the first instance be offered to both the preference and ordinary shareholders.

Mr A. J. Hall (managing director), seconding the resolution, said that the proposed additions and extensions to their laundries should place them in a good position to meet the requirements of the new Factory Act and for further expansion.

In a progressive company such as theirs they were never making their maximum profit, as there is always expenditure which is not immediately productive.

They could look forward to the future with confidence, as their objects had always been active development combined with improved conditions for their employees, reasonable charges to the public, and a fair return to their shareholders.

The report was adopted and the increase of capital approved.

GREAT UNIVERSAL STORES, LIMITED

DIVIDEND OF 50 PER CENT. AND 10 PER CENT. SHARE BONUS

The nineteenth ordinary general meeting of the Great Universal Stores, Limited, was held, on the 18th instant, in London.

Sir Archibald Mitchelson, Bart. (the chairman), said that the results enabled them to distribute, for the third year in succession, a cash dividend of 50 per cent. and a 10 per cent. bonus in shares and, in addition, to strengthen further the financial position. After providing for the 10 per cent. share bonus the general reserve would stand at £300,000, an increase of £55,000, and their total reserves would amount to just over £800,000.

During the year the retail stores business of their subsidiary, New Universal Stores, Limited, had been engaged in establishing and expanding its business, and six additional stores had been opened.

Their furniture manufacturing subsidiary continued its progressive career. The turnover during the year substantially increased, and sales for the current year showed material increase.

As to their mail order business—the predominant source of their revenues—the position to-day was far more favourable than he had ever known it. As compared with last year, the aggregate sales showed a very substantial increase, whilst for the current year to date there was a further considerable increase over those for the corresponding period of the year under review. The outlook for the corresponding period of the year under review, and large as further large expansion was exceedingly promising, and large as this business had already become, they felt that they were still only at the beginning of its progress. In pursuance of this plan of expansion they had acquired a controlling interest in an old-established and successful mail order business, and they were fully satisfied that the acquisition would prove very valuable.

As to their prospects in general for the current year, the directors and management were never more confident of the outlook for the business than they were to-day, and their estimates in regard to the present year were such that they definitely looked forward to a further substantial increase in earnings.

The report was unanimously adopted; the dividend and share bonus were approved, and a resolution amalgamating the ordinary and "A" ordinary shares into one class of ordinary shares without distinction of any kind was adopted.

FORSTER'S GLASS COMPANY, LIMITED

FURTHER INCREASE IN PROFITS

The eighteenth annual general meeting of Forster's Glass Company, Limited, was held, on the 24th instant, in London.

Colonel Charles E. Ponsonby, T.D., M.P. (the chairman), said that the profit for the year, £46,072, which had been arrived at after charging all trading and managerial expenses, and after making an increased provision for income tax, showed an increase of £4,230 over last year. The year's results might have been even better if the disappointing weather conditions during last summer had not affected the sales of mineral water bottles. The net liquid assets showed an increase over last year of almost £12,000. This illustrated the increasing financial strength of the company, which had only been made possible by following a conservative dividend policy.

The directors had given a great deal of consideration to the question of the distribution for this year, and were of the opinion that a distribution of bonus shares would be preferable to an increase in the cash distribution. They had decided to recommend that £29,375 of the reserve account be capitalised and that a bonus of one ordinary share (fully paid) be given for every four ordinary shares held.

Notwithstanding the bad weather last year, which had serious reactions on their business, the improvement of the last two years had continued. This was partly due to expansion of the business, but perhaps more to the general conditions of prosperity which prevailed in this country. He would say, however, that the retention of old customers and the obtaining of new customers was due to the continued efficiency of the company's plant and to the keenness of all connected with the manufacturing and sales sides of the business. It must be borne in mind that various factors played their part in the results of a business of this nature. The weather he had already referred to. The price of raw materials, especially of coal, and the cost of transport, tended to rise, and these factors must affect the company. However, at the moment he could only say that their sales since the end of the financial year showed a satisfactory increase over the same period last year.

The report and accounts were adopted, and at a subsequent extraordinary general meeting the bonus issue was approved.

BANGRIN TIN DREDGING COMPANY, LIMITED

IMPORTANT OPTION ACQUIRED

The seventeenth ordinary general meeting of this Company was held, on the 23rd instant, in London.

Mr Kenneth O. Hunter (the chairman of the company) presided, and in the course of his speech said:—There is a final balance on profit and loss account of £24,295 3s. 11d., out of which the directors recommend the payment of a dividend of 5 per cent. for the year 1936, leaving a balance to be carried forward to the 1937 accounts of £9,295 3s. 11d.

You will remember that reference was made to a large tin-bearing area adjoining our own, the owners of which had approached us with a view to negotiating a sale. After protracted negotiations we have acquired a four months' option to purchase that area; this option expires at the end of August. Check-boring is in progress and, so far, the results lead us to believe that our option will be worth exercising.

You will easily appreciate that the attraction in this particular area is twofold. First, our existing plant and power house are sufficient to work it, and a glance at our balance sheet shows that we have ample financial resources to provide the purchase price without increasing our capital. Second, if we acquire the area we shall also obtain the assessment which it carries and be able to transfer the latter to our present areas, thereby keeping our dredges more fully employed.

This area is approximately 1,000 acres, covering 60 million cubic yards, reputed to carry 7 lb. of tin ore per cubic yard, and is somewhat larger than the whole of our original areas. Should we exercise this option, the working life of our company will be greatly lengthened.

We have every reason to hope that, in due course, the applications for an increased assessment, which we have repeatedly made to the Siamese Government, will result in our obtaining a more satisfactory figure, for hitherto our output has been very far short of what we are capable of producing.

Our output for the first five months of this year is 323 tons, and the profit figure £31,000, as compared with 254 tons and £18,528 for the corresponding period in 1936.

The report and accounts were unanimously adopted.

SIAMESE TIN SYNDICATE, LIMITED

INCREASED REVENUE—STRONG POSITION

The thirtieth ordinary general meeting of Siamese Tin Syndicate, Limited, was held, on the 23rd instant, at Winchester House, London.

Mr Kenneth O. Hunter (chairman) presided, and, in the course of his address, said: There is a balance of net mining revenue amounting to £58,052 transferred to general revenue account. It is proposed to pay a final dividend of 5 per cent., which requires £7,500, and makes 25 per cent. for the year 1936.

A year ago you were told that the total yardage of payable ground at present held by the company in the East, including the unworked remainder of the original areas, plus additions thereto, amounted to approximately 154,000,000 cubic yards, the average value of which was fully .50 lb. of tin ore per cubic yard. About 6,000,000 cubic yards have been worked during the year 1936, but of this a considerable proportion, probably about one-third, is ground which had been previously worked by our dredges and which paid to dredge, so that our total remaining yardage is now in the neighbourhood of 150,000,000 cubic yards.

It is satisfactory to be able again to refer to the favourable position regarding the company's liquid resources which will assist materially in the profitable development of our present areas and the acquisition of additional tin-bearing areas as and when opportunity is presented.

With regard to the current year, up to the end of May our output in the East amounted to 1,018 tons with an estimated mining profit of £110,840, the figures for the corresponding period in 1936 being 562 tons with a profit of £32,663. These satisfactory results have been obtained not only owing to our increased output, but also to the much higher price of tin, and to the fact that some of our dredges have been working richer ground. Without venturing to predict what may be forthcoming during the remainder of the year, your directors see no reason why the present satisfactory rate of output should not continue.

We should have been fully justified in paying a second interim dividend of 15 per cent. in respect of the current year had it not been for the uncertainty then created by the Chancellor's new tax, which to our great relief has now been dropped.

The report was unanimously adopted.

WILLOUGHBY'S CONSOLIDATED COMPANY, LIMITED

SATISFACTORY INCREASE IN REVENUE

The ordinary general meeting of Willoughby's Consolidated Company, Limited, was held, on the 21st instant, at Winchester House, Old Broad Street, London, Colonel H. T. Fenwick, C.M.G., M.V.O., D.S.O. (chairman of the company), presiding.

The Chairman, in the course of his speech, said: Turning to the profit and loss account for the year under review, you will observe that London and Bulawayo expenses are £350 higher. The amount written off mining claims abandoned and prospecting expenses was £16,221 3s., against £3,370 9s. 2d. in 1935, and the debit for income tax stands at £4,384 8s. 2d., which is some £3,000 less than the previous year.

Now, to come to the credit side of the profit and loss account, the total gross revenue is £85,387 16s. 9d., as compared with £66,911 18s. 11d. in 1935, each source of revenue showing a satisfactory increase. The items which go to make up this revenue are first of all our business out in Rhodesia, which shows a profit of £24,004, against £17,710 12s. 4d. for the previous year, and this without any special windfall in the shape of a large sale of land. In this item is included our cattle ranching business, which, after many years of ups and downs, is, I think, becoming firmly established. This is due to several causes, of which the most important is probably the rise in prices of primary commodities, and that both the producers of cattle and those who handle them have learnt their business better. Personally, I have always been of opinion that Southern Rhodesia would become in time a considerable meat exporting country, and that bids fair to come to fruition.

The next item I would draw your attention to is the amount of revenue we received in 1936 for dividends and interest. This at £28,795 6s. 2d. compares with the previous year, £26,281 10s. 8d., an increase of roughly £2,500. The third item of importance is profit on realisation of shares amounting to £30,827 14s. 1d. This item must, of course, be a fluctuating one, dependent on the markets. With this in view we have used the profit on the realisa-

tion of shares in writing down certain assets, namely, £16,000 in respect of mining claims abandoned, and in placing £18,000 to reserve, and are then able to pay our dividend of 5 per cent. and carry forward £1,500 more than last year. I think I can safely say that we have had a fairly satisfactory year.

As regards mining, I regret to say that this industry has done but little for Willoughby's in 1936. A large number of claims and prospects were inspected during the year on behalf of the company and the Rhodesia Premier Syndicate, of which the company holds one-third. For the most part these were not of sufficient promise to be worth acquiring, and for those which showed sufficient promise to be worth pursuing the purchase price asked by the owners was prohibitively high.

In conclusion, I should like to say a few words on the general trend of affairs in Southern Rhodesia. During 1936 business generally in the colony has continued to increase, helped, of course, by the activity of the mining interests. Both imports and exports showed an increase, and the railway traffics have been well maintained. At the other end of the country, namely, in Mashonaland, the farmers who grow tobacco have done very much better than they have done in previous years. Anything that helps the general prosperity of Southern Rhodesia will help Willoughby's company, and I can only say in conclusion that I think the stars in their course are favourable.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended June 19, 1937, amounted to £13,589,000, against ordinary expenditure of £17,004,000. After allowing for a decrease in Exchequer Balances of £180,185, the operations for the week, as shown below, increased the gross National Debt by £3,235,000, to approximately £7,972 millions.†

(000's omitted)			
Treasury Bills.....	+ 6,735	Advances by Bank of England..	- 4,500
24% Nat. Defence Bonds	+ 11,150	Public Department Advances ..	- 9,850
		National Savings Certificates ..	- 200
	+ 17,885		- 14,850

† Including £375 millions on account of Exchange Equalisation Fund.

An analysis of the approximate position of the National Debt, as at March 31, 1937, appeared on page 47 of *The Economist* of April 3, 1937.

Revenue	Total Receipts into the Exchequer			
	April 1, 1936, to June 20, 1936	April 1, 1937, to June 19, 1937	Week ended June 20, 1936	Week ended June 19, 1937
ORDINARY REVENUE				
Inland Revenue—				
Income Tax.....	10,178,000	11,803,000	5,000	14,000
Sur-tax.....	4,010,000	4,630,000	120,000	210,000
Estate, etc., Duties	17,650,000	20,380,000	1,800,000	2,000,000
Stamps.....	2,950,000	3,340,000	450,000	100,000
Other Inland Revenue Duties	80,000	90,000	...	...
Total Inland Revenue	34,968,000	40,043,000	2,175,000	2,324,000
Customs and Excise—				
Customs.....	44,773,000	48,331,000	3,775,000	4,757,000
Excise.....	24,200,000	25,800,000	8,900,000	6,100,000
Total Customs and Excise	68,973,000	74,131,000	9,675,000	10,857,000
Motor Vehicle Duties				
Post Office (Net Receipts)	14,820,000	4,883,000	...	...
Crown Lands.....	4,300,000	6,775,000	Dr 160,000	250,000
Receipts from Sundry Loans	250,000	230,000	...	...
Miscellaneous Receipts	309,380	361,911	...	...
	1,996,947	1,082,813	115,813	157,89
Total Ordinary Revenue	115,077,327	127,276,724	10,365,813	13,588,98
SELF-BALANCING REVENUE				
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	13,150,000	11,575,000	2,750,000	750,00
Total	128,227,327	138,851,724	13,115,813	14,338,98

Expenditure	Total Issues out of the Exchequer to meet payments			
	April 1, 1936, to June 20, 1936	April 1, 1937, to June 19, 1937	Week ended June 20, 1936	Week ended June 19, 1937
ORDINARY EXPENDITURE				
Interest and Management of National Debt	71,700,526	73,957,985	827,255	2,194,271
Debt	993,520	1,093,730	8,873	910
Payments to Northern Ireland Exchequer	636,608	409,677	309,230	...
Other Consolidated Fund Services	73,330,654	75,461,392	1,136,485	2,204,054
Total	107,567,500	112,592,100	1,845,000	14,800,000
Total Supply Services (excluding Post Office and Broadcasting) ..	180,898,154	188,053,492	9,591,485	17,004,054
Total Ordinary Expenditure	188,465,654	190,645,592	10,436,485	17,004,054
SELF-BALANCING EXPENDITURE				
Post Office Vote and Vote for Broadcasting	13,150,000	11,575,000	2,750,000	750,000
Total	194,048,154	202,220,592	13,186,485	17,754,054

† Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.
The aggregate revenue from April 1, 1937, to June 19, 1937, is shown below:—

(000's omitted)		
Revenue	127,276	
Decreases in balances	185	
Gross borrowing	£61,816	
Less—		
New Sinking Fund*	1,215	
Old S. Fund, 1907-8	9	
Net borrowing	60,592	
	188,053	

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1937 by borrowing.

POSITION OF THE FLOATING DEBT

	June 20, '36	Mar. 31, '37	June 19, '37	June 19, '37
Ways and Means Advances Outstanding: £	2,250,000	4,500,000		
Advances by Bank of England.....	30,270,000	23,535,000	22,125,000	9,950,000
Advances by Public Departments.....	792,720,000	674,595,000	681,270,000	+ 6,735,000
Treasury Bills outstanding	822,980,000	698,130,000	705,645,000	- 7,715,000
Total Floating Debt	1,615,970,000	1,598,260,000	1,413,440,000	- 182,530,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury Bills were opened on June 18, 1937. The amount applied for was £93,580,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at 99 16s. 5d. about 46 per cent. and above in full; Saturday at 99 16s. 6d. and above in full. The average rate per cent. was 14-0-38d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1936	80,000,000	49,580,000	27,500,000	0 6 1-64
July 5, 1936	40,000,000	60,905,000	40,000,000	0 12 4-32
January 3, 1936	38,000,000	58,075,000	35,000,000	0 10 10-77
July 3, 1936	72,750,000	72,750,000	50,000,000	0 12 1-27
July 3, 1936	50,000,000	75,450,000	40,000,000	0 10 10-88
January 1, 1937	40,000,000	73,025,000	43,000,000	0 15 0-39
April 2, 1937	45,000,000	96,205,000	50,000,000	0 14 0-38
June 11, 1937	50,000,000	93,580,000	50,000,000	...
June 18, 1937	50,000,000	...	...	...

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended May 29, 1937	563,625	422,719
Week ended June 5, 1937	646,209	484,657
February, 1936, to June 5, 1937	1,295,494,815	1,018,058,950

At the end of April 1937, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £389,726,807.

THE BANKERS' GAZETTE

BANK OF ENGLAND
RETURN FOR WEEK ENDED WEDNESDAY,
JUNE 23, 1937

ISSUE DEPARTMENT		
Notes Issued:—		
In Circulation	483,719,372	
In Banking Department	42,687,253	
Government Debt	11,015,100	
Other Government Securities	184,098,970	
Other Securities	4,878,179	
Silver Coin	9,751	
Amount of Fiduciary Issue	200,000,000	
Gold Coin and Bullion	326,406,625	

BANKING DEPARTMENT		
Proprietors' Capital	14,555,000	
Reserve	3,365,080	
Public Deposits	15,455,991	
Other Deposits	94,987,464	
Bankers'	97,185,561	
Other Accounts	182,179,085	
Government Securities	98,027,532	
Other Securities:—		
Discounts and Advances	3,756,142	
Securities	20,177,564	
Gold and Silver Coin	23,933,706	
	43,657,253	
	901,585	
	165,530,076	

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

Both Departments	Amount, June 23, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	483,719,372	+ 3,938,155	+ 48,930,247
Public deposits	15,455,991	+ 5,445,622	+ 4,587,780
Bankers' deposits	94,987,464	+ 7,273,927	+ 4,165,301
Other deposits	37,185,561	+ 34,995	+ 187,981
Total outside liabilities	631,351,388	+ 2,144,845	+ 48,319,787
Capital and rest	17,918,060	+ 33,752	+ 24,960
Government debt and securities	293,139,602	+ 3,345,511	+ 65,603,030
Discounts and advances	3,756,142	+ 18,305	+ 3,884,701
Other securities	25,055,743	+ 367,092	+ 8,504,970
Silver coin in issue department	9,751	+ 454	+ 754,875
Coin and bullion (bank's reserves)	327,308,210	+ 5,138,257	+ 110,032,463
Reserves of notes and coin in banking department	43,588,838	+ 1,200,102	+ 1,002,216
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	29.5%	— 1.1%	+ 0.9%
(b) Gold stocks to deposits and notes ("reserve ratio")	51.8% (a)	+ 0.4% (b)	+ 14.6% (c)

N.B.—Last week's figures should read: (a) 51.4% (b) + 0.4% (c) + 14.3%.

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1937							
June 2	521,261	475,553	10,232	109,499	37,301	Nil	2 1/2
" 9	521,261	476,541	10,887	107,429	36,776	Nil	2 1/2
" 16	521,261	479,781	10,013	102,261	37,151	Nil	2 1/2
" 23	526,407	483,719	15,459	94,987	37,186	5,145 in	2 1/2

(000's omitted)

Date	Issue Department		Both Depts.			Banking Department		Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities	Govt. Securities	Gold Coin and Bullion and Reserve Ratio	Discounts & Advances	Other Securities	Reserve and the "Proportion"	
1937								
June 2	194,740	5,248	322,090	50 1/2	100,822	4,749	20,736	46,537 29 1/2
" 9	195,103	4,885	322,154	51 1/2	101,203	4,833	21,074	45,613 28 1/2
" 16	195,156	4,834	322,170	51 1/2	101,329	3,738	19,854	42,389 28 1/2
" 23	195,112	4,878	327,308	51 1/2	98,028	3,756	20,178	43,589 29 1/2

† Revised.

BANKERS' CLEARING RETURNS
LONDON
(000's omitted)

	Town	Metropolitan	Country	Total
1937				
January 1 to June 9	18,761,684	975,469	1,698,185	19,435,358
Week ended June 18	733,458	38,741	70,338	843,537
Week ended June 23	723,993	38,487	64,358	826,838
Total to date, 1937	18,219,135	1,053,717	1,832,881	21,105,733
Total to date, 1936	15,611,642	956,108	1,651,799	18,219,549
Increase or decrease in 1937	+ 2,607,493	+ 97,609	+ 181,082	+ 2,886,184
	+ 16.7%	+ 10.2%	+ 11.0%	+ 15.9%
Total for year 1936	35,099,356	2,036,620	3,537,506	40,613,574
Total for year 1935	32,443,575	3,229,064	37,559,751	37,559,751
Increase or decrease in 1936	+ 2,655,781	+ 152,508	+ 306,584	+ 3,056,873
	+ 8.0%	+ 8.1%	+ 9.6%	+ 8.2%

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Spain appeared in *The Economist* for August 15. Egypt, Roumania, in May 29. Reichsbank, in June 15. Denmark, International Settlements, in June 12. Canada, India, Java, Latvia, Lithuania, New Zealand, Norway, Sweden, Federal Reserve Reporting Members and Finland, in June 19.

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

Assets	June 25, 1936	June 3, 1937	June 10, 1937	June 17, 1937	June 24, 1937
Gold certificates on hand and due from the Treasury	7,958,040	8,838,400	8,838,400	8,837,900	8,836,900
Total reserves	8,243,250	9,122,440	9,154,411	9,161,360	9,169,640
Total cash reserves	272,840	272,690	305,740	313,530	322,490
Total bills discounted	6,190	17,490	14,290	14,330	13,300
Bills bought in open market	3,080	6,260	5,820	5,980	4,280
Total bills on hand	9,270	23,750	20,110	19,420	17,580
Industrial advances	29,940	22,230	22,200	22,250	22,010
Total U.S. Govt. securities	2,430,230	2,526,290	2,526,290	2,526,290	2,526,240
Total bills and securities	2,469,630	2,572,270	2,568,600	2,567,760	2,565,830
Total reserves	11,368,920	12,453,370	12,435,120	12,702,930	12,475,850
LIABILITIES					
Federal Reserve notes in actual circulation	3,980,020	4,235,110	4,200,960	4,177,800	4,162,830
Aggregate of excess member bank reserves over requirements	2,440,000	860,000	930,000	750,000	810,000
Deposits—Member bank—reserve account	5,307,950	6,853,710	6,928,980	6,807,980	6,854,410
Government deposits	929,070	115,100	84,640	250,210	150,930
Total deposits	6,488,960	7,224,260	7,292,760	7,328,400	7,328,850
Capital paid in and surplus	302,890	305,540	305,540	305,580	305,550
Total liabilities	11,368,920	12,453,370	12,435,120	12,702,930	12,475,850
Ratio of total reserves to deposit and F.R. note liabilities combined	78.7%	79.6%	79.6%	79.6%	79.8%
U.S.F.R. BANKS AND TREASURY COMPANIES					
RESOURCES					
Monetary Gold Stock	10,600,000	12,027,000	12,118,000	12,220,000	12,270,000
Treasury and National Bank Currency	2,500,000	2,548,000	2,547,000	2,548,000	2,550,000
LIABILITIES					
Money in Circulation	6,173,000	6,487,000	6,435,000	6,415,000	6,394,000
Treasury Cash and Deposits with Federal Reserve Banks	3,577,000	3,297,000	3,339,000	3,598,000	3,547,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

Assets	June 25, 1936	June 3, 1937	June 10, 1937	June 17, 1937	June 24, 1937
Total gold reserves	3,064,650	3,381,810	3,380,350	3,359,950	3,463,120
Total bills discounted	3,600	8,130	7,930	6,600	5,930
Bills bought in open market	1,090	2,000	2,040	1,760	1,550
Total U.S. Govt. securities	729,380	725,030	725,030	725,030	725,030
Total bills and securities	741,440	741,060	740,990	739,310	738,420
Deposits—Member bank—reserve account	2,235,580	2,962,420	2,982,930	2,975,040	3,023,150
Ratio of total res. to dep. and Federal Res. note liabilities combined	82.2%	83.9%	83.8%	83.5%	84.3%

AUSTRALIAN COMMONWEALTH BANK

In £'s (000's omitted)

Assets	June 22, 1936	May 24, 1937	May 31, 1937	June 7, 1937	June 14, 1937	June 21, 1937
Gold and English sterling	15,999	16,011	16,011	16,011	16,011	16,011
Other coin, bullion and cash	6,418	4,864	5,365	5,391	5,862	5,223
Money at short call—London	22,635	33,276	33,100	32,895	35,343	37,461
Short-term loans	1,965	4,574	4,435	3,695	3,966	3,877
Securities	75,769	76,810	76,591	76,591	76,591	76,591
Discounts and advances	8,041	9,425	9,518	9,617	9,443	9,383
LIABILITIES						
Notes issued	47,044	47,038	47,038	47,038	47,038	47,038
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	68,221	83,130	83,366	82,001	84,561	86,501

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

Assets	June 19, 1936	May 21, 1937	May 28, 1937	June 4, 1937	June 11, 1937	June 18, 1937
Gold coin and bullion	22,918	25,777	25,828	25,202	25,200	25,069
Bills discounted: Foreign	11,251	5,615	5,615	6,125	5,905	6,270
Investments	1,737	1,729	1,729	1,729	1,729	1,729
Other assets	12,183	12,798	12,978	12,658	12,806	12,405
LIABILITIES						
Notes in circulation	13,369	14,728	16,852	16,451	15,627	15,124
Deposits: Government	2,720	3,535	2,766	1,569	1,787	2,572
Bankers	24,340	19,595	18,134	18,758	20,207	18,875
Ratio of cash reserves to liabilities to public	50.5%	59.4%	59.7%	58.4%	59.0%	58.7%

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

Assets	June 19, 1936	May 27, 1937	June 3, 1937	June 10, 1937	June 17, 1937
Gold	53,952,610	57,358,994	57,359,030	57,359,076	57,359,105
Advances on Gold Coin	1,316,329	1,098,943	1,098,943	1,098,943	1,099,156
Commercial Bills	21,445,910	9,829,654	8,895,936	8,804,973	9,860,187
Bills bought abroad	1,266,485	1,023,694	1,023,694	1,023,694	1,023,694
Advances on securities	4,286,158	4,162,572	4,469,851	4,443,745	4,919,824
Loans to State without interest: (a) general (b) provisional	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Negotiable Bonds, Sinking Fund Dept. Other assets (excluding forward exch.)	5,707,677	5,641,622	5,641,622	5,641,622	5,641,622
LIABILITIES					
Notes in circulation	84,803,701	85,745,255	86,971,119	86,450,803	85,798,933
Public deposits	1,214,408	3,154,076	2,487,957	2,350,041	2,179,805
Private deposits	6,179,665	14,628,294	13,688,210	14,199,497	16,357,831
Other liabilities	2,798,030	2,640,012	2,686,406	2,572,557	2,630,768
Ratio of gold reserve to sight liabilities	58.5%	55.3%	55.6%	55.6%	54.9%

* The gold stock is based on the franc at 49 milligrams on and after Oct. 2, 1936.

† Includes fcs. 13,833,423,000 Treasury Bills.

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

Assets	June 18, 1936	May 20, 1937	May 27, 1937	June 3, 1937	June 10, 1937	June 17, 1937
Gold	3,728,566	3,587,490	3,590,977	3,591,946	3,613,113	3,648,473
Silver and other coin	63,112	80,644	81,361	80,320	49,402	50,894
Securities	1,379,964	1,333,287	1,341,382	1,336,990	1,354,229	1,370,123
Advances	80,224	36,742	35,379	42,788	37,282	34,092
LIABILITIES						
Notes in circulation	4,825,512	4,389,976	4,380,390	4,397,471	4,400,167	4,401,287
Deposits: Govt.	26,617	130,241	117,142	179,554	146,581	199,795
Other	1,080,988	680,487	708,014	631,379	693,362	748,917

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

Assets	June 22, 1936	May 24, 1937	May 31, 1937	June 7, 1937	June 14, 1937	June 21, 1937
Gold	1,980,920	1,937,197	1,937,197	1,937,197	1,937,197	1,937,197
Silver	588,920	1,130,067	1,130,052	1,130,052	1,130,052	1,130,052
Home bills discounted	21,372	18,953	18,726	18,604	19,047	19,747
Loans and advances in current account	48,658	18,433	18,736	18,214	17,891	18,169
Notes in circulation	132,732	179,088	183,483	170,586	171,268	166,944
Deposits	742,591	808,572	835,954	824,981	812,570	804,631
	72,029	550,437	537,101	551,608	613,281	650,081

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

Assets	June 15, 1936	May 15, 1937	May 22, 1937	May 29, 1937	June 5, 1937	June 12, 1937
Gold	1,405,863	2,623,408	2,623,540	2,624,240	2,624,325	2,624,357
Of which held abroad	173,287	534,469	534,469	534,469	534,469	534,469
Discounts	78,083	12,868	12,868	12,868	12,868	12,868
Conduccion Bills	56,800	13,500	13,500	13,500	13,500	13,500
Advances	66,568	30,107	30,091	30,129	30,857	30,957
Securities	45,899	16,368	15,893	15,876	15,876	15,715
LIABILITIES						
Notes in circulation	1,241,607	1,332,499	1,319,114	1,373,932	1,344,698	1,324,078
Deposits	342,491	1,345,807	1,355,967	1,300,907	1,329,081	1,353,022
† Gold evaluated from Oct. 7, 1936. N.B. Exchange Equalisation Fund and assets included in returns Dec. 31, 1936, onwards at 538,583,653 fcs.						

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

Assets	Apr. 29, 1936	Mar. 31, 1937	Apr. 7, 1937	Apr. 14, 1937	Apr. 21, 1937	Apr. 28, 1937
Gold	910,157	913,417	913,407	913,381	913,708	913,782
Bills abroad	491,914	617,487	615,087	620,161	614,712	610,213
Discounts	365,994	320,760	315,442	313,124	313,655	322,088
Securities	104,193	124,454	124,454	124,452	124,449	124,421
Government loans	1,045,511	1,043,543	1,043,543	1,043,543	1,043,543	1,042,900
LIABILITIES						
Notes in circulation	2,025,590	2,058,919	2,035,839	2,007,336	2,005,344	2,020,731
Government deposits	621,873	532,150	552,938	562,582	561,827	551,234
Bankers' deposits	346,098	524,407	527,854	549,578	555,355	588,276
Foreign deposits	58,287	94,489	87,947	93,001	89,988	83,369
Foreign commitments	32,001	43,527	43,549	43,113	43,106	43,118

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

Assets	June 15, 1936	May 31, 1937	June 7, 1937	June 14, 1937	June 21, 1937	June 28, 1937
Cash reserve—Gold coin and bullion	242,801	242,912	242,924	242,933	242,948	242,948
Other foreign exchange	88,295	87,482	88,398	88,398	88,398	88,398
Bills discounted	218,573	191,981	192,268	190,748	191,333	191,333
Federal debt	624,444	620,152	620,152	620,152	620,152	620,152
LIABILITIES						
Notes in circulation	884,654	796,890	892,302	833,920	822,523	822,523
Deposits	288,867	338,496	258,716	309,980	317,536	317,536
† 5,976.28 schillings = 1 kr. fine gold, Dec. 31, 1936, and after.						

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

Assets	June 15, 1936	May 31, 1937	June 7, 1937	June 14, 1937	June 21, 1937	June 28, 1937
Metal reserve—Gold coin and bullion	78,936	84,056	84,056	84,056	84,056	84,056
Foreign exchange	28,598	49,883	51,136	53,185	53,118	53,118
Token money	12,373	10,917	9,688	9,048	9,048	9,048
Inland bills, warrants and securities	455,733	391,838	405,247	389,190	381,202	381,202
Advances to Treasury	83,072	104,262	106,751	106,707	106,707	106,707
LIABILITIES						
Notes in circulation	333,992	392,023	420,843	395,858	378,895	378,895
Current accounts, deposits, etc.	141,388	224,309	187,145	203,971	212,451	212,451
Cash certificates	97,668	92,901	92,901	92,901	92,901	92,901
Other liabilities	167,333	153,132	152,566	151,442	159,802	159,802

CENTRAL BANK OF ARGENTINA

In paper pesos (000,000's omitted)

ASSETS		May 31, 1936	Mar. 31, 1937	Apr. 15, 1937	Apr. 30, 1937	May 15, 1937	May 31, 1937
Gold at home		1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign ex- change		121	286	335	339	269	262
Non-interest bearing Govern- ment Bonds		119	119	119	119	119	119
Treasury Bonds		400	399	399	399	399	399
LIABILITIES							
Notes		1,018	1,140	1,153	1,165	1,157	1,137
Government deposits		181	117	113	128	138	135
Bankers deposits		338	383	420	450	339	363
Certificates against Treasury Bonds		325	399	394	373	373	367
Ratio of gold and foreign ex- change to note and sight liabilities		86.6%	91.7%	92.3%	92.3%	92.3%	92.3%

NEW YORK MONEY AND EXCHANGE RATES

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

	June 24, 1936	May 26, 1937	June 2, 1937	June 9, 1937	June 16, 1937	June 23, 1937
Call money.....	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Time money (90 days' mixed coll.)	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Bank acceptances—						
Members—eligible, 90 days.....	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Non-mem.—eligible, 90 days.....	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Commercial accept., 90 days.....	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4

Rates of Exchange, New York on—	Par Level	June 24, 1936	June 9, 1937	June 16, 1937	June 23, 1937
London—					
Cable.....	Old par 4-8666	5-0125	4-9287	4-9287	4-9350
Cheques.....	New par 8-2397	5-0250	4-9312	4-9387	4-9450
Paris.....	Cents for 1 franc 8-63	8-5975	4-4500	4-4525	4-4575
Brussels.....	Cents for 1 franc 23-54	16-905	16-875	16-88	16-885
Switzerland.....	Cents for 1 franc 32-67	32-585	22-855	22-915	22-935
Berlin.....	Cents for 1 mark 40-33	40-24	40-06	40-08	40-10
Vienna.....	Cts. for Austr. shg. 23-82	18-83	18-75	18-75	18-75
Madrid.....	Cents for 1 peseta 32-67	13-675	...	...	...
Amsterdam.....	Cents for 1 guilder 68-06	67-68	54-98	54-99	54-99
Copenhagen.....	Cents for 1 kroner 45-37	25-435	22-04	22-05	22-075
Stockholm.....	Cents for 1 drachma 1-29	0-93	0-90	0-90	0-90
Athens.....	Cents for 1 drachma 169-31	99	100	100	99 1/2
Montreal.....	Cents for 1 franc 84-40	29-435	28-75	28-76	28-75
Yokohama.....	Cents for 1 yen 30-18	29-85	29-80	29-85	...
Shanghai.....	Cents for 1 dollar 37-97	37-28	37-30	37-35	...
Calcutta.....	Cents for 1 rupee 33-49	30-63	30-55	30-45	...
Buenos Aires.....	Cents for 1 peso 11-96	8-47	8-82	8-83	8-83
Rio de Janeiro.....	Cents for 1 milreis 11-96	8-47	8-82	8-83	8-83

THE BANK OF LONDON AND SOUTH AMERICA, LTD., has received telegraphic advice from the Valencia Branch that the gold surcharge for payment of Spanish customs duties has been fixed for the period June 21st to 30th at 141.08 per cent. The previous rate was fixed as from June 11th at 141.31 per cent.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended June 24, 1937, are issued by the Statistical Department of H.M. Customs and Excise

IMPORTS AND EXPORTS OF GOLD
(Into and from United Kingdom)

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British S. Africa...	2,291,077	£	British India...	£	£250
Tanganyika...	18,071	...	Finland...	22,570	...
Kenya...	12,280	...	Netherlands...	...	675
Uganda...	6,349	...	Belgium...	638,576	...
British India...	179,780	...	France...	1,035	...
British Malaya...	44,566	...	Switzerland...	...	2,040
Australia...	78,916	128	U.S.A....	8,550,749	...
New Zealand...	32,013	...	Other countries...	...	288
Germany...	5,396	...			
Netherlands...	7,105	...			
Belgium...	321	824			
France...	161,833	1,581			
Switzerland...	11,550	...			
Siam...	5,621	...			
Other countries...	1,982	331			
Totals...	2,846,840	1,283	Totals...	9,212,930	2,913
		1,621			2,040

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
Irish Free State...	£	2,000	Aden and Depen-	£	2,000
Australia...	1,946	739	dencies...	...	...
New Zealand...	31,752	...	British India...	32,321	...
Canada...	262	...	Sweden...	2,000	...
Germany...	194	...	Denmark...	2,100	...
Netherlands...	8,851	73	Germany...	18,720	...
Belgium...	616	186	Netherlands...	1,250	...
France...	...	6	France...	8,088	...
Switzerland...	...	71	Switzerland...	2,933	...
Japan...	11,317	...	Italy...	2,949	...
Mexico...	54,458	...	Egypt...	1,810	44
Other countries...	116	1,727	U.S.A....	255,165	...
Totals...	109,118	2,745	Totals...	329,297	2,247
		2,251			...

GOLD MOVEMENTS: BANK OF ENGLAND

1937	ARRIVALS	1937	WITHDRAWALS
June 18	Nil	June 18	Nil
" 19	Nil	" 19	Nil
" 21	Nil	" 21	Nil
" 22	Nil	" 22	Nil
" 23	5,145,259	" 23	Nil
" 24	Nil	" 24	Nil
Total	5,145,259	Total	Nil
Movement, June 18 to June 24, 1937 (inclusive).....			
Movement during year 1936.....			
Movement during 1937 (January 1 to June 24, inclusive).....			
Movement, April 29, 1925, to June 24, 1937 (inclusive).....			
Movement, September 21, 1931 (gold standard suspended) to June 24, 1937 (inclusive).....			

GOLD MARKET

Messrs Samuel Montagu and Company write on June 23, 1937:—
The Bank of England gold reserve against notes amounted to £321,261,366 on June 16th, showing no change as compared with June 9th. On June 23rd, the Bank announced the purchase of £5,145,259 in bar gold. During the past week conditions in the open market were more settled and offerings were on a smaller scale, the amount disposed of at the daily fixing being about £2,100,000. Prices were fixed at a discount on dollar parity of between 2 1/4 and 3 1/4, and most of the gold offered was taken for shipment to New York. The s.s. "Mooltan," which sailed from Bombay on June 19th, carries gold to the value of about £300,000.

SILVER MARKET

There has been further re-selling by the Indian Bazaars during the week and moderate sales have been made on China account, whilst the lower prices attracted some bear covering and speculative purchases and also some support from America. Fluctuations in prices have been small, and June 23rd quotations of 19 1/4 d. for cash and 19 1/4 d. for two months' delivery, compare with 19 1/4 d. for both deliveries quoted a week ago.
On June 23rd Indian buying imparted a slightly better tone and the market should be fairly steady at about the present level of prices.
Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce fine
			Cash	Two Months	
June 17	140-8 1/2	12 1-107	19 1/4	19 1/4	June 16 45
" 18	140-8 1/2	12 1-107	19 1/4	19 1/4	" 17 45
" 19	140-8 1/2	12 1-107	19 1/4	19 1/4	" 18 45
" 20	140-8 1/2	12 1-107	19 1/4	19 1/4	" 19 45
" 21	140-8 1/2	12 1-107	19 1/4	19 1/4	" 20 45
" 22	140-8 1/2	12 1-107	19 1/4	19 1/4	" 21 45
" 23	140-8 1/2	12 1-107	19 1/4	19 1/4	" 22 45
Average	140-5-83	12 1-13	19-844	19-865	Inclu-
June 24	140-4 1/2	12 1-24	19 1/4	19 1/4	sive

The highest rate of exchange on New York recorded during the period from the 17th to the 23rd June was \$4.95, and the lowest \$4.93 1/2.

OTHER STATISTICS

SHORTER COMPANY COMMENTS

COMPANY RESULTS OF THE WEEK.—The improvement in BARCLAY PERKINS AND COMPANY profits of £247,534 is rather better than is indicated by the net earnings, as the increase of £12,000 in trading profits is absorbed by income tax provision. Excellent progress £188,978 are £50,000 higher. ELDER DEMPSTER LINES, with net earnings of £494,537, are paying 6 per cent., against 5 per cent.; the directors refer to the greater movement of cargo in the West African trade in 1936, though freights did not alter till late in the year. Presenting their first accounts, ELDER DEMPSTER LINES HOLDINGS report net profits of £99,081, total income of £122,478 including £114,375 in dividends earned from Elder Dempster Lines. EDGAR ALLEN AND COMPANY have the dividend is increased from 5 to 7 1/2 per cent. More moderate progress is shown by ALLIED IRONFOUNDERS, with an increase of £19,300 in profits of £276,791. FAIRBAIRN LAWSON COMBE BARBOUR, whose balance sheet now shows the effect of last year's capital reorganisation, have made a trading profit of £31,937, against £22,080; substantial improvement in 1937 is reported. MIRRELS BICKERTON AND DAY are able to maintain their 2 1/2 per cent. dividend without taking any credit with a loss of £8,867. GREENWOOD AND BATLEY, LTD., though earning only some £4,600 more, are raising the dividend from 4 1/2 to 7 per cent. Rubber company reports continue to be impressive, CICELY and CALE-previous year's earnings. Twelve tea company results, including the further setback experienced by BROCKLEHURST, WHISTON AMAL, largely to dislocation of the producing departments caused by the indicated in recent trust reports, GLOBE TELEGRAPH AND TRUST, for example, earning £219,557, against £195,450. A rise of 27 per cent. in net profits is recorded by AUSTINS OF EAST HAM. Though their profits dividend at 20 per cent., owing to increased tax charges. The same distribution of 45 per cent. is made by JOHN ISMAY AND SONS, though published net profits are a trifle lower. Published profits of GEORGE NEWNES, LTD., and G. ARTHUR PEARSON, LTD., are practically unchanged at £145,854 and £34,775 respectively, but changes in the real earnings position are not revealed by the accounts, as profits include dividends, and are stated after depreciation.

APPOINTMENTS AND PERSONAL

After 48 years' service, Mr Thomas Ormrod Hope, London manager of the District Bank, will retire at the end of this month. Mr Edgar Ralph Capsy, London foreign manager, and Mr Arthur Reginald Sidebottom will succeed to the position of London foreign manager. Mr John Consolidated Gold Fields of South Africa, Ltd., and New Consolidated Gold Fields, Ltd., announce that Sir Cecil Rodwell, G.C.M.G., has been appointed a director of both companies.

Mr J. Coventry has been appointed secretary of The Rugby Portland Cement Company, Ltd.

Mr A. P. Good has been appointed a director of the Guardian Assurance Co., Ltd.

Mr Carl Bendix has been elected a director of The Indian Iron and Steel Company, Ltd., in place of Mr F. G. Roberts.

Mr J. L. Collyer and Mr H. L. Kenward have joined the board of the India Tyre and Rubber Company, Ltd., Inchinnan.

(Continued on page 768)

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary					
					Amount	Amount	Rate				
Banks											
Imperial Bank of Iran	Mar. 20	£ 50,605	£ 77,430	£ 128,035	£ ...	£ 65,000	13/-p.s.†	£ 10,000	£ 53,035	£ 75,786	13/-p.s.†
Ntnl. Bank of New Zealand	Mar. 31	113,959	102,838	216,797	...	80,000	...	24,000	112,797	102,594	...
Breweries											
Barclay, Perkins & Company	Mar. 31	61,753	247,534	309,287	75,600	143,061	8	20,000	70,626	236,610	8
Ohlsson's Cape Breweries ...	Mar. 31	72,172	188,978	261,150	11,500	91,875	17½	70,000	87,775	138,990	12½
Canals and Docks											
Mountstuart Dry Docks	Mar. 31	4,464	23,781	28,245	8,658	11,708	4	...	7,879	22,594	3
Financial, Land, etc.											
Connaught Estates.....	Mar. 31	2,649	18,870	21,519	9,669	7,755	7	1,000	3,095	19,607	7
Cons. London Properties	Mar. 25	16,372	44,869	61,241	13,200	26,400	8	5,191	16,450	43,219	8
Elder Dempster Lines Hldgs.	June 15	...	99,081	99,081	...	97,975	5 1/8	...	1,106	(a)	(a)
Invest. Corp. of Canada	Apr. 30	33,680	12,507	46,187	30,881	...	...	...	15,306	7,255	Nil
New South Wales Land, etc.	Jan. 31	1,774	13,574	15,348	...	13,073	10	...	2,275	4,130	8
Raglan Property Trust	Mar. 31	609 (s)	4,251	4,860	2,803	...	...	1,682	375	(a)	(a)
Texas Land and Mortgage ..	Mar. 31	9,028	10,224	19,252	...	8,250	5	2,000	9,002	5,715	Nil
Hotels & Restaurants											
Spicers and Pond.....	Mar. 31	12,570	68,375	80,945	32,342	29,090	7	7,000	12,513	54,054	5
Iron, Coal and Steel											
Allen (Edgar) and Co.	Mar. 31	23,762	54,756	78,518	11,438	16,160	7½	17,500	33,420	32,182	5
Allied Ironfounders	Mar. 31	146,410	276,791	423,201	52,651	142,106	11½	77,573	150,871	257,484	10
Fairbairn, Lawson, etc.....	Mar. 31	...	8,808	8,808	...	...	...	7,267	1,541	(a)	(a)
Greenwood and Batley	Mar. 31	22,223	50,948	73,171	7,028	24,388	7	19,500	22,255	46,300	4½
Mirrlees, Bickerton and Day	Mar. 31	1,768	11,920	13,688	3,008	8,917	2½	...	1,763	15,128	2½
Motor Cycle and Aviation											
King's Motors (Oxford).....	Mar. 31	...	8,635	8,635	1,766	5,250	20	...	1,619	(a)	(a)
Rubber											
Caledonian (Selangor)	Mar. 31	12,238	10,101	22,339	...	5,822	10	2,200	14,317	4,510	6
Cicely	Mar. 31	12,080	19,472	31,552	1,050	16,679	12½	5,000	8,823	9,467	6
Madingley (Malay)	Feb. 28	1,593	5,084	6,677	...	3,740	5	1,750	1,187	2,973	3
Tanah Datar.....	Dec. 31	2,337	9,410	11,747	...	6,164	9	2,500	3,083	5,435	5
Teekoy	Mar. 31	1,153	8,470	9,623	...	7,400	10	...	2,223	4,312	6
Ulu Caledonian	Mar. 31	Dr. 4,518	2,008	2,510	...	...	...	...	2,510	Dr. 1,548	Nil
Shipping											
Elder Dempster Lines	Dec. 31	113,322	494,537	607,859	...	114,375	6	359,611	133,873	450,503	5
Trawlers (Grimsby)	Mar. 31	Dr. 803	Dr. 4,461	Dr. 5,267	...	...	...	Dr. 6,000	733	Dr. 2,206	Nil
Tea											
Attaree Khat	Dec. 31	3,283	7,930	12,213	...	7,590	6	...	3,623	13,377	6
Borhat	Dec. 31	29,710	10,073	39,783	...	9,000	5	2,000	28,783	14,745	12½
British Indian.....	Dec. 31	20,817	13,431	34,248	825	10,644	12½	2,500	20,279	11,925	6
Chargola	Nov. 30	34,748	10,915	45,663	8,505	...	...	50	37,108	6,521	Nil
Hornsey	Mar. 31	1,276	2,109	3,385	600	1,800	15	274	711	3,972	20
Jhanzie	Dec. 31	17,238	32,642	49,880	...	25,080	6	7,250	17,550	39,136	7½
Makum (Assam)	Dec. 31	5,238	14,615	19,853	...	11,100	10	1,730	7,023	17,143	10
Moabund	Dec. 31	4,032	11,952	15,984	2,500	7,800	6	1,434	4,250	16,133	6
Namdang	Dec. 31	3,524	10,394	13,918	...	8,400	6	...	5,518	12,425	Nil
Noyapara	Dec. 31	27,585	7,862	35,447	...	8,250	11	...	27,197	7,617	10
Scottish Assam.....	Dec. 31	4,434	5,222	9,656	...	3,117	5	2,369	4,170	5,644	6
Upper Assam	Dec. 31	79,493	18,825	98,318	...	20,000	10	...	78,318	21,997	10
Textiles											
Associated Weavers.....	Apr. 30	...	(t) 44,009	44,009	2,526	8,437	12½	29,204	3,842	(a)	(a)
Brocklehurst-Whiston Amal.	Mar. 31	Dr. 18,096	Dr. 25,219	Dr. 43,315	...	...	...	18,640	Dr. 61,955	Dr. 3,297	Nil
Bulmer and Lumb	Apr. 30	1,128	24,721	25,849	...	3,450	3†	11,634	10,765	(a)	(a)
Cohen and Wilks	Dec. 31	21,357	54,547	75,904	16,610	25,781	12½	1,240	32,273	49,802	7
Tramways and Omnibus											
Maidstone and District Motor	Mar. 31	20,723	114,570	135,293	13,000	84,375	11	15,103	22,815	108,441	12½†
Mansfield District Omnibus	Dec. 31	2,286	1,383	3,669	...	...	...	...	3,669	2,146	Nil
Trusts											
General Securities Invest....	May 31	1,505	4,821	6,326	...	4,531	6	...	1,795	4,977	5½
Globe Telegraph and Trust	May 31	121,770	219,557	341,327	83,318	129,470	5½†	...	128,539	195,450	4½
Monks Investment Trust ...	May 15	3,895	24,667	28,562	...	15,989	3†	5,000	7,573	22,850	3†
Pentland Investment.....	May 31	7,390	20,979	28,369	11,375	4,525	3	2,500	9,969	16,239	1½
Scottish Cities Investment	May 31	11,990	12,193	24,183	8,508	1,688	1½	...	13,987	8,966	Nil
Westpool Investment Trust	Apr. 30	348	27,500	27,848	...	16,076	7	10,000	1,772	19,066	6
Other Companies											
Albion Greyhounds	May 31	1,221	18,270	19,491	...	{ 11,712 } 35	(v)	...	2,800	12,219	{ 27½ } (w)
Ambrose Shardlow and Co.	Mar. 31	20,342	34,565	54,907	9,482	16,085	10	...	29,340	(a)	(a)
Austins of East Ham	Mar. 31	10,199	71,957	82,156	12,000	26,250	17½	29,208	14,698	56,415	15
Clark's Bread Co.....	Apr. 3	8,954	20,196	29,150	7,200	9,323	12½	3,140	9,487	17,803	15
Country Life	Mar. 31	28,541	25,057	53,598	5,500	15,000	15	...	33,068	27,508	15
Findlater (Alex) and Co. ...	Feb. 28	13,280	2,371	15,651	1,337	880	8	...	13,434	4,948	8½
General Electric	Mar. 31	680,495	1,599,676	2,280,171	190,569	551,036	17½	789,272	749,294	1,480,568	15
Griew (I.) and Co.....	Feb. 28	...	17,065	1,008	1,008	9,503	18	...	6,554	(a)	(a)
Hart (Thomas)	Mar. 31	4,290	4,922	9,212	1,830	788	3†	2,318	4,276	4,779	3†
Hazell, Watson and Viney	Mar. 31	34,371	58,385	92,756	8,565	34,099	9†	9,000	41,092	64,652	10†
Hovis, Ltd.	Mar. 31	37,060	179,633	216,693	9,000	78,955	20	88,334	46,384	187,932	20
Imay (John) and Sons	Mar. 31	6,263	46,174	52,437	13,000	27,000	45	4,513	7,324	48,083	46
Johnson (H. & R.)	Mar. 31	2,570	62,465	65,035	11,438	28,125	12½	22,185	3,267	(a)	(a)
Lovering China Clays	Mar. 31	Dr. 60,748	1,215	Dr. 61,963	...	...	...	Dr. 61,963	Dr. 1,215	...	...
Newnes (George)	Mar. 31	46,605	145,854	192,459	41,273	75,000	15	27,760	48,426	142,467	15
Pearson (C. Arthur)	Mar. 31	42,246	34,775	77,021	13,750	13,125	5	5,500	44,646	34,486	8
Polikoff, Ltd.	Jan. 2	433	15,571	16,004	...	...	...	...	16,004	8,410	Nil
Short's, Ltd.	Mar. 31	1,010	24,622	25,632	15,500	8,750	5	...	1,882	24,231	...
Sudan Salt	Dec. 31	1,270	18,607	19,877	13,419	3,600	2	1,500	1,358	16,740	...
Williamson Manufacturing ..	Apr. 30	...	20,754	20,754	...	12,075	16	5,311	3,368	(a)	(a)
	Mar. 31	7,840	37,862	45,702	13,725	11,790	6	8,000	12,167	30,086	...

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	* Interim or † Final	Date of Pay- ment	Comparison with Last Year	Total	
				Latest Year	Previous Year
				%	%
BANKS					
P. and O. Banking	...	...	...	5	5
TEA AND RUBBER					
Amakal Tea	...	...	...	3	Nil
Assam Co.	...	...	...	4½	4
Baliyan Tea	...	...	...	5	5
Banir Rubber	...	...	...	4	1½
Batu Kawan Rubber	2½%*	June 24	Nil*	...	Nil
Bitung Rubber	38%†	...	Nil†	5	Nil
Bukit Nibai Rubber	11%*	...	...	...	...
Do.	24%*	...	Nil*	...	...
Glen Muar Estates	6%†	...	7½%†	8	10
Jorehaut Tea	...	...	...	8	Nil
Kalidjereok Rubber	...	July 19	...	6½	4½
Kerala Calicut Estates	...	...	...	5	Nil
Laras (Sumatra) Rubber	4%†	...	Nil†	5½	Nil
Manchester North Borneo Rubber	...	...	...	...	...
Port Dickson-Lunkut Rubber	...	July 29	...	6	4
Riverview Rubber	4%†	July 2	...	5	...
Sarawak Rubber	...	July 31	...	7	4
Selangor United Rubber	...	July 23	...	10	5
Sungei Buaya Rubber	2½%*	July 12	...	...	...
Sungei Tiram Rubber	...	...	...	10	2½
Tremelbye (Selangor) Rubber	...	...	...	4	2
United Serdang Rubber	5%*	July 16	Nil*	...	...
MINING					
Apex Mines	5%*	July 29	Same	...	...
Associated Tin (Nigeria)	10%†	July 22	7½%†	20	17½
Do.	5%*	July 22	Same	...	...
Consol. Diamond (S.W. Africa)	6d. p.s.	...	...	...	...
Kamunting Tin	10%*	July 30	8%*	...	...
Lake View and Star	12½%*	Aug. 5	...	...	...
Mexican Corporation	7½%*	July 22	5%*	...	...
Nigel Gold	15%*	July 30	Same	...	...
Pangnong River Tin	8%*	July 30	6½%*	...	...
Tin Fields of Nigeria	6½%†	July 16	...	7½	10
Do.	1½%*	July 16	Same	...	...
Village Deep	1½ p.s.	June 30	(c)	...	...
OTHER COMPANIES					
Aircrow	17½%†	July 8	...	30	...
Armstrong (A.) and Co.	2½%*	...	Same	...	...
Associated Paper Mills	3%*	Aug. 1	2½%*	...	...
Australian Agricultural	12½ p.s.†	July 23	Same	13½ p.s.	13½ p.s.
Barclay Perkins & Co.	5½%†	...	Same	8	8
Bennis Combustion	5%†	July 31	Same	10	10
Blackburn Aircraft	2½%*	...	First	12½	...
Caldwell's Paper Mills	2½%*	July 1	Nil*	...	...
Carbomum Trust	1%*	July 15	Same	...	...
Cellulose Acetate Silk	...	...	...	5	2½
Clydesdale Supply	...	July 6	...	8	3½
Cowburns and Scotts	2½%†	...	...	5½	...
Crosley (John)	2½%*	July 30	Same	...	...
Darlington and Simpson Rolling Mills	...	...	...	7	5
Deli Mantschappij	...	...	...	12	8
Finlay and Co.	5%*	June 30	Same	...	...
General Electric	...	...	...	(a) 17½	15
General Electric (U.S.A.)	40c. p.s.*	July 26	25c. p.s.*	...	...
Gossard	5%*	July 9	Same	...	...
Hardy's Crown Brewery	4%†	...	3½%†	7½	7
Hovis	12½%†	...	Same	20	20
International Combustion	7½%*	July 15	Same	...	...
Light Production Company	20%†	...	...	30	25
Lobitos Oilfields	...	July 14	...	12½	7½
London & Southern Super Cinemas	4%†	July 18	3%†	6	7
Montague Burton	3½%†	...	Same	7	8
New South Wales Land, etc.	...	...	...	10	8
Newman and Watson	2½%†	July 7	...	7½	...
O-Cedar "A" and "B" Ord.	...	July 28	...	12½	12½
Ogilvie Flour Mills Com.	\$2 p.s.	July 2	Same	...	...
Palestine Electric Ord. & "A" Ord.	15%†	...	Same	7½	7½
Patons and Baldwins	...	...	...	12½ (f)	12½
Peel River Land, etc.	13%*	July 20	11½%*	3	1½
Pentland Investment	25%*	...	...	...	...
Petroleum Storage, etc. Ord.	144%*	...	...	...	...
Do. do. Def.	...	...	...	...	...
Powell Duffryn Steam Coal	5½%†	July 28	4½%†	7	6
Rhodesia Railways Trust	...	...	...	5½	5½
Rio Claro Investment	3%*	June 24	2%*	10	12½
Roberts Adlard and Co.	2½%*	...	Same	...	...
Rogers (R. H. and S.)	...	...	...	1½	Nil
Scottish Cities Investment	50 cts ps	...	...	...	...
Shell Union Oil (Com.)	...	...	...	2½	Nil
Smith, Parkinson and Cole	...	...	...	...	...
Steaua Romana (British)	2%*	July 22	Same	...	...
Steel Co. of Canada	43½c. ps.	Aug. 2	Same	...	...
Steel Developments	2½%*	...	Same	...	...
United States Trust of Scotland	6½%†	July 14	Same	9	9
Welsh Associated Collieries	...	...	...	1	Nil
Wharfedale Silstone Colliery	2½%*	June 30	2%*	10	10
White Tomkins and Courage	13%*	June 29	...	...	...
Whitworth Son and Nephew	5%*	...	Same	...	...
Williams (Birmingham)	...	July 1	...	...	...

(a) Paid on a larger capital. (c) First and final liquidation distribution.
 † Free of income tax. (f) Paid on a larger capital absorbing £239,894 against £199,911.

POWELL DUFFRYN STEAM COAL.—Final ordinary dividend, 5½ per cent., making 7 per cent. for year, against 6 per cent.

WELSH ASSOCIATED COLLIERIES.—A first ordinary dividend of 1 per cent. is payable for the year to March 31, 1937.

DE BEERS CONSOLIDATED MINES.—Dividend of £2 per preference shares for two years from July 1, 1935.

LOBITOS OILFIELDS.—Ordinary dividend 10 per cent., and 2½ per cent. cash bonus, making 12½ per cent., against 7½ per cent.

SHELL UNION.—Dividend of 50 cents per common share for half-year to June 30th, requiring about \$6,500,000 gross. Net earnings for first quarter of 1937 were \$3,674,479, against \$1,681,984 in the same period of 1936.

PATONS AND BALDWIN, LTD.—Preliminary statement for year to May 1, 1937, shows profit of £463,782, against £417,997. A 10 per cent. dividend and 2½ per cent. bonus, both tax free, absorbed £239,894, against a similar distribution absorbing £199,911. To reserves £125,000, as before; pensions £20,000, as before. Carry forward raised from £59,909 to £73,208.

SHORTER COMPANY COMMENTS

(Continued from page 766).

MISCELLANEOUS

BLEACHERS' ASSOCIATION, LTD.—After £157,811, against £150,961, to maintenance and repairs, trading profit for year to March 31, 1937, was £320,748, compared with £280,051. After fees, debenture interest and a further £140,000 depreciation, net profit was £77,149, against £36,452. For the first time since 1934 a 2½ per cent. dividend is to be paid on the preference capital, bringing the dividend up to end of 1933. Carry forward £183,411, against £174,669 brought in.

PROVINCE OF ALBERTA STOCKS.—The courts of Alberta have declared the Act of the Province reducing interest on stocks by one half to be *ultra vires*. The Government of Alberta appealed, but have since withdrawn the appeal and have passed further legislation with a view to nullifying the adverse ruling of their own court. The Canadian and London Committees advise holders not to sign any assents accepting reduced interest but to await the return by the Province to a course of legal and proper procedure.

STEPHENSON CLARKE AND ASSOCIATED COMPANIES, LTD.—Trading profits for year to March 31, 1937, £528,613, compared with £514,826. To depreciation £162,168, against £162,669. Tax £80,000, against £72,000; debenture charges £73,735, against £74,850. Preference dividend £51,509, against £62,522. Ordinary dividend 10 per cent., as before. To general reserve £50,000, as before. Carry forward increased from £61,118 to £67,022.

SPIERS AND POND, LTD.—Gross profit for year to March 31, 1937, was £94,600, against £76,997. Ordinary dividend is raised from 5 to 7 per cent. To reserve, £5,000. Carry forward, £12,513.

CABLE AND WIRELESS, LTD. (Index Numbers).—Monthly figures reduced to working day average. Working day average of comparable receipts, year 1929 = 100. Index number, May, 1937, 78.6 (lowest figure this year), compared with 83.7 for April, 1937, and 67.6 for May, 1936. For table showing monthly index since beginning of 1930, see *The Economist*, January 23, 1937, page 214.

UNITED NEWSPAPERS SCHEME.—The reorganisation scheme (see page 600 of *The Economist* of June 5th), was passed at meetings on June 22nd, by 294,212 votes in favour to 6,010 votes against.

OHLSOHN'S CAPE BREWERIES, LTD.—Net profits have advanced by £53,843 to £264,495. Ordinary dividend and bonus 17½ against 12½ per cent. To contingencies reserve £70,000, against £55,000. Carry forward raised from £72,172 to £87,775.

MEXICAN RAILWAY.—Results for half year ended December 31, 1936, show a deficit of \$107,180, against a credit balance of \$47,193 for the second half of 1935. Gross receipts increased by 7 per cent. to \$7,048,747, but working expenses rose by 9.4 per cent. to \$7,155,928. After crediting interest, etc., net deficiency is £80,647, increasing debit balance forward to £707,139.

BARCLAY, PERKINS AND COMPANY, LTD.—Net profit for year to March 31, 1937, declined by £1,575 to £247,534 after £12,590 contingencies £20,000, against £15,000. Carry forward raised from £61,752 to £64,979.

EAST RAND CONSOLIDATED, LTD.—Accounts for 1936 show a loss of £2,573, against a profit of £16,686. A loss of £1,020 on an investment realised compared with a profit of £27,007 from this source in 1935. A new subsidiary company is to be formed.

ELDER DEMPSTER LINES HOLDINGS, LTD.—First report for period ended June 15, 1937, shows £119,319 available for distribution. Ordinary dividend 5.9 per cent., absorbing £97,974. Debenture interest £20,239. Carry forward £1,106. Formation expenses of £80,734 met by transfer from share premium account.

ELDER DEMPSTER LINES, LTD.—Net profit for 1936, £184,926; an increase of £19,423. Ordinary dividend raised from 5 to 6 per cent. To general reserve £50,000, against £75,000. Carry forward increased from £113,322 to £133,873.

ASSOCIATED WEAVERS.—Report for period from September 15, 1936, to April 30, 1937, shows net profit £38,905. Ordinary dividend 12½ per cent. actual. To tax reserve, £9,600. Carry forward, £3,841.

YORKSHIRE BRICK COMPANY, LTD.—Net profits rose by £7,782 to £37,862, after £5,928, against £455 for income tax. Ordinary dividend raised from 5 to 6 per cent. To investment reserve, £5,000.

GLOBE TELEGRAPH AND TRUST COMPANY.—Net revenue for year to May 31, 1937, £219,557, against £195,449. Tax free ordinary dividend raised from 4½ to 5½ per cent. Carry forward increased from £121,770 to £128,538.

CARLTON MAIN COLLIERY COMPANY, LTD.—Net profit for year to March 31, 1937, £93,799, against £75,176 after £20,000 had been transferred to reserve for contingencies. Ordinary dividend raised from 4 to 5 per cent. Carry forward increased from £46,464 to £52,827.

ALLIED IRONFOUNDERS.—Trading revenue for year to March 31, 1937, £275,179, against £259,730. To reserves: tax £10,000, against £7,500; obsolescence, etc., £30,902, against £15,000; research £12,361, against £10,000; general £24,309, against £25,000. Ordinary dividend 10 per cent., plus cash bonus 1½ per cent., making 11½ against 10 per cent. Carry forward increased from £146,410 to £150,871.

BLACKBURN AIRCRAFT.—Profit for period April 2, 1936, to March 31, 1937, was £120,480. Ordinary dividend 12½ per cent.

GEORGE NEWNES, LTD.—Profit for year to March 31, 1937, £145,854, against £142,666. Ordinary dividend maintained at 15 per cent. To general reserve £22,760. Carry forward increased from £46,605 to £48,426.

YORK STREET FLAX SPINNING SCHEME.—The proposals are: 7 per cent. second preference arrears to be divided into five £1 ordinary shares of this stock to be converted into £1 ordinary shares; half arrears on the 6 per cent. preference shares up to June 30, 1937, to be cancelled. The reconstructed capital of £670,000 will be 25,000 6 per cent. cumulative £10 preference shares and 420,000 £1 ordinary shares.

GAUMONT-BRITISH PICTURE CORPORATION.—Shareholders are asked to fill in a form from the shareholders' committee, approving the appointment of the committee, volunteering service on the committee, and approving the proposal to apply for a Board of Trade inspector. Shareholders are also asked to subscribe funds for expenses.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE trend of prices on the principal commodity markets was irregular this week, some quotations having risen and others fallen. Indeed, there are indications that the sharp reaction following the upward rush during the first three months of this year has almost exhausted itself. Consumers generally still purchase very cautiously. But some of them have allowed their stocks to run down to comparatively low levels and may soon be compelled to cover their requirements over the autumn and early winter. Consequently, any further declines may meet with more resistance in so far as they invite purchases.

Most non-ferrous metals, including copper, lead and spelter, staged a sizable recovery after last week's fall. Rubber prices varied within narrow limits, while world stocks, as estimated by Messrs Symington and Wilson, continued their downward trend during May. American raw cotton showed a further fall on reports indicating satisfactory crop conditions in the United States. This year's crop, however, has not yet passed through its critical period, and any adverse news, such as the spread of the boll weevil, might easily reverse the trend of prices rather sharply. The latest cable from Australasia indicates a firmer tone on the wool markets, but jute prices continued to decline on forecasts of a heavy crop.

Wheat prices recovered sharply on unfavourable crop reports from Canada. Raw sugar was also slightly dearer. Bacon, beef and mutton are practically unchanged in price, but eggs were marked up and Australasian butter was cheaper.

In the United States primary products showed a rising tendency. On Wednesday, Moody's index of staple commodity prices (December 31, 1931 = 100) stood at 201.7, against 198.3 a week ago, 209.5 a month ago and 168.2 last year.

COAL

SHEFFIELD.—Business in the coal market continues brisk, and the heavy pressure on inland account shows little sign of slackening. Collieries are working full time in most cases. There still remains a scarcity of graded steam and small coal for the manufacture of coke and for electricity works. On the export market, business is rather quieter, due partly to the fixing up of contracts for some little time ahead. An increase of a quarter of a million tons shipped from Humber ports for the first five months of the year is reported. The lack of suitable tonnage at the ports is said to be responsible for the falling off in business with Mediterranean countries. Prices remain firm.

WORKINGTON.—Local coke makers and Irish merchants want far more coal than is available. Landsale is dull, but what was formerly diverted to this market does not suffice materially to relieve coke makers and the Irish market. Prices are firm. Best round is 23s. 6d.; washed doubles, 22s.; washed singles, 21s., all per ton, f.o.b. Smalls, 15s. 6d.; best house coal, 35s. 8d.; house nuts, 34s. at station. Gas coal, 27s.; peal coal, 15s. 6d. to 16s. 6d.

NEWCASTLE-ON-TYNE.—The general tone of the North-East coal market is strong, the only difficulty which faces collieries being the inability of exporters to secure prompt tonnage to carry out their contract quantities. Despite the seasonal fall in trade, the Northumberland steam collieries are fully employed and have no coal for sale until the spring of next year. In the Durham section all collieries are working regularly under a steady export and home trade. Patent oven coke is a steady market, the feature still being the increasing demand from the iron and steel trade.

GLASGOW.—The mild weather has further restricted the demand for household coal, and although stocking by the depots has been encouraged by the recent price concessions, supplies are in excess of needs. As a result the wagon position has been adversely affected, and short-time adopted by several collieries in Lanarkshire. Otherwise production is very well taken up. Home industrial requirements remain on a large scale, and coastwise and Irish business is steady. Foreign inquiry is slow, but this is giving little concern to producers, who are well booked for some time ahead, and for prompt delivery have only occasional odd parcels available.

CARDIFF.—There has been a lull in the pressure of current inquiries on the Cardiff coal market this week, but collieries have been working practically up to the limits of their recent supplementary allocations,

and shipments at the South Wales ports last week totalled 431,800 tons, compared with 413,400 tons in the previous week and 312,968 tons in the corresponding period last year. The increase in the foreign and coastwise trades for the year to date exceeds 1,700,000 tons. Italy is reported to have placed further orders for delivery over 1938. Prices are very firm at recent levels, but the arrangements for co-ordinating local quotations with those of some of the other districts are not working entirely satisfactorily, and proposals are under consideration with a view of making them more effective. There is a scarcity of prompt suitable tonnage, and for the time being this disability is reacting unfavourably on exports.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates continuous pressure for deliveries against existing contracts and difficulties in placing new business. Many producers have sold their output until the end of the year and are unable to accept orders for any definite delivery.

Pig iron consumers are being carefully rationed, but in many cases they have arranged for limited supplies over the remainder of the year. A certain amount of foreign iron has been offered recently at high prices. Heavy imports of steel-making pig iron have relieved the steel works, but foundries, which are experiencing a heavy demand for their products, are handicapped by the prevailing stringency.

In the semi-finished steel section of the market, the scarcity of steel is severely felt. Arrangements have been made, however, under which it is hoped that all the consuming works will receive more regular supplies from British producers.

Home demand for finished steel is strong, but comparatively little new business is passing. Steelmakers have sold so far ahead that they are reluctant to accept fresh commitments although production appears to be expanding. There is an active export demand, but in view of the heavy home requirements only a portion of this can be satisfied.

MIDDLESBROUGH.—Very little new business is passing in Cleveland foundry pig iron. Although buyers would be willing to pay the new price which is applicable to deliveries after July 1st, makers are very heavily sold, and are not increasing their commitments for early delivery. A few orders have been placed for delivery later in the year at the new price of 101s. per ton for No. 3 Cleveland foundry pig iron. The situation regarding East Coast hematite pig iron has been relieved to some extent by the blowing-in of an additional furnace on this quality at a Cleveland works; the price is 122s. 6d. for mixed numbers East Coast hematite delivered locally, less 5s. per ton rebate. The increase in the quantity of semi-manufactured steel which has been imported, together with the local production, is not sufficient to meet the demands of re-rollers.

Specifications for manufactured steel on order are much in excess of production, although manufacturers are doing everything possible to increase supplies. Quotations are unchanged for finished steel. Local steel makers have received orders for 37,250 tons of steel rails for the London and North Eastern Railway.

Good Durham blast-furnace coke is now quoted at 40s. per ton delivered at the furnaces. Another steamer has arrived from Bilbao with a cargo of iron ore, and news regarding the possibility of further shipments is now awaited. Several small cargoes of iron and steel scrap have arrived in the river recently from the Continent. Prices for home supplies are based on heavy melting steel scrap No. 2 quality—67s. per ton for not less than 500 tons.

SHEFFIELD.—There is not much alteration in the state of the iron and steel market. With producers in all classes of pig iron fully sold under contract there is nothing for disposal in the way of small lots for immediate delivery. Some contracts are being arranged to the end of the year, but in virtually all cases the shortage of supplies, actual and prospective, makes scaling down, or rationing on the basis of preceding contracts, imperative. Foundry business is especially difficult to arrange, and forge is less easy to procure either for immediate delivery or under contract. The scarcity of East Coast hematite is less pronounced, and makers show greater readiness to enter into contracts. West Coast hematite business is still difficult to transact. There is a heavy shortage of basic steel billets, and producers are compelled to turn down valuable orders owing to their inability to accept further commitments. Acid billets, stainless steel in all its forms, bars, strip and wire rods are being called for in ever larger quantities. Prices are very firm but without change.

WORKINGTON.—The shortage of local coke is preventing the furnaces on North-West Coast hematite pig iron from yielding their maximum outputs. Short of 1,500 tons weekly, the additional quantity which the furnaces are capable of smelting, makers are quite unable to overtake the arrears into which deliveries have fallen. In three months' time it is hoped that the position will improve. Even then, however, makers will be compelled to exercise as much caution as is now being observed in increasing their commitments. Demand is substantially in excess of the output of the seven furnaces on hematite pig iron, and of the other three furnaces on basic iron and manganese alloys. There is

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CAPITAL -	-	Swiss Francs	40,000,000
RESERVES -	-	"	20,000,000
DEPOSITS -	-	"	384,500,000
TOTAL ASSETS -	-	"	485,700,000

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little movement in the market, and an early quickening is not to be expected. Prices are steady. Bessemer mixed numbers are at the fixed minimum level for users in the Midlands, South Wales and Scotland, but are considerably higher for any parcels sold to the Continent. They are £6 3s. per ton at Glasgow, £6 6s. at Sheffield, £6 8s. 6d. at Manchester, and £6 11s. at Birmingham, with 5s. 6d. to 16s. 6d. extra for special brands. Malleable iron is in keen demand at £6 15s. delivered at Birmingham, as is ferro-manganese, standing at £16 15s. home. The steel trade is strong. Fresh business is being pressed on makers already sure of a run of another twelve months. Barrow is on rails, hoops and strip, and Workington on rails, billets, bars and slabs. Last week's shipments from Workington included 260 tons of sleepers and 960 tons of billets coastwise. Native ore, at 24s. 6d. per ton f.o.t., is in adequate output for local consumers. There have been heavy imports of foreign iron ore at Workington.

GLASGOW.—Users of semi-finished steel in the West of Scotland are finding it exceedingly difficult to keep plants in operation. Stocks are practically exhausted and the supplies which are coming forward are quite inadequate for the business which has already been undertaken and for the requirements of consumers of the re-rolled products. Negotiations are in progress, which it is hoped will result in increased supplies of both Continental and British material, but in the meantime the shortage is causing considerable anxiety at many plants. Steelmakers are fully employed and output for many months ahead is already booked up. Great activity is maintained in all the manufacturing industries in this district and it is practically impossible to place business for early delivery with any of the iron and steel concerns.

CARDIFF.—Conditions in all branches of the iron and steel trade continue satisfactory with all the furnaces and mills working at their recently increased allotted capacity. Galvanised sheets are exceptionally firm, principally for the home market. Prices, however, are unaltered. Shipments of tinplates at Swansea last week slumped heavily compared with the previous week, but at 5,762 tons they were about 570 tons more than in the corresponding week last year. It is announced that further extensions are contemplated at the Cardiff works of the Guest Keen-Baldwins Iron and Steel Company.

OTHER METALS

COPPER.—The indications are that the fall in prices has been checked, at any rate for the time being. After fluctuating from day to day, the cash quotation showed a net gain of £1 15s. per ton in the week ended Wednesday. Meanwhile, production is on the increase. On the other hand, consumption is also gaining ground and the possibility that output restriction may be re-imposed must not be excluded. In the circumstances a further price advance would be likely if consumers re-entered the market with considerable buying orders.

Sales on the London Metal Exchange: 1,650 tons on Monday, against 3,250 tons last week; 950 tons on Tuesday, against 3,100 tons last week; 2,300 tons on Wednesday, against 3,100 tons last week. Domestic spot was quoted at 13-57½ cents per lb. in New York on Wednesday, against 13-22½ cents a week ago and 14-45 cents a month ago. Wednesday's official closing price for standard cash in London was £55 7s. 6d. to £55 10s. per ton, compared with £53 10s. to £53 15s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 10,767 tons, showed a decrease of 339 tons, while stocks of rough copper, at 9,487 tons, were 2,120 tons larger.

LEAD AND SPELTER.—Although business has been on a quiet scale, the undertone of the market has improved and both metals show a net advance of about £1 per ton on the week. Both remain sensitive to general psychological factors and might be expected to respond favourably to any improvement in market sentiment.

Sales of lead on the London Metal Exchange: 1,300 tons on Monday, against 3,250 tons last week; 900 tons on Tuesday, against 2,450 tons last week; 1,050 tons on Wednesday, against 2,150 tons last week. The New York quotation on Wednesday was 6-00 cents per lb., against 6-00 cents a week ago and 6-00 cents a month ago. Wednesday's official closing quotation in London for soft foreign for shipment during the current month was £22 18s. 9d. per ton, compared with £21 18s. 9d. last week.

Sales of spelter on the London Metal Exchange: 1,350 tons on Monday, against 2,900 tons last week; 350 tons on Tuesday, against 4,750 tons last week; 1,250 tons on Wednesday, against 2,600 tons last week. Wednesday's quotation in East St. Louis was 6-75 cents per lb., against 6-75 cents the week before and 6-75 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £21 per ton, against £20 5s. last week.

TIN.—The market has been adversely affected by the strike situation in the United States and by the general political tension. The tone has been irregular, while turnovers have been small. After fluctuating to lower levels in the early part of the period under review, the market rallied on Tuesday and Wednesday, quotations on the latter day showing little net change on the week. The recovery was not unconnected with the publication of the June issue of the Tin Research and Development Council's Bulletin, which discloses a strong statistical position.

World production during the first four months of 1937 totalled some 60,646 tons, whereas consumption amounted to 65,636 tons. In the year ended April, 1937, apparent consumption advanced by 11 per cent. to 173,683 long tons. That invisible stocks in the U.K. are being depleted is shown by the drop of 14-7 per cent. in British apparent consumption over this period. Meanwhile, during May 1937, world visible stocks fell by 786 to 23,027 tons—equivalent to only 13 per cent. of current annual consumption. The strength of the statistical position suggests that prices are unlikely to weaken in the immediate future.

Sales of tin on the London Metal Exchange: 305 tons on Monday, against 450 tons last week; 175 tons on Tuesday, against 300 tons last week; 245 tons on Wednesday, against 325 tons last week. The New York quotation on Wednesday was 55-85 cents per lb., against 55-12½ cents a week ago and 56-00 cents a month ago. Wednesday's official closing quotation in London for standard cash was £247 15s. to £248 per ton, compared with £247 15s. to £248 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 3,190 tons, a decrease of 22 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was quoted at £15 5s. to £15 5s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £68 per ton, ex warehouse, the same as last week. Chinese wolfram for "June-July" shipment was quoted at 63s. to 64s. per unit, c.i.f., compared with 62s. 6d. to 64s. 6d. last week. Refined platinum was quoted on Wednesday at £10 15s. per ounce, the same as last week.

TEXTILES

COTTON.—Manchester.—Fluctuations in raw cotton prices and uncertainty concerning the political situation abroad have had a restraining influence upon traders during the week, and only in isolated instances have

contracts been arranged for more than retail lots. Many ups and downs have occurred in raw cotton prices in Liverpool. It is not unusual for fluctuations to take place at this time of the year, when prices are influenced by weather reports from the United States cotton belt. Although favourable crop reports have been received, the weather news has been somewhat mixed, there being more reference to the possibility of the plants being damaged by boll weevil infestation.

Yarn prices have fluctuated according to the change in raw cotton quotations. Nearly all spinners are now protected by price agreements. In the American section fair weights have been booked in coarse and medium counts. Certain Egyptian spinners have sold rather more freely, not only in weaving qualities for Lancashire, but in descriptions suitable for Germany. In the cloth section, buyers have continued to display more interest in prices, and the opinion is gaining ground that if steadier conditions prevailed another buying movement might be experienced. A slightly improved inquiry has again been met with for India and scattered sales have been arranged, without individual contracts being at all important. Our exports to India for the five months ended May were the same period of 1936. It is hoped that some good will come from the pressure which is now being put upon the Government by the Joint Committee of Cotton Trade Organisations with regard to Indian trade. Fancies have attracted some attention for China, Java and the Straits Settlements. Some makers have done fairly well in printing and finishing styles for South America. Only necessary buying has taken place for the Dominions and the home trade.

Although spinners and manufacturers in Lancashire have not sold current production for several weeks, order lists remain healthy and there are no signs of price cutting.

Cotton Reorganisation.—The importance of dealing immediately with the internal reorganisation of the Lancashire cotton industry and the preservation of export markets was stressed in the annual report of the Joint Committee of Cotton Trade Organisations, adopted at the annual meeting in Manchester this week. After pointing out that for several months conditions in the Lancashire textile trade had been better than at any time during the last few years, the report stated that there was no general disposition to take an over-optimistic view of the future. Unless the opportunity was taken now to strengthen the industry's internal organisation and to secure more reasonable conditions of access to overseas markets, states the Joint Committee, it would have gained little and might even be worse off when it had to face the next depression. There was increasing anxiety in Lancashire to see the industry placed on a firmer basis of confidence which would enable it to undertake constructive measures of reform with a view to permanent recovery and fresh growth. A plea is made to the Government to give statutory authority to the reorganisation schemes in the manufacturing and finishing sections of the industry, so that they would apply equitably to all firms concerned.

COTTON PRICES

	1937				Corresponding Date	
	June 2	June 9	June 16	June 23	1935	1936
Raw Cotton—Mid. American per lb.	7-38	7-07	6-98	6-88	6-73	7-11
„ Sakellaridis Fully Good Fair						
Yarns—32's twist per lb.	11-52	10-90	10-05	10-10	7-96	9-08
„ 40's twist per lb.	14½	14½	14	13½	10½	10½
„ 60's twist (Egyptian) per lb.	19½	19½	19½	19½	15	16
32-in. Printers, 116 yds., 16 by 16, 32's and 50's per lb.	20 9	20 7	20 5	20 3	17 4½	17 7½
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's per lb.	28 4	28 1	27 10	27 8	24 0	25 0
38-in. ditto, 38 yds., 18 by 16, 10 lb.	11 6	11 6	11 6	11 6	10 4	10 4
39-in. ditto, 37½ yds., 18 by 15, 8½ lb.	10 6	10 6	10 6	10 6	9 2	9 4

WOOL.—Bradford.—There is a fair measure of interest in Colonial wools, and the market is rather firmer than a fortnight ago. New clip wools have met with a good reception at Brisbane during the past two weeks, the current level of prices being above quotations for tops in Bradford. The firm tendency of wool prices abroad is having a reassuring effect on Yorkshire, and expectations for lower prices, which have tended to hold up business, are waning.

The increased combing charges originally announced by the Commission Woolcombers' Association to come into force on July 5th is not altogether welcome news to the trade, but its postponement to August 30th shows that the combers are willing to meet a reasonable request on the part of topmakers. The increased combing charges average about ½d. per lb.

Active preparations are now being made by spinners and manufacturers for the spring and summer seasons of 1938, and it is expected that the opening of a new selling season next month will coincide with a fillip in wholesale purchases of men's and women's clothes and fabrics.

GRAIN MARKETS

WHEAT.—Business is rather limited and prices remain largely under the influence of crop reports. The market has shown a firmer tendency this week on reports of crop deterioration in Canada, fears of the spread of rust in the U.S. spring wheat belt and reports of rust damage in parts of the winter wheat belt. Crop news from Canada will be watched with close attention during the next few weeks.

On Wednesday last, "July" futures were quoted in Chicago at 11½ cents per bushel, against 110½ cents the week before and 118 cents a month ago. Quotations in London, Wednesday: No. 1 and No. 2, Northern Manitoba, ex ship, not quoted; No. 3, 46s. per 496 lbs., as against 47s. 6d. last week. According to the *Corn Trade News*, total shipments of wheat and flour last week amounted to 1,331,000 quarters, against 1,267,000 quarters in the previous week and 951,000 quarters in the corresponding week a year ago.

FLOUR.—The market remains quiet, with prices showing little alteration. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 40s. per 280 lbs., as against 40s. a week ago; delivered inner London, 39s. 6d., as against 39s. 6d. a week ago. Manitoba patents, ex store, 37s. 6d. to 39s., as against 37s. 3d. to 38s. 9d. a week ago. Australian, ex store, 32s. 6d. to 33s. 6d., as against 33s. a week ago.

BARLEY.—Business in imported feeding barley remains quiet. "July" futures were quoted at 65½ cents per bushel in Winnipeg on Wednesday, against 66½ cents last week. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 35s. to 36s., as against 35s. to 36s. a week ago; "English malting," at farm, 36s. to 42s., against 36s. to 42s. last week. California, ex ship, 50s. 6d. to 55s., as against 50s. 6d. to 53s. a week ago. Chilean, brewing, ex ship, 44s. 9d. to 50s., as against 44s. 9d. to 50s. a week ago.

OATS.—On Wednesday, "July" futures were quoted at 40½ cents a bushel in Chicago, against 39½ cents a week ago and 43½ cents last month. Quotations in London, Wednesday: "English black," at farm, 27s. to 28s., per 336 lbs., as against 27s. 6d. to 28s. 6d. a week ago; "English White," at farm, 27s. to 28s., as against 27s. 6d. to 28s. 6d. a week ago; mixed Canadian feed (Vancouver), landed, 25s. 6d. per 320 lbs., as against 25s. 9d. a week ago.

MAIZE.—Despite an improvement in prices on American markets, London quotations have again moved to a lower level. Present indications suggest that the United States maize crop will be a good one—with a consequent weakening of American demand for Plate maize. "July" futures were quoted on Wednesday at 117½ cents per bushel in Chicago, against 112 cents a week ago and 112½ cents last month. Quotations in London, Wednesday: "Plate," landed, 26s. 6d. per 480 lbs., as against 27s. 3d. a week ago; "Plate," ex ship, 25s. 6d., as against 26s. 3d. a week ago; "Plate," 25s. 6d., as against 26s. 3d. a week ago; yellow maize meal, ex wharf, was quoted at £6 15s. to £6 17s. 6d. per ton, as against £6 17s. 6d. to £7 last week.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-1937:—

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	June 24, 1936	Dec. 30, 1936	June 16, 1937	June 23, 1937
Winnipeg (No. 1, Manitoba) Cents per 60 lb.	82½	84½	83½	129	123	126½
Chicago (No. 2, Winter) Cents per 60 lb.	98½	101½	95½	135½	110½	113½

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1933-34 to 1936-37.

	1933-1934	1934-1935	1935-1936	1936-1937
Estimated sales of home-grown wheat—				
1 week to June 19	94,928	116,452	81,355	135,717
42 weeks to June 19	9,720,177	12,873,947	12,799,402	10,324,974
Average price of English wheat per cwt.	s. d. 5 5	s. d. 5 6	s. d. 6 8	s. d. 9 9

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding weeks in each of the years from 1933 to 1936:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
June 17, 1933.....	Cwts. 49,891	Cwts. 19,588	Cwts. 9,807	s. d. 6 5	s. d. 7 0	s. d. 5 10
June 16, 1934.....	94,928	5,636	18,904	5 5	7 2	6 2
June 22, 1935.....	116,452	18,432	11,719	5 6	7 0	5 2
June 20, 1936.....	81,355	6,541	23,268	6 8	7 7	6 3
June 12, 1937.....	163,791	6,712	32,662	9 10	9 9	9 2
June 18, 1937.....	135,717	6,496	18,135	9 9	9 6	9 1

OTHER FOODS

BACON.—With a sustained demand for all descriptions, the market has continued firm. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 86s.; Canadian, 79s.; Danish, 87s.; against 86s., 77s., and 87s. last week. Arrivals in London last week included: Danish, 14,124 bales; Canadian, 7,216; Dutch, 2,430; Lithuanian, 1,038; and Polish, 3,324; as against 13,548, 7,628, 2,270, 1,230 and 2,602 bales, respectively, in the previous week.

BUTTER.—After a steady opening, the market developed a slow tone, and prices of Colonial makes were a shade easier. Quotations (per cwt.) on the London Provision Exchange on Monday were: New Zealand, finest salted, 110s.; Australian, choicest salted, 108s.; Danish, 115s.; compared with 111s., 110s., and 114s. to 115s., respectively, a week ago.

CHEESE.—Prices show little alteration. English and Colonial makes have been in steady demand, with Dutch showing a rather firmer tone. No English Cheddar is quoted on the London market. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: Canadian, finest coloured, 78s. to 80s.; and New Zealand, finest coloured, 73s. to 73s. 6d.; against 78s. to 80s. to 73s. 6d., respectively, a week ago.

COCOA.—Quotations are about unchanged on the week. The spot quotation in New York on Wednesday was 7½ cents per lb., as against 7½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "October-December," was quoted at 34s. 3d. per 50 kilos, c.i.f. Continent, against 34s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 5,169 bags; delivered, for home consumption, 6,712 bags; exported, 560 bags; stocks, 286,970 bags, against 171,234 bags a year ago.

COFFEE.—The London spot market ruled quietly steady. The New York market has had a quiet tone. On Wednesday, Rio No. 7 (cash) was quoted at 9½ cents per lb. in New York, as compared with 9½ cents per lb. last week and 9½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 182 cwt.; delivered for home consumption, 215 cwt.; exports, nil; stocks, 1,983 cwt., against 10,363 a year ago. Central and other South American: Landed, 1,164 cwt.; delivered for home consumption, 2,093 cwt.; exported, 501 cwt.; stocks, 116,782 cwt., against 121,542 last year. Other kinds: Landed, 922 cwt.; delivered, for home consumption, 2,620 cwt.; exported, 475 cwt.; stocks, 116,273 cwt., against 168,814 last year.

EGGS.—Demand has been more active and prices are showing a seasonal improvement. At Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 11s. 9d. to 12s. 3d. per 120, against 11s. to 11s. 3d. last week; while Danish (15½ lb.) made 8s. 6d. to 9s., as against 8s. to 8s. 6d. last week.

FRUIT.—With supplies somewhat short and demand active, business at Covent Garden has remained good, states *The Fruitgrower*. Good supplies of strawberries have improved in quality and have sold well. Cherries also made a good show, prices ranging from 8d. to 10d. per lb. for Rivers and from 5d. to 7d. for Whiteheart. Apples held the slight improvement shown last week and have been a consistent trade, notwithstanding the competition of soft fruit. Pears are steady. French black and red currants sold well, and green gooseberries have been an active item. Hothouse grapes have eased with increasing supplies, but smaller arrivals of South African cleared steadily. Melons sold well, but peaches and

nectarines declined on heavier supplies. Grapefruit rose in price, and lemons remained short and dear. New season South African oranges met a good reception and are showing excellent quality.

MEAT.—Business at Smithfield has been patchy, with prices about unchanged. On Wednesday last, Argentine chilled hindquarters were quoted at 4s. 2d. to 4s. 6d. per 8 lbs., as compared with 4s. 2d. to 4s. 10d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,232 tons, a decrease of 266 tons on the corresponding week last year. Beef and veal accounted for 4,595 tons, mutton and lamb 2,653, and pork and bacon 561, as compared with 4,885, 2,526 and 640 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, Singapore white Muntok, spot, was quoted at 6d. per lb. in bond, against 6d. per lb. a week earlier. Black Lampung, spot, in bond, was quoted at 3d. per lb. sellers, compared with 2½d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, 15 tons; delivered, 5 tons; stocks, 1,997 against 1,756 last year. White, landed, 8 tons; delivered, 22 tons; stocks, 11,847 tons, compared with 12,076 a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 10s. per cwt., ex warehouse, on Wednesday, as compared with 10s. per cwt. a week ago. "June-July," in singles to Continent and U.K., was quoted at 9s. per cwt., against 9s. last week. Movements in London last week were as follows: Landed, 211 tons; delivered, 45 tons; stocks, 1,654 tons, against 1,668 a year ago.

SUGAR.—The London market in raw sugar was steady, with prices a shade higher on the week. In New York, similar conditions prevailed. The New York spot quotation was 3-45 cents on Wednesday, as compared with 3-40 cents per lb. last week and 3-35 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August" delivery at 6s. 7½d. to 6s. 8½d., against 6s. 6½d. to 6s. 7½d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 3,537 tons, against 24,752 in the previous week and 11,832 in the same week of 1936; deliveries, 16,153 tons, against 13,941 and 21,976 tons, respectively; stocks, 194,920 tons, against 207,536 and 140,705 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
June 18, 1936	d.	d.	d.	d.	d.	d.	d.
May 11, 1937	12-20	12-26	13-13	10-17	9-95	11-44	12-25
" 27, "	15-58	16-58	17-15	Nil	Nil	14-83	16-23
" 27, "	14-76	15-25	16-11	13-24	12-17	14-03	15-10
June 3, "	14-26	14-42	15-25	12-63	11-99	13-56	14-48
" 10, "	14-57	14-61	15-12	13-73	12-15	13-94	14-67
" 17, "	14-67	14-62	15-06	13-11	12-45	13-70	14-51

At this week's public auctions in Mincing Lane, 22,157 packages of Indian and 25,759 packages of Ceylon tea came up for disposal. The Indian grades met a good general demand. Early Dooras teas were well competed for at prices about 2d. per lb. higher than opening rates at the corresponding sale a year ago. Travancore sold readily, the leaf grades being a little dearer and others showing some irregularity. Southern Indian teas were steady. In response to an active demand, all Ceylon teas realised rather higher prices—particularly Fannings.

VEGETABLES.—Although demand at Covent Garden remains good, tomato prices have fallen in consequence of rapidly increasing supplies, states *The Fruitgrower*. Cucumbers have sold well but, here again, prices weakened on heavier arrivals. Lettuce, radishes and spring onions all sold well, and forced marrows held their price. New carrots are an active item. Decreasing supplies of asparagus sold well at higher rates. Green peas, in moderate supply, realised 8s. to 12s. per half bag. Meanwhile, at the Borough Market, old crop potatoes attracted a moderate business at generally steady prices, best siltland King Edward making from 9s. 6d. to 10s. 6d. per cwt. on Tuesday, the same as a week ago. New potatoes were in brisk demand, with Cornish quoted at 12s. to 14s., Lincolnshire at 13s. to 14s., Bedford at 13s. to 14s., and Jersey at 11s. to 13s. per cwt., ex market.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Most sections are quiet and conditions generally are easier. This is the "off" season, and the unsettled political outlook in Europe and labour troubles in America are not conducive to an improvement on the market. Linseed has been in some demand on the Continent, chiefly for Plate, but trade here has been confined to Calcutta afloat to Hull, for which £14 has been paid. Crushers' requirements just now are restricted owing to the poor demand for oil and cake. Shipments from Argentina continue at a moderate level and the quantity afloat is maintained, that destined for Europe being 99,900 tons (including 31,300 tons from India), and for the United States 57,000 tons. Argentina has exported over 1,100,000 tons this year, of which over 450,000 tons has been for the United States and Canada. Crop news from America continues favourable, and in Argentina conditions for ploughing and sowing are satisfactory. The balance of the old Egyptian cottonseed is moving off slowly, and comparatively poor prices are being obtained by shippers. Business in black on passage to Hull has been done down to £7 and remains steady at that figure. New crop for September loading is offered at £7 5s. per ton, but little inquiry is reported. In the oil market linseed oil has further declined by about 15s. per ton, but demand is very disappointing. Large quantities of foreign linseed oil have been imported recently. Cotton oil is slow and has further declined in price. Crude Egyptian ex Hull is offered freely at £26 10s. per ton. Oilcakes are in restricted demand, deliveries being about normal for the season of the year.

RUBBER.—Last week's advance was not held and prices, both in London and New York are a shade lower. American labour troubles and political uncertainty in France find their reflection in the rubber market. Meanwhile, the decline in United Kingdom stocks continues. In the absence of any important business, the meeting of the Rubber Regulation Committee arranged for June 29th has been carried forward to Tuesday, July 20th. The spot price in New York on Wednesday was 19½ cents per lb., compared with 19½ cents per lb. a week ago and 20½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 9½d. per lb., as against 9½d. on the corresponding 9½d. for "August" shipments, as against 9½d. to 9½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 43,653 tons, against 44,564 tons a week earlier. A year ago stocks amounted to 124,261 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, June 23rd

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, Etc.—				English King Edward	s. d. s. d.			English Southdown, greasy, per lb.	s. d. s. d.		
Wheat—				Jersey new	9 6 10 6			Lincoln hog, washed	0 6 0 7		
No. 2, N. Man. 496 lb.					11 0 13 0			Queensland, sed. super embg.	0 9 0 9 1		
Eng. Gaz. av., per cwt.	9 9							N.S.W. greasy, super embg.	0 7 0 8 1		
Barley, Eng. Gaz. av.	9 6							N.Z., grey, half-hired 50-56	0 6 0 7		
Oats—	9 1							Crossbred 40-44	0 7 0 11 1		
Maize, La Plata, landed				SPICES—							
480 lb.	26 6			Pepper, per lb.	0 3						
Flour, Lon. stan. ex mill,				White Muntlock	0 6						
280 lb.	38 3			Cinnamon—1st sort, per lb.	0 8 1						
Rice No. 2 Burma, per cwt.	9 0			Cloves—Zanzibar, per lb.	0 9 1						
				Ginger—per cwt.							
				African	61 6						
				Jamaica, ord. to good	65 0 90 0						
				Mace	1 10 2 4						
				Nutmegs, 65's	0 11 1						
				SUGAR—							
				(Duty, 11/8 per cwt.)							
				Centrifugals, 96%, prpt.							
				Shipm. c.i.f. U.K./Cont.	6 8						
				B.W.I., crystallised	17 3 19 0						
				Java, white, c. & f. India							
				Oct-Dec.	Nominal.						
				REFINED—London—							
				Yellow Crystals	19 10 1						
				Cubes	24 1 1 24 7 1						
				Crushed	20 3 21 1 1						
				Granulated	20 1 20 4 1						
				Home Grown							
				TEA—							
				Indian—per lb.—							
				Pekoe	1 2 1 2						
				Broken Pekoe							
				Orange Pekoe	1 2 1 3 1						
				Broken Orange Pekoe							
				Ceylon—per lb.—							
				Pekoe	1 2 1 7						
				Broken Pekoe	1 2 1 5 1						
				Orange Pekoe	1 2 1 6 1						
				Broken Orange	1 2 1 6 1						
				OTHER FOODS							
				BACON—							
				English long sides	86 0						
				Argentine chilled hinds	83 0 91 0						
				Mutton, per 8 lbs.—	87 0						
				English wethers	83 0						
				N.Z. frozen	87 0						
				Lamb, per 8 lbs.—	83 0						
				N.Z. frozen							
				Pork, English, per 8 lbs.							
				HAMS—							
				Canadian	94 0 97 0						
				United States	95 0 97 0						
				BUTTER—							
				Australian	108 0						
				New Zealand	110 0						
				Danish	115 0						
				CHEESE—							
				Canadian, per cwt.	78 0 80 0						
				New Zealand	73 0 73 6						
				English Cheddars							
				Dutch	52 0 57 0						
				COCOA—							
				(Duty, British grown,							
				11/8; foreign, 14/- cwt.)							
				Colombian, good	34 0 34 6						
				Accra, f.f. per cwt.	70 0 80 0						
				Trinidad	60 0 65 0						
				Grenada							
				COFFEE—							
				(Duty, British grown,							
				4/8; foreign, 14/- cwt.)							
				Santos supr. c. & f. cwt.	53 0						
				Colombian, good	58 0 65 0						
				Costa Rica, med. to good	64 0 90 0						
				East Indian	70 0 90 0						
				Kenya, medium	58 0 72 0						
				EGGS—							
				English, per 120	11 9 12 3						
				Danish	8 6 9 0						
				FRUIT—Oranges—							
				S. African	12 0 20 0						
				Brazilian	10 0 17 0						
				Lemons, Malaga	25 0 29 0						
				Sicilian							
				Apples: Amer. (var.) bris.							
				(var.) boxes							
				Australian	8 0 14 0						
				Onions—							
				Valencia, case	5 6 6 6						
				Egyptian, bags							
				Grapes, Almeria, barrels	12 0 22 0						
				Grapefruit, S. African	16 0 21 6						
				LARD—							
				Irish, finest bladders	66 0 74 0						
				U.S.	64 0 64 6						

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

UNITED STATES

New York quotations unless otherwise stated

	June 24, 1936	May 26, 1937	June 16, 1937	June 23, 1937		June 24, 1936	May 26, 1937	June 16, 1937	June 23, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	95 1/2(c)	120(b)	110 1/2(c)	113 1/2(c)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-75	3-35	3-40	3-45
Maize, nearest future, Chicago, per bushel	67(c)	139 1/2(b)	112(c)	117 1/2(c)	Cotton, middling, spot, per lb.	12-16	13-16	12-43	12-71
Oats, nearest future, Chicago, per bushel	29 1/2(c)	56 1/2(b)	39 1/2(c)	40 1/2(c)	Rubber, smoked sheet, spot, per lb.	15 1/2	20 1/2	19 1/2	19 1/2
Rye, nearest future, Chicago, per bushel	65(c)	117 1/2(b)	84 1/2(c)	86 1/2(c)	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	104	116	116	116
Barley, nearest future, Chicago, per bushel	45(c)	68(b)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	8-95	14-45	13-22 1/2	13-57 1/2
Coffee, Rio No. 7, cash, per lb.	6 1/2	9 1/2	9 1/2	9 1/2	Copper "Electrolytic," Export prompt, per lb.	9-17 1/2	14-67 1/2	13-45	13-80
" Santos No. 4, cash per lb.	8 1/2	11 1/2	11 1/2	11 1/2	Spelter, East St. Louis, spot, per lb.	4-85	6-75	6-75	6-75
Cocoa, Accra, nearest future, per lb.	5-96	7-20	7-20	7-13	Lead, spot, per lb.	4-60	6-00	6-00	6-00
					Tin, " Straits," spot, per lb.	42-75	56-00	55-12 1/2	55-85

(a) Nominal. (b) May futures. (c) July futures.

THE ECONOMIST

BUDGET SUPPLEMENT

SATURDAY, APRIL 10, 1937

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THE NATIONAL ACCOUNTS 1936-37

THE financial year 1936-37 closed with a small deficit of £5½ millions. This result is largely due to a remarkable speed-up during March in expenditure on defence. Expenditure on the Supply Services in that month was more than 45 per cent. higher than the average of the preceding eleven months.

The exact total of the deficit is £5,597,191. As in every one of recent years, however, it is necessary to explain that surpluses and deficits are defined, in British Treasury practice, on somewhat peculiar lines. The year's expenditure includes £13,127,270 of debt redemption, for which no provision was made in the Budget. If ordinary revenue be compared with ordinary expenditure, there is, in fact, a surplus of £7,530,079. Even this, however, is not a true surplus in any ultimate sense. At least one of the items on the revenue side (the "raided" balance of the Road Fund) should not strictly be regarded as current revenue, while the expenditure on interest on the National Debt does not include any provision for the interest on Savings Certificates which accrued, but was not paid, during the year. In the year 1935-36 this item amounted to £9,000,000 and was probably no less in the year just ended. In the strict sense there was a deficit in the year 1936-37.

The deficit was due in minor degree to a failure of the revenue to come up to the estimates. The figures are as follows:—

REVENUE, 1936-37			
(000's omitted)			
	Actual Receipts	Larger (+) or Smaller (—) than Budget Estimate, 1936-37	Actual Receipts, 1935-36
Income Tax	257,237	+ 1,763	+ 19,163
Sur-tax	53,540	+ 2,960	+ 2,520
Estate, etc., Duties	87,990	+ 1,010	+ 70
Stamps	29,140	+ 2,140	+ 3,340
Other Inland Revenue	1,730	+ 230	+ 355
Total Inland Revenue	429,637	+ 3,363	+ 25,093
Customs	211,282	+ 3,757	+ 14,640
Excise	109,500	+ 500	+ 2,800
Total Customs and Excise	320,782	+ 3,257	+ 17,440
Motor Vehicle Duties (Exchequer share)	5,300	+ 300	+ 323
Total Tax Revenue	755,719	+ 406	+ 42,856
Post Office (net receipt)	10,970	+ 286	+ 700
Post Office Fund	100	+ 100	+ 100
Crown Lands	1,350	—	+ 10
Sundry Loans	4,550	+ 450	+ 384
Miscellaneous Receipts	24,601	+ 649	+ 2,862
Total Ordinary Revenue	797,289	+ 1,092	+ 44,369

All three of the main direct taxes fell short of the estimate—a fact which tends to show that the estimating in the last Budget was less conservative than usual, as was

suspected at the time. Sur-tax, in particular, seems to have been the subject of a somewhat optimistic expectation. Customs revenue is well above the estimate, assisted both by the expanding volume of imports and also, so far as *ad valorem* duties are concerned, by the rise in prices. Stamps also show a very healthy increase.

The major responsibility for the deficit is to be sought in the excess of expenditure over the estimates:—

EXPENDITURE, 1936-37				
(000's omitted)				
	Actual Issues	Budget Estimates, 1936-37	Larger (+) or Smaller (—) than Final Estimates, 1936-37	Actual Issues, 1935-36
Interest and Management of National Debt	210,873	+ 13,127	+ 13,127	+ 661
Payments to N. Ireland	7,996	+ 496	+ 496	+ 792
Other Consolidated Fund Services	3,240	+ 40	+ 40	+ 2,409
Post Office Fund	421	+ 179	+ 179	+ 706
Total Consolidated Fund	222,529	+ 12,771	+ 12,771	+ 2,984
Army, Navy and Air Votes	186,072	+ 7,821	+ 2,132	+ 49,123
Civil and Revenue Votes (exc. Post Office)	381,158	+ 3,188	+ 8,726	+ 6,107
Total Supply Services (exc. Post Office)	567,230	+ 4,633	+ 10,858	+ 55,230
Total Ordinary Expenditure	789,759	+ 8,138	+ 23,629	+ 52,246
New Sinking Fund	13,127	+ 13,127	+ 13,127	+ 661
Total Expenditure	802,886	+ 4,969	+ 10,502	+ 52,907
SELF-BALANCING REVENUE AND EXPENDITURE, 1935-36				
(000's omitted)				
	Actual Revenue or Expenditure	Budget Estimate, 1936-37	Larger (+) or Smaller (—) than	Actual Figures, 1935-36
Post Office	71,880	+ 64	+ 5,800	
Road Fund	27,427	+ 927	+ 1,652	
Total	99,307	+ 893	+ 7,452	

It is obvious at a glance that the explanation lies in the heavy defence expenditure. In his Budget last April, Mr Chamberlain allowed £20 millions for Defence Supplementary Services, but even this amount proved to be nearly £8,000,000 too small. The expenditure on the Civil Services, on the other hand, was more than £3,000,000 below the Budget estimate.

The deficit is not particularly encouraging to the taxpayer. On the assumption that the provision for the National Debt will remain unchanged, the Chancellor will have to find at least £36.2 millions more revenue in 1937-38.

than in the year that has just expired. This figure will be increased in so far as he thinks it advisable to make provision for Supplementary Estimates. Probably the closest approximation that the layman can make, after allowing for the natural buoyancy of the revenue in a period of expanding trade, is that the Budget of 1937 will balance if there is no provision for Supplementaries. But the Chancellor will have to impose fresh taxation if he anticipates over-spending in any Department in the course of the year.

The final table shows the aggregate receipts and outgoings during the last six years and also in 1929-30 and 1913-14. These figures include the self-balancing items:—

	Revenue (£000)	Expenditure* (£000)	Surplus (£000)	Deficit (£000)
1913-14	198,243	197,493	+ 750	...
1929-30	814,970	829,494	...	- 14,524
1931-32	851,482	851,118	+ 364	...
1932-33	827,031	830,354†	...	- 3,323‡
1933-34	809,379	774,927‡	+ 34,452‡	...
1934-35	804,629	797,067	+ 7,562	...
1935-36	844,775	841,834	+ 2,941	...
1936-37	896,596	902,193	...	- 5,597

* Includes allocations to Sinking Fund.

† Excluding war debt payment to America, and the deficiency of £15.3 millions in the allocation originally made for sinking fund.

‡ Disregarding war debt payments of £3.3 millions to America.

REVENUE

BEFORE proceeding to examine the salient features of the trend of revenue under the various heads, we show below a comparison of Exchequer receipts during the past four years with those of 1929-30 and 1913-14:—

REVENUE (£ millions)						
	1913-14	1929-30	1933-34	1934-35	1935-36	1936-37
Customs.....	35.5	119.9	179.2	185.1	198.6	211.3
Excise.....	39.5	127.5	107.0	104.6	106.7	109.5
Total.....	75.0	247.4	286.2	289.7	305.3	320.8
Income Tax.....	43.9	237.4	228.9	228.9	238.1	257.2
Surtax.....	3.3	56.6	52.6	51.2	51.0	53.6
Estate, etc., Duties.....	27.4	79.8	85.3	81.4	87.9	88.0
Stamps.....	10.0	25.7	22.7	24.1	25.8	29.1
E.P.D.	...	2.3	1.8	2.3	1.3	1.0
Corporation Profits Tax.....	...	0.9	0.8	0.8	0.8	0.7
Land Tax, etc.	3.4	...	...	...	...	...
Total Inland Revenue.....	88.0	402.7	392.1	388.6	404.9	429.6
Motor Vehicle Duties.....	...	4.9	5.2	5.1	5.0	5.3
Tax Revenue.....	183.0	655.1	683.5	683.4	713.2	755.7
Crown Lands.....	0.5	1.3	1.2	1.3	1.4	1.3
Sundry Loans.....	1.6	32.6	4.7	4.4	4.9	4.6
Miscellaneous.....	2.3	38.4	22.1	15.1	21.7	24.6
Post Office, Net Receipt, & Fund.....	6.2	9.0	13.1	12.3	11.7	11.1
Non-Tax Revenue.....	10.6	79.3	41.1	33.1	39.7	41.6
Total Ordinary Revenue.....	173.6	734.4	724.6	716.5	752.9	797.3
Self-balancing Revenue:						
Post Office.....	24.6	58.9	59.3	61.8	66.1	71.9
Road Fund.....	...	21.9	25.5	26.4	25.8	27.4
Total Revenue.....	198.2	815.2	809.4	804.7	844.8	896.6

Inland Revenue collected in 1936-37 has risen by the appreciable amount of £24.7 millions, or 6 per cent., and has practically reached the 1930-31 level. But there is still some way to go before the £449.5 millions of 1931-32, the peak year, is approached. This class of revenue, moreover, fell short of estimates by £3.4 millions. Income Tax rose fairly sharply, but although surtax turned upwards (as was expected, owing to the time-lag) for the first time since the depression, it was £3 millions below the 1936 Budget estimate. De... Duties were virtually unchanged, but Stamps rose by 11 per cent., and apart from Customs, were the only important revenue item to exceed estimates.

Receipts from Customs again rose sharply, by 7½ per cent., and were no less than £75 millions above receipts in 1931-32. Excise revenue has varied little in the past four years, Customs being responsible for the recent changes shown below:—

DIRECT AND INDIRECT TAXES			
	Direct £ million	% of Total	Indirect £ million
1913-14	78.0	47.8	85.0
1929-30	376.9	58.0	273.3
1932-33	392.3	56.1	307.3
1933-34	369.4	54.3	308.9
1934-35	364.5	53.7	313.8
1935-36	379.1	53.5	329.1
1936-37	400.5	53.4	349.9

Direct taxes have been taken to include all Inland Revenue duties except Stamps, while indirect taxes cover Customs, Excise and Stamps. Motor vehicle duties have been ignored, though in future years they may have to be taken into account.

Customs and Excise.—These receipts have again reflected the general expansion of trade and of purchasing

power, the increase being rather more than was expected. Actual receipts in recent years are shown in the following table:—

	1929-30	1933-34	1934-35	1935-36	1936-37
Customs.....	£m. 119.9	£m. 179.2	£m. 185.1	£m. 198.6	£m. 211.3
Excise.....	£m. 127.5	£m. 107.0	£m. 104.6	£m. 106.7	£m. 109.5

Estimates of revenue from Customs were £207.5 millions for 1936-37, or £4.3 millions below actual receipts, but the 1935-36 estimate of £188.6 millions had been exceeded in that year by as much as £8.1 millions. Excise receipts have again shown a want of buoyancy; in 1935-36 the estimate was just exceeded, while the latest year's receipts are £500,000 below the £110 millions expected. The Customs receipts will have been influenced by the only important change in duty under the 1936 Budget, which was the imposition of a further 2d. per lb. on tea—estimated to provide an additional £3½ millions. A surtax of £1 per 36 gallons on beer from non-Empire sources was levied, and minor Key Industry duties were added, but the effect of these was estimated to be inappreciable.

Details of net receipts from selected items in 1935-36 and earlier years appear below:—

CUSTOMS AND EXCISE DUTIES—NET RECEIPTS (000's omitted)						
	1913-14	1929-30	1932-33	1933-34	1934-35	1935-36
Spirits.....	£ 23,976	£ 42,599	£ 34,499	£ 33,453	£ 32,363	£ 34,917
Beer.....	13,655	77,151	73,725	58,955	58,698	60,798
Wine.....	1,152	4,881	3,755	4,142	4,397	4,832
Tea.....	6,499	43	4,217	3,935	3,934	11,623
Sugar, etc.....	3,329	13,549	12,632	12,204	11,759	74,984
Tobacco.....	18,284	62,794	67,229	67,523	70,681	45,129
Matches and mechanical lighters.....	...	4,170	3,813	4,025	4,115	4,129
Hydrocarbon oils.....	...	15,042	35,310	40,408	42,300	7,806
Entertainment duty.....	...	6,696	9,314	9,235	9,724	4,359
Liquor licences, etc.....	4,517	4,587	4,529	4,390	4,389	4,078
Other revenue duties.....	3,815	3,899	3,771	3,788	3,629	...
Total revenue duties.....	75,227	235,411	252,794	241,958	245,967	256,827
Hops.....	...	206	43	189	163	138
Silk and artificial silk.....	...	6,243	6,134	7,362	5,231	5,781
"McKenna" duties.....	...	3,692	1,406	1,448	1,899	2,382
Safeguarding of Industry duties.....	...	2,431	607	630	677	740
Abnormal importations.....	...	...	195	5	...	...
Horticultural products.....	...	...	...	...	...	...
Import Duties Act, 1932.....	...	...	21,681	22,827	23,735	24,661
Ottawa duties.....	...	...	1,790	7,705	7,526	8,118
Duties on I.F.S. goods.....	...	...	2,514	4,551	4,991	5,422
Total protective duties.....	...	12,572	34,961	44,497	43,925	47,183
Grand total.....	75,227	247,983	287,756	286,455	289,893	303,821

* In 1913-14 the motor spirit duty (repealed 1921) yielded £841,000, and is included with "Other revenue duties."

† Including British wine, table waters, cider and perry, cocoa, coffee, chicory and substitutes, dried or preserved fruits, betting duty, railway passenger duty, patent medicines, other licences, and miscellaneous.

Under the 1935 Finance Act, the principal changes were a reduction of entertainments tax on certain classes of performances (abolition of duty on prices up to 6d. and a reduction thereafter), and an increase of 1d. to 8d. per gallon in the duty on heavy oil used in road transport. This latter duty, which brought in roughly a further £1 million, was required less for additional revenue than to protect the Exchequer from loss arising from the growing use of heavy oil (then enjoying a much lower duty) in the place of petrol. Minor revisions of duty were made during the year, but though unimportant they were nearly all reductions. The chief increase in actual net receipts was that yielded by tobacco, receipts from which exceeded the previous year by £4.3 millions and estimates by £2.7 millions. Petrol and oil duties provided nearly £3 millions more, and were about £1 million over the Budget estimate. The next largest rise was shown by spirits. The proceed-

of entertainments duty fell below both the previous year and the 1935-36 estimate, but the fall is attributable to the lower scale and not to a decline in attendances. Sugar duties surprisingly yielded slightly less, for although the expected increase was only small owing to the growing cost of preferences, refined sugar retained for consumption was about the same. The following table shows the consumption in the past two years of this and the other main dutiable articles:—

(In millions)			
	1929-30	1934-35	1935-36
Spirits..... proof galls.	12.2	9.4	10.2
Beer..... standard barrels	20.7	16.7	17.3
Tea..... lbs.	401.7*	431.4	446.0
Sugar: refined equivalent cwt.	35.7	39.7	39.7
Tobacco..... lbs.	151.5	159.0	168.8
Artificial silk—home-made lbs.	56.0	97.5	117.2
Light hydrocarbon oil ... galls.	903.0	1,192.0	1,246.1

* 1928-29.

The most striking increase is that of tobacco, while consumption of spirits shows a rise for the first time since 1927-28. The annual Customs and Excise Report for 1935-36 points out that the total revenue of nearly £304 millions was the highest since 1921-22, at which period, however, beer and spirits, tea, sugar, cocoa and coffee duties contributed 90 per cent. of the total, against less than two-thirds of the latest figure.

Inland Revenue.—In 1936-37, Inland Revenue taxes yielded £429.6 millions, against an estimate of £433 millions, and receipts in the previous year of £404.9 millions. Within the past eleven years, this total has only once been exceeded, with £449½ millions in 1931-32. The rise of £41 millions in two financial years is proof of notable buoyancy, but the 1936-37 receipts fell short of the estimate of £433 millions by as much as the Customs exceeded expectations.

Income Tax.—Receipts of £257.2 millions are £1.8 millions below estimate, and are thus in contrast with the surpluses under this head of £5½ and £9½ millions in 1935-36 and 1934-35 respectively. Compared with the 1935-36 receipts of £238 millions, it was estimated in the 1936 Budget that in the 1936-37 financial year a further £10 millions would be received on the then basis of taxation, that the increase of 3d. in the standard rate would produce £12 millions, while £1 million could be saved on income tax avoidance (mostly in the form of educational trusts). The additional personal and children's allowances, on the other hand, were expected to cost £2 millions in that period. The net gain in a full year was put at £12½ millions, or £14 millions from the higher rate, £2½ millions from tax avoidance, and a cost of £4 millions for allowances. Income tax receipts in 1913-14, and in and since 1929-30, together with the standard rate, are shown below:—

INCOME TAX*						
Year	Exchequer Receipts	Standard Rate of Tax in the £	Net Yield† per Penny	Year	Exchequer Receipts	Standard Rate of Tax in the £
1913-14	£ Mn. 43.9	s. d. 1 2	£ Mn. 3.11	1932-33	£ Mn. 251.5	s. d. 5 0
1929-30	237.4	4 0	4.87	1933-34	228.9	5 0
1930-31	256.0	4 6	4.58	1934-35	228.9	4 6
1931-32	287.4	5 0	4.58	1935-36	238.1	4 6
				1936-37	257.2	4 9

* For 1913-14, the United Kingdom; from 1929-30 onwards, Great Britain and Northern Ireland only.

† Calculated on basis of net produce of tax. ‡ Estimate.

The rise in Exchequer receipts between 1934-35 and 1935-36 of £9.2 millions resulted from an increase from £2,616 millions to £2,740 millions in actual income (i.e. gross income less exemptions and deductions for depreciation, etc., but before subtracting earned and personal allowances). The latter amount exceeds the 1931-2 actual income of £2,725 millions (the previous highest), but whereas in 1935-36 income under Schedule E (salaries and wages) was £46 millions more, that under Schedule D (profits from businesses and professions) was still £42 millions below the 1931-2 level. The following table analyses for recent

years the actual income coming under the review of the Inland Revenue:—

ANALYSIS OF ACTUAL INCOME					
Schedule	Income from	1913-14	1933-34	1934-35	1935-36 Estimates
		(£000)	(£000)	(£000)	(£000)
A	Land, house, etc., ownership	175,662	297,844	304,119	312,500
B	Occupation of lands, etc.	5,373	28,441	29,318	29,500
C	British, Dominion and Foreign Govt. securities	47,776	151,865	148,277	148,000
D	Business, Professions, etc.	584,346	756,405	828,954	880,000
E	Salaries of Government, Corporation and Public Company Officials and Employments,*	...	766,402	786,640	820,000
	Ditto, weekly wage-earners	...	504,116	518,329	550,000
Total		951,041	2,505,073	2,615,638	2,740,000

* Prior to 1923-24, employments (including weekly wage-earners) were assessed under Schedule D.

From the total 1935-6 actual income, there were deducted earned income and personal allowances of £1,440 millions, or about £59 millions more. Through the operation of allowances, 4½ million persons out of the estimated 8.1 million persons receiving income above the effective exemption limit of £125 a year, were entirely relieved from tax.

Surtax.—Last year's Exchequer receipts amounted to £53½ millions, against a Budget estimate of £56½ millions, and receipts in 1935-6 of £51.02 millions. It was estimated in the Budget that the year 1936-37 would show a higher yield of £3½ millions arising from the normal increase and £2 millions (or £4 millions in a full year) from saving on tax avoidance. We show below the total number of persons (as revised September 30, 1936) assessed to surtax, the total chargeable income (which includes the first portion not liable to surtax), and the Exchequer receipts in 1913-14 recently.

SURTAX (1913-14 United Kingdom; thereafter Great Britain and Northern Ireland)				
Year	Income Limit	Number Chargeable	Total Income Chargeable	Exchequer Receipt
1913-14†	£ 5,000	14,008	£ Mn. 176	£ Mn. 3.32
1929-30	2,000	108,891	593	56.39
1931-32	2,000	93,361	467	76.70
1932-33	2,000	86,712	424	60.65
1933-34	2,000	83,419	407	52.59
1934-35	2,000	85,449	424	51.17
1935-36	2,000	*	*	51.02
1936-37	2,000	*	*	53.54

* Not available.

† Super-tax.

Thus the number assessed for 1934-35 was 2,030 higher, but the average chargeable income per person only very slightly larger. The number chargeable was still below the 1929-30 level, whereas in the same period the number of individuals whose income was above the income tax exemption limit rose by over 50 per cent. (the earned income exemption limit, however, has been lowered by £37 in the interval).

Income Tax and Surtax Combined.—There has been a continuance of the tendency to grant relief from tax to small incomes, changes in this direction having started in the 1931 Budget, lapsed in 1932 and 1933, and been resumed from 1934. In 1930-31 four-ninths the standard rate was payable on the first £250 of taxable income; this was altered to half on the first £175 for 1931-32, and in the two latest years became one-third on the first £135. The proportion of earned income deducted was one-sixth (maximum £250) in 1930-31, but for the following year, and subsequently, became one-fifth (maximum £300). The fixed allowances are, however, still below the pre-depression level for all except families including six or more children. For 1930-31, the married allowance was £225; the next year it was reduced to £150, then raised to £170 in 1935-36, and again to £180 last year. Children's allowances, which in 1930-31 were £60 for the first and £50 for each other child, were reduced the following year by £10 in each case, in 1935-36 raised to £50 for each child, and last year to £60. The personal allowance for a single person was reduced in 1931-32 from £135 to £100, and has remained

unchanged. The incidence of present taxation can be studied from the following table, in which there is also given 1929-30 as a pre-depression year, and 1933-34 as typical of crisis taxation, when the rate was 5s.

INCOME TAX AND SURTAX									
Total Actual Income	Married Couples with Three Children								
	Earned Income			Investment Income					
	1929-30	1933-34	1936-37	1929-30	1933-34	1936-37	1929-30	1933-34	1936-37
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
300	...	...	...	...	...	...	...	...	...
400	...	...	...	...	...	...	...	...	...
500	3 3 4	5 0 0	...	...	...	...	...	...	...
1,000	67 3 4	108 2 6	83 3 4	11 10 0	33 2 6	11 17 6	...	...	...
2,000	250 10 0	333 2 6	296 17 6	300 10 0	408 2 6	368 2 6	...	...	...
5,000	1,081 15 0	1,420 0 0	1,348 5 0	1,131 15 0	1,495 0 0	1,417 10 0	...	...	...
10,000	2,981 15 0	3,852 10 0	3,716 5 0	3,031 15 0	3,927 10 0	3,787 10 0	...	...	...
50,000	22,106 15 0	28,290 0 0	27,654 0 0	22,156 15 0	28,365 0 0	27,725 0 0	...	...	...

Surtax has been unchanged since 1931. Although taxation increased under the 1936 Budget, the actual amount payable on small incomes declined. A married man with two children earns £375 before being liable for tax.

Death Duties.—These yielded £88 millions against an estimate of £89 millions, and receipts in 1935-36 of £87.9 millions. Exchequer receipts in 1913-14, and since 1929-30, are shown below:—

ESTATE, ETC., DUTIES (In Million £'s)			
	Exchequer Receipts		Exchequer Receipts
1913-14	27.36	1932-33	77.14
		1933-34	85.27
1929-30	79.77	1934-35	81.36
1930-31	82.61	1935-36	87.92
1931-32	65.00	1936-37	87.99

Variations in receipts under this head from one year to another are particularly liable to chance, so that although in 1935-36 the number of estates exceeding £500,000 was 50 against 35, receipts increased by only £2½ millions. An analysis of the different sizes of estates follows.

ESTATE DUTY, 1935-36						
	Numbers		Net Capital Value		Net Receipts	
	Actual	Per cent. of Total	Thous. £	Per cent. of Total	Thous. £	Per cent. of Total
Small Estates	54,199	38.03	15,356	2.69	106	0.13
Exceeding Net Value						
£ 100	70,772	49.68	109,062	19.11	2,974	3.80
5,000	8,032	5.63	60,257	10.55	2,385	3.05
10,000	5,990	4.20	99,160	17.38	6,767	8.87
25,000	2,033	1.42	71,816	12.57	8,245	10.55
50,000	944	0.66	67,002	11.74	11,335	14.51
100,000	349	0.24	48,490	8.50	10,608	13.68
200,000	147	0.10	43,820	7.67	12,384	15.85
500,000	36	0.03	23,823	4.18	8,392	10.74
1,000,000	12	0.01	18,742	3.29	8,358	10.70
3,000,000	2	0.00	13,263	2.32	6,595	8.44
Settlement Estate Duty	...	...	...	...	14	0.02
Total	142,516	100.00	570,790	100.00	78,137	100.00

Of the 1935-36 net capital value, £477.8 millions consisted of personality, and £93.0 millions of realty (including leasehold property). The gross capital value of personality of £504.3 millions included £137 millions from Government and municipal, and £204 millions from joint-stock, securities. Legacy Duty, which in 1934-35 yielded a net receipt of £8½ millions on a capital of £227.9 millions, produced in 1935-36 £8.6 millions on a capital of £238.2 millions. Succession Duty brought in £1,161,000 on a capital of £41,439,000, against £1,106,000 on £38,795,000.

Stamps.—Exchequer receipts from Stamp Duties amounted for 1936-37 to £29.1 millions, against £25.8 millions a year ago, and a Budget estimate of £27 millions. The following table gives receipts under the main heads for 1913-14, and for more recent years.

STAMP DUTIES: NET RECEIPTS (In Thousand £'s)				
	1913-14	1929-30	1934-35	1935-36
Land and property	1,879	4,774	5,101	5,526
Stocks and shares, etc.	3,125	7,270	9,221	9,876
Company capital duty	698	3,771	1,140	1,097
Cheques and bills	2,322	4,837	4,384	4,482
Receipts	669	2,686	2,547	2,855
Other	955	1,915	1,851	1,969
Total	9,648	25,253	24,244	25,805

It will be noticed that the increase between 1929-30 and 1935-36 was in total little over £½ million, but in that period Stock Exchange transfer and contract stamps, etc.,

increased by £2.6 millions. On the other hand, capital duty yielded less than one-third of the 1929-30 amount, though new issue activity since the latter part of 1936 may be expected to have caused an appreciable revival in 1936-37.

Motor Vehicle Duties.—Receipts amounted for 1936-37 to £32,727,000, against a Budget estimate of £31,500,000, and receipts of £30,752,000, for 1935-36. Changes in recent years in receipts from these duties and in payments to the Road Fund appear below, but the latest increase arises only from the growing volume of new registrations, since taxation was unchanged for 1936-37.

MOTOR VEHICLE DUTIES (000's omitted)			
Year	Exchequer Receipts	Payments to Road Fund	Exchequer Appropriations
1929-30	26,802	21,882	4,920
1933-34	30,712	25,512	5,200
1934-35	31,538	26,438	5,100
1935-36	30,752	25,775	4,977
1936-37	32,727	27,427	5,300

Receipts into the Road Fund in 1935-36 were £26,266,000, a decrease of £709,000. Expenditure was £20,934,000, or £976,000 more, but except for Grants for Major Improvements, which were £3,914,000, against £2,541,000, there were no substantial changes in the larger items. Out of the excess of receipts over payments of £5,332,000, £4,470,000 was paid to the Exchequer under the 1935 Finance Act, and the remainder of £862,169 raised the Fund's balance to £5,795,445, but £5½ millions of this will have been taken by the Exchequer. Commitments at that date amounted to nearly £30 millions, of which half had been estimated to be in respect of the Five-Year programme. Beginning with the coming 1937-38 financial year, the procedure for the Fund is to be completely changed: the Exchequer will retain the whole of the duties, road expenditure being financed from annual votes. Our discussion of the Civil Estimates gives more details of the change.

Receipts from Sundry Loans.—Receipts for 1936-37 under this category were £4,550,000, against a Budget estimate of £5 millions, and receipts in 1935-36 of £4.9 millions. The following table shows the chief items:—

RECEIPTS FROM SUNDRY LOANS (000's omitted)					
	1929-30	1933-34	1934-35	1935-36	
Interest, etc., on war loans*	10,921	...	...	...	£
Dominions and Colonies	9,813	771	253	...	£
France	10,921	...	...	...	£
Other Allied Powers	5,050	...	56	...	£
Suez Canal shares	1,834	2,079	2,395	2,449	£
Anglo-Iranian shares	1,088	567	567	1,313	£
Other receipts	3,934	1,238	1,101	1,172	£
Total	32,640	4,655	4,372	4,934	£

* Payments in respect of War Debts suspended from July 1, 1932. Repayments of War Loans have now disappeared entirely, according to arrangements made by the Lausanne Conference, but Poland contributed £56,000 in 1935-36 in respect of Relief Loans, and £32,000 was received as interest on the Cunard advances.

Other Non-Tax Revenue.—This section, apart from motor duties and Receipts from Sundry Loans already dealt with, comprises Post Office net profits, Crown Lands net receipts, and Miscellaneous receipts, including appropriations from the Road Fund balances. Although under the 1933 Finance Act the fixed annual payment of the Post Office of £10,750,000 was to apply for three years, the same contribution will have been made for 1936-37. The actual net profit accruing to the Exchequer was £10,970,000, against an estimate of £11,256,000, and receipts in the previous year of £11,670,000. The net receipts from Crown Lands were £1,350,000, and thus close both to estimates and the previous year's figure. Miscellaneous Receipts contributed £24,600,000, against an estimated £25½ millions. Revenue under this heading for 1935-36 was £21,738,000. Of this the Road Fund provided £2½ millions by repaying advances and £4½ millions of its previous year's balance. Surplus of interest on Savings Bank funds again provided £4.2 millions, and £3½ millions were received from the Board of Trade as surplus on Clearing Office Enemy Debts. Note issue profits were lower at £1.4 millions.

EXPENDITURE

ANOTHER sharp rise of about 7 per cent. in expenditure has occurred, the increase in ordinary expenditure being £52.9 millions. The £800 millions level has been broken through, expenditure in 1936-37 being roughly the same as in 1930-31. In that year, however, the National Debt services cost £360 millions, or £136 millions more. In the interval, about £62 millions of that saving has been offset by increases in the Civil and Revenue Departments, and about £75 millions (or 68 per cent. of the amount spent in 1930-31) by the Defence services. In the following table expenditure for the last three years is compared with 1913-14 and 1929-30, and estimates for 1937-38 are summarised. Where the latter figures are not available, 1936-37 expenditure is shown in brackets:—

EXPENDITURE (£ millions)						
	1913-14	1929-30	1934-35	1935-36	1936-37	1937-38 (Est.)
National Debt services	24.5	355.0	224.0	224.0	224.0	(224.0)
Other Consolidated Fund services	12.8	22.2	12.7	14.0	11.6	(11.6)
Total Consolidated Fund services	37.3	377.2	236.7	238.0	235.6	(235.6)
Navy, Army, Ordnance, Air Civil services	77.2	113.0	113.9	136.9	186.1	198.3†
Customs and Excise and inland Revenue	53.9	246.5	358.3	375.1	381.1	408.0
	4.5	12.0				13.9
Total supply services (excluding P.O.)	135.6	371.5	472.2	512.0	567.2	620.2*
Total ordinary	172.9	748.7	708.9	750.0	802.9	855.8
Self-balancing— Post Office	24.6	58.9	61.8	66.1	71.9	72.3
Road Fund	...	21.9	26.4	25.8	27.4	...
Total self-balancing	24.6	80.8	88.2	91.9	99.3	72.3
Grand total	197.5	829.5	797.1	841.9	902.2	928.1*

* Without provision for eventual Supplementary Estimates.
† Excluding £80 millions from Consolidated Fund. ‡ Included in Civil Estimates.

Consolidated Fund Services.—The cost of the National Debt, analysed on page 8 of this Supplement, is the main item under this head. Other issues from the Fund for 1936-37 amounted to £11.7 millions, against an estimate of £11.3 millions, or £14 millions for 1935-36. Payments to the Northern Ireland Exchequer amounted to £7,996,000, compared with an estimated £7½ millions, and the Post Office Fund received £420,500 gross or £320,500 net. The Fund in the past has comprised the Civil List, certain pensions and salaries, and miscellaneous services. The latter took £4.2 millions in 1935-36, the largest item by far being £2.8 millions issued under the Trade Facilities Act.

Defence Services.—Apart from the actual increase of expenditure in accordance with the re-armament policy, the cost of defence is of unusual interest in view of the inclusion in the 1937-38 estimates of £80,000,000 from Defence Loans. Including the Ordnance Factories, expenditure on the three services in 1935-36 was £136,949,000. The original 1936-37 estimates required in all £158,251,000, but the Budget made provision for a further £20,000,000 for Supplementaries, making a Budget total of

DEFENCE SERVICES EXPENDITURE (EXCHEQUER ISSUES) (000's omitted)				
	Navy	Army	Air Force	Total
1913-14	48,833	28,346	...	77,179
1932-33	50,010	35,880	17,100	102,990
1933-34	53,500	37,591	16,780	107,872
1934-35	56,580	39,660	17,630	113,870
1935-36	64,806	44,647	27,496	136,949
1936-37*	81,289	55,881	50,700	187,870
1937-38*	78,065	63,702†	56,500	197,885
1937-38†	105,065	90,702†	82,500	278,267

* 1936-7 final, 1937-8 Budget estimate. † Including Ordnance
† Same after addition of proportion of Defence Loans.

£178,251,000. Actual expenditure in 1936-37 amounted to £186,072,000, or £7,821,000 more than the Budget estimates. The 1937-38 estimates require votes of £198,267,600, but although only £12,000,000 further will thus be needed from taxation, £80,000,000 is to be taken in addition from the Defence Loans. Of this £80,000,000, £27,000,000 is for the Navy, £19,054,000 for the Army, £7,946,000 for the Ordnance Factories, and £26,000,000 for the Air Force.

The importance of mechanisation is, however, illustrated by the following table of the number of effectives, in which the increase between 1913-14 and 1937-38 of only 22,300 (or 7 per cent.) in the personnel is in contrast with the increase of 250 per cent. in cost.

	Navy (a)	Army (b)	Air Force (b)
1913-14	142,960	185,600	...
1932-33	89,667	148,700	29,520
1933-34	89,863	148,700	28,470
1934-35	91,351	149,500	28,780
1935-36	94,259	152,200	35,942
1936-37 (estimate) (c)	102,154	158,400	55,000
1937-38 (estimate) (c)	112,000	168,900	70,000

(a) Exclusive of Royal Marine Police. (b) Establishment exclusive of India. (c) Maximum for year.

NAVY.—The final estimates for 1936-37 were £81.3 millions, against an original estimate of £69.9 millions plus a share of the £20 millions provision for Defence Supplementaries. The first Supplementary for £10.3 millions included £3 millions for the new construction programme, £2 millions to continue special measures in connection with the Italo-Ethiopian war, and about £2 millions further for works at Singapore.

(000's omitted)						
	1932	1933	1934	1935	1936* (Esti- mate)	1937 (Esti- mate)
Average number of effectives	89,667	89,863	91,351	94,259	102,154	112,000
Wages, etc., of Officers and Men	12,636	12,514	12,689	13,140	13,611	14,181
Victualling and clothing	2,981	3,182	3,147	3,435	3,586	3,978
Medical Establishments, etc.	361	378	386	406	397	411
Fleet Air Arm	1,025	1,089	1,388	1,893	3,572	4,200
Educational and Scientific Services	661	650	650	665	719	793
Royal Naval Reserves	347	373	342	334	356	373
Shipbuilding, Repairs, Maintenance, etc.	15,882	18,449	20,929	25,784	34,900	32,125
Naval Armaments	3,319	3,767	4,034	5,657	9,093	7,770
Works, Buildings and Miscellaneous	2,936	2,816	2,622	2,839	4,050	2,906
Admiralty Office	1,086	1,079	1,106	1,155	1,282	1,459
Non-Effective Services, Civil Superannuation, etc.	8,928	9,145	9,393	9,479	9,725	9,869
Total Expenditure	50,164	53,444	56,616	64,888	81,289	78,065†

* Including supplementary estimates of £11,359,100.
† After deduction of £29,951,287 Appropriations-in-Aid.

The 1937-38 estimates total £105,065,000 if £27 millions from Defence Loans is included. Because of the allocation of the latter sum, comparison in the accompanying table of estimates, which are net, is affected by the Loan. Comparing gross estimates, the new figures include an increase in shipbuilding, repairs and maintenance of £16 millions, in naval armaments of £3½ millions, and in works, buildings, etc., of £2 millions. The appropriations-in-aid for contract work alone amount to £17.4 millions.

ARMY AND ORDNANCE FACTORIES.—Including the £27 millions from Defence Loans, the new Estimates under these heads amount to more than twice the actual expenditure in 1935-36. An original Budget estimate of £49.3 millions was followed in July last by Supplementaries of £6.9 millions. The total estimates for 1937-38 are £90.7 millions, including £27 millions from Defence Loans. To the amounts shown in the accompanying table of net estimates (excluding the Ordnance Factories) there should be added about £14 million from appropriations-in-aid for warlike stores (the gross estimate for which exceeds that for 1936-37 by £18 millions, including an increase of £4 millions

for gun ammunition alone) and £6 millions for works, buildings, etc.

(000's omitted)						
Army only	1932	1933	1934	1935	1936* (Estimate)	1937 (Estimate)
Number of effectives	148,700	148,700	149,500	152,200	158,400	168,900
Pay, etc., of the Army	9,008	9,416	9,514	9,439	9,494	10,488
Territorial Army and Reserve Forces	3,952	4,721	4,777	5,056	6,034	7,867
Medical Services	877	872	910	1,010	1,093	1,055
Educational Establishments	892	785	866	910	947	1,053
Quartering and Movements	1,203	1,205	1,269	1,650	2,376	1,909
Supplies, Road Transport and Remounts	3,688	3,758	3,851	4,450	4,804	6,005
Clothing and Stores	4,176	4,358	5,153	8,060	15,549	29,368
Works, Buildings, Lands and Miscellaneous Effective Services	3,329	3,427	4,292	4,892	6,208	4,882
War Office	798	802	816	852	919	1,046
Half-Pay, Retired Pay, Pensions, etc.	8,141	8,127	8,212	8,424	8,457	8,447
Net Expenditure	36,137	37,540	39,692	44,654	55,881	63,120†

* Including Supplementary Estimates of £8,600,100.
† After deduction of £25,891,000 Appropriations-in-Aid.

The vote for the Ordnance Factories is £582,600, but £7,946,000 is to come from loans. Of this figure, £2½ millions is wanted towards a new filling factory at Chorley to cost £6 millions in all, £1.1 million for the whole cost of a similar factory at Bridgend, while £1.4 million is required for the Nottingham factory.

AIR FORCE.—Expenditure in 1935-6 was £27.5 millions (or 20 per cent. of the total for the defence services), but the 1937-8 estimates require over double that amount from votes alone, or three times the sum if the Defence Loan allocation is included. The original 1936-7 estimates were for £39 millions, but a Supplementary of £11.7 millions (to further the general policy of air defence) was required in July. The new estimates require £56½ millions from votes and £26 millions from Defence loans, so that in all the Air Force will take 30 per cent. of the total of £278.3 millions for all the Services. Thus for the first time the proposed expenditure slightly exceeds that for the Army (excluding the Ordnance factories).

(000's omitted)						
	1932	1933	1934	1935	1936* (Estimate)	1937 (Estimate)
Number of effectives	29,520	28,470	28,780	35,942	55,000	70,000
Pay, etc., of the Royal Air Force....	3,867	4,020	4,227	5,025	6,384	8,466
Quartering Stores, Supplies and Transportation	1,471	1,399	1,456	2,537	3,336	4,478
Technical and Warlike Stores	7,352	6,953	7,190	11,640	25,416	31,542
Works, Buildings and Lands	1,524	1,390	1,820	4,864	10,750	4,000
Medical Services	286	278	295	335	382	439
Technical Training and Educational Services	419	388	380	488	693	741
Auxiliary and Reserve Forces	522	464	406	473	651	1,360
Civil Aviation	462	460	509	419	780	2,315
Meteorological and Miscellaneous Services	223	326	328	523	844	1,429
Air Ministry	638	643	691	834	1,040	1,250
Half-Pay, Pensions, etc.	294	378	368	375	444	482
Net Expenditure	17,057	16,701	17,671	27,515	50,700	58,500†

* Includes Supplementary Estimate of £11,700,100.
† After deduction of £32,088,600 Appropriations in Aid.

To the net estimates shown in the accompanying table must be added £16.6 millions from appropriations in aid (including £3.9 millions grant for the Fleet Air Arm) for technical and warlike stores (the total of £48.1 millions under this head including £29 millions for aeroplanes and £7½ millions for armament and ammunition), and £14½ millions for works, buildings, etc. An increase of 27 per cent. in the number of effectives is provided for in the new estimates, the strength of the Force as at April 1, 1937, being stated as 55,850 men.

Civil Estimates.—In relation to the charge imposed by the defence programme, the 1937-8 estimates for the Civil Departments (excluding Revenue Departments and the Post Office) represent only a modest increase. They amount to £408,054,000, but for the first time include road expenditure of £22,500,000 hitherto met from the Road Fund. Deducting this sum for roads, the remaining £385,554,000 is an increase of £6½ millions over final, or £20½ millions over original, estimates for 1936-37, and is £23½ millions above actual expenditure in 1935-36.

The course of expenditure is summarised below under its main heads:—

CIVIL SERVICE EXPENDITURE							
	Education	Health	Pensions		Labour	Other Heads	Total
			War	Others			
	£ Mn.	£ Mn.	£ Mn.	£ Mn.	£ Mn.	£ Mn.	£ Mn.
1931-32	53.0	22.0	49.6	47.9	47.7	99.9	320.1
1932-33	49.4	22.1	46.9	50.7	77.9	95.9	342.9
1933-34	51.1	21.6	45.2	55.7	71.8	93.3	338.7
1934-35	52.9	22.4	43.5	58.0	66.5	102.3	345.6
1935-36	55.8	23.4	42.7	60.4	76.3	103.2	361.8
1936-37*	61.5	25.1	41.7	62.6	76.0	112.4	379.3
1937-38†	62.8	25.7	40.6	64.7	75.4	138.9	408.1

* Final estimates.

† Budget estimates.

The separate items are discussed later in more detail. The £14 millions required by Supplementaries in 1936-7 included in particular £5½ millions for grants to public assistance authorities in respect of unemployment, a further £3 millions for the cattle subsidy, and £3 millions for broadcasting transferred from the Post Office vote. In the new estimates, £15,500,000 of the road expenditure falls upon Class VI (Trade and Industry) and £6,458,000 upon Exchequer grants to local authorities. Apart from this, the only other large increase over 1936-7 final estimates for any one item is a further £4.7 millions for the Home Office, etc.—so that the increase in total estimated expenditure entirely unconnected with defence is comparatively trifling. But it is expected that further provision will have to be made by Supplementary Estimates for "certain services," including in particular the Special Areas.

CENTRAL GOVERNMENT (Classes I, II and III).—The following table shows expenditure in the first three classes of the estimates:—

	1934-35 Actual	1935-36 Actual	1936-37 Estimate	1937-38 Estimate
I. Central Government and Finance	£'000 1,922	£'000 1,987	£'000 2,437	£'000 2,549
II. Foreign and Imperial—of which:	8,044	8,573	9,506	8,988
F.O., Diplomatic and Consular Services....	1,398	1,431	1,426	1,445
League of Nations	157	223	271	144
Irish Free State Services	2,294	2,293	3,043	2,893
Dominion and Colonial Services	1,565	2,059	2,247	2,389
Colonial Development Fund	500	900	900	500
India Services	1,614	1,666	1,619	1,607
III. Home Department—of which:	16,234	17,239	19,249	23,940
Home Office	467	548	1,876	5,777
Police	11,706	12,521	12,996	13,656
Prisons	1,123	1,171	1,292	1,366
Total	26,200	27,799	31,192	35,477

Under Class I, the small increase is due mainly to expenses for the Coronation, while the Foreign and Imperial group actually provides for a decrease. In Class III, however, the Home Office will require nearly £4 millions more on account of air-raid precautions. The estimate for these services is £4.6 millions against £1.4 millions, with a further £600,000 for the new fire brigade organisation. Respirators alone will absorb £4 millions for materials and equipment, and another £191,000 for manufacture, storage, etc.

EDUCATION.—The estimated expenditure for 1937-8 is £62,801,000 compared with final estimates for 1936-7 of £61,489,000, with a Budget estimate of £58,045,000, and actual expenditure of £55,875,000 in 1935-6. The final 1936-37 estimates include, however, nearly £3 millions for the usual grant to the B.B.C. transferred from Post Office expenditure. The increase for 1937-8 over the estimated expenditure for 1936-7 is, therefore, inconsiderable: a further £570,000 is required for elementary, and £348,000 for higher education, £294,000 for pensions, and £213,000 for education in Scotland. A new item is £61,000 for physical training. Details for the Board of Education (this Department requiring in 1937-8 £49.4 millions against a final estimate for 1936-7 of £48.1 millions, and actual

expenditure in 1935-6 of £46.1 millions) are given in the following table:—

ENGLAND AND WALES					
	Board of Education Estimates		Total Expenditure by L.E.A.'s†		Cost per Elementary Pupil
	Total Vote	Grants to L.E.A.'s	Elementary Education	Higher Education	
	£ Mn.	£ Mn.	£ Mn.	£ Mn.	s. d.
1913-14	14.7	12.8	25.6	4.4	95 2
1931-32	48.4	45.2	63.2	16.4	252 5
1932-33	42.9	39.0	61.2	15.8	242 7
1933-34	42.1	37.8	61.9	16.0	244 6
1934-35	43.6	39.5	64.6	16.8	263 5
1935-36	46.1	42.1	68.2	18.1	287 3
1936-37	48.1‡	43.9	69.7*	19.0*	300 0*
1937-38	49.4‡	44.8	70.8*	19.8*	311 1*

* Provisional.

† Including proportion borne by the rates.
‡ Budget estimates.

The increase in total expenditure upon education has been due in part to the restoration as from July 1, 1935, of the second half of teachers' salary cuts. The full effect of this increase has, however, been mitigated by the decline in the average attendance in elementary schools. This figure, which in 1913-14 was 5,381,000, was 4,748,000 in 1935-36, and for the Board's estimates has been taken at 4,646,000 in 1936-37, and 4,553,000 for the coming year. The sharp increase in the cost per pupil will be noted. Of this cost, there will have been, as between 1935-36 and 1937-38, a rise from £9 1s. 10d. to £9 12s. 5d. in teachers' salaries.

Attendance at secondary schools, on the other hand, continues to rise, and on October 1, 1936, the total number of pupils was 481,766, of whom 226,083 were paying no fees. The expenditure of L.E.A.'s. for secondary education is estimated for 1935 at about £28 13s. per registered pupil.

HEALTH, LABOUR AND INSURANCE (Class V).—The 1937-38 estimates are for £170,167,000 against an original estimate for the previous year of £162,725,000 (increased later by £5,294,000) and against actual expenditure in 1935-36 of £161,861,000. The supplementary estimate for 1936-37, £5,294,000, was required for grants to public assistance authorities to compensate for the postponement of the Second Appointed Day fixed under the 1934 Unemployment Act, since the necessary legislation had not been passed at the time of the Budget. Only balances of £356,000 (representing adjustments not fully ascertainable at the time of the Supplementary estimate) are provided for under this head in the 1937-38 estimates, the charge falling instead upon the Unemployment Assistance Board, which will absorb £51.3 millions instead of £47 millions. The net decrease in respect of unemployment assistance is therefore some £678,000. On the other hand, the new estimates do not allow for full expenditure on the Special Areas, £3½ millions (against £3 millions) having so far been taken into account. Details of expenditure are shown in the following table:—

HEALTH, LABOUR AND INSURANCE						
	Ministry of Health*	Pensions		Ministry of Labour	Other Items	Total
		Old Age	Widows', Orphans', etc.			
	£ Mn.	£ Mn.	£ Mn.	£ Mn.	£ Mn.	£ Mn.
1931-32...	22.0	37.9	10.0	47.7	3.7	121.3
1932-33...	22.1	39.7	11.0	77.9	4.0	154.7
1933-34...	21.6	40.4	12.0	71.8	7.0	150.7
1934-35...	22.4	41.8	13.0	66.5‡	7.1	150.8
1935-36...	23.4	43.2	14.0	76.3‡	5.0	161.9
1936-37†	25.1	44.3	15.0	76.0‡	7.6	168.0
1937-38‡	25.7	45.3	16.0	75.4‡	7.8	170.2

* Including Scottish Department of Health.

† Final Estimate.

‡ Including Unemployment Assistance, and, since 1935-36, grants to public assistance authorities.

§ Budget Estimate.

Health.—Expenditure to be undertaken by the Ministry and Department of Health, though still rising, represents a smaller increase than for some years. These departments

will need just over £600,000 more, and of this amount housing accounts for £360,000. Grants for this purpose are to be £17.3 millions in all. A new item is £207,000 under the 1936 Midwives Act.

Labour and Pensions.—Since the Unemployment Assistance Board will be in full operation for 1937-38, the grants to public assistance authorities in the interim period will, as explained above, no longer be required. The main charge falls upon the Board, which will require £51,260,000, but the total expenditure in connection with unemployment and allied problems remains divided under a number of different heads. The total vote for the Ministry of Labour is £23,838,000 against £23,719,000. Of the total, £21,900,000, an increase of £650,000, represents the usual insurance contribution to the Unemployment Fund. The Ministry will also spend £2.2 millions against £2.5 millions on employment and training. As regards assistance, the Board and the small grants to public assistance authorities will require between them £51,616,000, against £52,294,000. The Special Areas, receiving £3 millions in 1936-37, are to have £3½ millions spent on them in 1937-38, but this is subject to increase, while the last main item is an expenditure on grants for loan charges for unemployment schemes of £3.7 millions, against £4.1 millions.

The cost of Old Age pensions continues to rise, the increase in 1937-38 being nearly £1 million. Widows', Orphans' and Old Age Contributory Pensions cost a further £1 million annually, the increase being fixed by statute.

TRADE AND INDUSTRY (Class VI).—Estimates for 1937-8 of £31,383,000 compare with final estimates for 1936-37 of £18,903,000, original estimates of £15,837,000, and actual expenditure in 1935-36 of £16,967,000. The new treatment of road expenditure (of which £15,500,000 is included in votes for this Class) accounts for the net increase, though there has been some re-arrangement of other items. The difference between the Budget and final estimates for 1936-37 was due almost entirely to a Supplementary of £2,931,000 for the cattle subsidy. In the new estimates, the beet sugar subsidy will require £2.2 millions against £3.3 millions, another substantial decrease being in the milk subsidy (from £1,545,000 to £610,000). The tramp shipping subsidy has dropped from £2,000,000 to a mere £8,000 for administrative costs, since it is expected that rising freights will render the subsidy inoperative. The cattle subsidy will require more: £4.7 millions against £4.1 millions.

WORKS, STATIONERY, ETC. (Class VII).—This section absorbs under 3 per cent. of the total civil estimates for 1937-38. It will require £9,899,000 against a final estimate for 1936-37 of £9,508,000, an original figure of £8,552,000, and a cost in 1935-36 of £8,226,000.

PENSIONS (Class VIII).—The gradual reduction in the numbers entitled to war pensions has brought the new estimates down to £43,934,000 from £45,917,000 spent in 1935-36 and estimates of some £44,990,000 for 1936-37. The Ministry of Pensions will require £40.3 millions against £41.4 millions, the cost of the actual pensions being £38.6 millions, or about £1.1 million less.

EXCHEQUER CONTRIBUTIONS TO LOCAL REVENUES (Class IX).—Actual expenditure in 1935-36 was £45,278,000, with a 1936-37 estimate of £45,199,000, but the increase to £54,392,000 for 1937-38 is due mainly to £6,458,000 in respect of road expenditure hitherto met from the Road Fund. The actual increase in grants to authorities in England and Wales is from £45.3 millions to £47.6 millions, but the fixed contribution of £5.8 millions from the Road Fund made in previous years will not recur in 1937-38, so that the net total will be £8 millions higher.

Revenue Departments.—The cost of the Revenue departments (excluding the Post Office) is given below:—

(£000's omitted)					
	1913-14	1934-35	1935-36	1936-37 Estimates	1937-38 Estimates
Customs & Excise	2,431	5,490	5,628	5,837	5,973
Inland Revenue	2,052	7,160	7,500	7,651	7,923
Total	4,483	12,650	13,128	13,488	13,896

Again in 1935-36 the cost of collection of inland revenue duties rose, being 1.93 per cent. of the gross sums collected, against 1.89 per cent. The lowest proportion in recent years was 1.55 per cent. in 1927-28. The tendency for the relative cost of Customs and Excise to decline appears to continue, although only slightly.

Post Office.—The benefits of the new progressive policy operating during the last three or four years have continued to be reflected in rising receipts. There were, however, few important changes during the past year, development continuing along lines already indicated, so that the growing volume of traffic was due to general causes, rather than to any stimulus from lower charges.

Operating expenditure for 1935-36 was £3½ millions higher at £62,140,000, but after allowing for interest on capital, etc., there was a surplus of £12,539,000 against £11,945,000. The Postal Service's surplus of £11.2 millions against £10.9 millions arose in spite of the restoration in July, 1935, of the second half of the pay cuts and the increase in certain salaries, which accounted for 1.79 per cent. out of the 5.63 per cent. increase in expenditure. Letter traffic grew at a faster rate, and the traffic in inland parcels recovered in response to the lower rates introduced in July, 1935. The Telegraph Service likewise responded to the lower tariff (a 34 per cent. increase in messages resulting), but in neither telegraph nor parcels has the higher traffic made good the initial loss of revenue

due to the lower charges. The telegraph deficit was in fact £798,000 against £651,000. Telephone traffic expanded considerably; the net addition to the number of stations, 191,204, was the largest recorded, and there was an 8 per cent. increase in the number of calls. The rapid development of the air mails is shown by an increase from £306,000 to £602,000 in expenditure for conveyance.

In 1936-37, expenditure (excluding work done by or for other departments) was £71,880,000, an increase of £5,800,000. According to estimates for that year, the principal items making up the increase over the 1935-36 estimates will have been:—£1.8 millions for salaries (the staff of 243,000 employed on January 1, 1936, was nearly 10,000 higher), about £205,000 for air mail conveyance, £140,000 for motor vehicles and supplies, and £250,000 for engineering materials. Payments to the B.B.C. have now been transferred to the vote for Class IV, which becomes Education and Broadcasting, but the 1936-37 expenditure of £71,880,000 (against an estimate of £71.9 millions) apparently includes £2.9 millions due to the B.B.C.

The 1937-38 estimates, excluding broadcasting, require £72.3, against £69 millions, some 40 per cent. of this increase being for salaries. The staff employed as at January 1st last numbered 258,043 persons, or about 15,600 more than a year previously. Engineering and building will require £11.7 millions from Votes, with a further £19½ millions of capital expenditure.

THE NATIONAL DEBT

A POINT of interest in the coming year is the impending issue of a part of the £400 millions authorised to be raised by loans within the next five years for defence purposes, since the defence estimates for 1937-38 allow for an expenditure of £80 millions to be met from loans. The prospect of an increase over a space of five years of about 5 per cent. in the nominal amount of the National Debt is, however, of less concern to the taxpayer than the general effects of an important Government loan or than changes in interest rates. Though money may still be cheap, the pendulum has begun to swing back. A modest concession to changing conditions was in fact made in the issue in November last of £100 millions of 2½ per cent. Funding Loan. This loan, redeemable between 1952 and 1957, yields £2 16s. 11d. per cent. to the latest redemption date on the issue price of 98½, against a similar yield of £2 13s. 10d. per cent. on the £200 millions of 2½ per cent. Funding Loan, 1956-61, issued at 96½ in December, 1935.

Compared with the present and the future, the past (as shown by details for 1935-36) is of relatively less interest. That financial period saw less change either in the nominal amount of debt or in the annual charge than any other recent year, since the effects of conversions made in the past had in the main been fully experienced.

We analyse below the composition of the National Debt, the changes in its cost, and also give particulars of nominal and actual debt redemption.

Nominal Value.—The following table divides the Debt into internal and external debt, and subdivides the former into categories according to dates of maturity. Funded debt includes all loans with no redemption dates or callable at the Treasury's option only. Unfunded debt comprises all loans with definite dates of maturity, and the subdivision of Floating Debt includes liabilities falling due within a few months. The year 1922-23, when the post-war peak was reached, is retained for comparison.

Although the net total fell by only £4.6 millions, there were some important changes in the composition of the unfunded debt. The amount received on account of the 2½ per cent. Funding Loan was £126 millions. Against this there must be offset a reduction in the Floating Debt of £51.2 millions, Treasury Bonds accounting in the main for the balance. An issue of £100 millions 1 per cent. bonds, 1939-41, was made, but £150 millions of 2 per cent. bonds matured in March, 1936, and about £10 millions of 3 per cent. bonds in April, 1935. The £25.5 millions of National Savings Certificates created for cash was appreciably lower

NOMINAL VALUE OF NATIONAL DEBT AT MARCH 31ST (£ millions)

	1923	1933	1934	1935	1936
INTERNAL DEBT					
FUNDED DEBT:—					
Pre-war Funded Debt	314.2	313.4	313.3	313.3	313.3
3½% Conversion Loan	683.6	742.2	742.0	739.6	739.6
4% Consolidated Loan	...	400.9	400.9	400.9	400.9
3½% War Loan	...	1,919.8	1,918.1	1,914.3	1,912.7
Total Funded Debt	997.8	3,376.3	3,374.3	3,368.1	3,366.5
TERMINABLE ANNUITIES	13.7	11.9	12.1	12.1	12.1
UNFUNDED DEBT:—					
(a) Other than Floating Debt:—					
2½% Conversion Loan	...	5.0	206.5	206.5	206.5
3% Conversion Loan	...	301.8	301.8	301.8	301.8
3½% War Loan	62.7	...	...	...	...
4½% War Loan	12.8	...	...	...	...
4% War Loan	2,030.4	0.3	...	...	...
4% War Loan	64.9	...	...	...	126.0
2½% Funding Loan	...	...	...	148.8	147.2
3% Funding Loan	400.4	367.7	384.3	381.0	357.6
4% Funding Loan	...	375.4	375.4	375.4	368.9
4½% Conversion Loan	...	323.0	323.0	323.0	322.8
5% Conversion Loan	353.9	329.6	326.7	323.5	320.3
4% Victory Bonds	150.3	...	...	...	...
Exchequer Bonds	953.1	...	...	...	172.2
National War Bonds	411.0	415.8	384.2	234.3	...
Treasury Bonds	353.8	388.2	1,393.7	1,397.4	1,395.8
Savings Certificates	2.0	1.8	1.8	...	...
Other Debt	4,795.3	2,508.6	2,677.4	2,671.7	2,719.1
Total of (a)	616.0	775.9	799.8	799.3	763.1
(b) Floating Debt:—					
Treasury Bills	193.9	34.6	44.9	34.1	19.1
Ways and Means Advances	809.9	810.5	844.7	833.4	782.2
Total Floating Debt	5,605.2	3,319.1	3,522.1	3,505.3	3,501.3
Total Unfunded Debt	6,616.7	6,707.3	6,908.6	6,885.6	6,879.9
TOTAL INTERNAL DEBT	1,155.7	1,080.4	1,036.5	1,036.5	1,036.5
EXTERNAL DEBT	7,772.4	7,767.8	7,945.2	7,922.1	7,916.4
TOTAL DEAD-WEIGHT DEBT	30.2	124.0	122.9	121.7	120.6
Funding Loan and Victory Bonds held by National Debt Commissioners	7,742.2	7,643.8	7,822.3	7,800.4	7,795.8
NET TOTAL DEAD-WEIGHT DEBT	7,742.2	7,643.8	7,822.3	7,800.4	7,795.8

† Includes National Savings Bonds.

than the £31.8 millions for 1934-35, while repayments, amounting to £27 millions, were only £1 million less.

The above table does not give a complete picture of the State's net liabilities, since it takes no account, on the one hand of assets acquired against the debt, nor on the other of interest accrued on Savings Certificates. These items are taken into account in the following table:—

DEADWEIGHT DEBT, OTHER LIABILITIES AND ASSETS (£ millions)

	Mar. 31, 1923	Mar. 31, 1933	Mar. 31, 1934	Mar. 31, 1935	Mar. 31, 1936
Net total deadweight debt (as above)	7,742.2	7,643.8	7,822.3	7,800.4	7,795.8
Accrued interest on savings certificates	85.0	90.5	98.5	107.3	116.8
Other liabilities	70.3	215.9	208.1	102.0	...
Total	7,877.5	7,950.2	8,127.7	8,009.7	8,017.9
Estimated assets	121.0	419.1	620.7	517.1	512.8
Net total	7,756.5	7,531.1	7,507.0	7,492.6	7,505.1

The increase in "Other Liabilities" is mainly for expenditure on behalf of the Post Office, the creation exceeding the redemption of debt by £4.2 millions. The estimated assets are financial assets only—that is, they exclude the value of buildings, etc.; the chief items are the Exchange Equalisation Account, standing at £375 millions, and £88 millions being the estimated market value of Suez Canal shares. In addition, there are various liabilities which are purely contingent, and which cannot be estimated.

Changes in the National Debt, 1936-37.—The chief changes in the National Debt in the past year were as follows:—

(000's omitted)		(000's omitted)	
RECEIPTS	£	ISSUES	£
2½% Funding Loan, 1956-61	71,700	Treasury Bills (net reduction)	88,529
2½% Funding Loan, 1952-57	99,100	National Savings Certificates (net reduction)	1,500
Ways and Means Advances (net increase)	4,480	National Savings Bonds repaid	117
Repayments of Land Settlement issues	138	Treasury Bonds repaid	69,288
Exchequer Balances decreased	30	Other debt under War Loan Acts, repaid	3,976
		Issues under North Atlantic Shipping Act	371
		Issues under British Shipping Act	3,012
		Issues under Tithe Act	118
		Old Sinking Fund	2,940
		Deficit	5,597
	175,448		175,448

Actual issues, other than the new Sinking Fund, for debt reduction in 1936-37 were some £52 millions less than in the previous year. In that year, however, the substantial amount of £160 millions of Treasury Bonds had been repaid, against £69 millions in the latest period. A new item, though of inconsiderable amount, consists of issues under the 1936 Tithe Act. Other Debt under the War Loan Acts is, of course, not a new class of repayment, but no debt redemption was effected under this head in 1935-36. On the other side of the account, the £71.7 millions received from the 2½ per cent. Funding Loan represents the balance of the total nominal issue of £200 millions in December, 1935, whereas receipts in respect of the more recent 2½ per cent. Loan cover roughly the whole nominal amount.

The position of the floating debt at the end of the year is shown below:—

FLOATING DEBT (000's omitted)		Mar. 31, 1936	Mar. 31, 1937	Change
Ways and Means Advances outstanding:—		£	£	£
By Bank of England	Nil	Nil	Nil	...
By Public Departments	19,055	23,535	+	4,480
Treasury Bills Outstanding	763,115*	674,595*	—	88,520

Total Floating Debt outstanding ... 782,170 698,130 — 84,040

* Includes £40,000 in 1936 and £49,000 in 1937, the proceeds of which were not carried to the Exchequer during the period of the account.

The Government's refunding operations have resulted in a reduction of £84 millions in the floating debt, whereas the fall in 1935-36 was only £51 millions. But of the Treasury Bills outstanding, tender issues of £500 millions were practically unchanged, the total fall being attributable to the decline in "tap" issues from £265.1 to £174.6 millions. It is clear that the Department's support of the two Funding Loan issues must have been substantial, though the change may also be in part accounted for by net purchases of gold during the year by the Exchange Equalisation Account.

The Debt Charge.—In his Budget of 1928 Mr Churchill introduced the principle of a fixed debt charge, which should include both interest and sinking funds. This charge he put at £355 millions. In the second Budget of 1931 this principle was abandoned and separate provision was made for interest and sinking funds. For the last four years no provision has been made in the Budget for sinking funds, but in fact the sum provided for interest and management has in every year been sufficiently in excess of the actual requirement to provide for at least the Statutory Sinking Funds. The reduction of the Budgetary provision for the Debt from £355 to £224 millions, however, is not entirely due to the omission of a sinking fund. Over

£50 millions of the reduction is due to the fall in the interest charge, which is shown in the following table:—

NATIONAL DEBT INTEREST (£ millions)					
	Treasury Bills	Savings Certificates	Total of (1) & (2)	Other Interest Charges	Management and Expenses
1931-32	(1) 20.7	(2) 15.3†	(3) 36.0†	(4) 251.6	(5) 1.9
1932-33	20.7	15.0†	20.9†	259.2	2.1
1933-34	4.1	11.1	15.2	200.0	1.1
1934-35	3.5	9.0	12.5	198.1	1.0
1935-36	3.5	8.9	12.4	198.1	1.0

† In 1931-32 these figures were exclusive of £8,430,922 and in 1932-33 of £2,655,995, paid as interest on Savings Certificates in excess of provision in the Permanent Debt Charge.

The reduction in the cost of Treasury Bills in recent years is due to a fall in the average rate, which has been maintained this year. The cost of interest and management of the Debt in 1936-37 has shown a further slight fall to £210.9 millions, leaving £13.1 millions from the fixed debt charge for Sinking Fund.

Debt Redemption.—The composition of the nominal sinking fund during the six years 1930-36 is shown in the following table:—

	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36
Specific Sinking Funds						
Principal of Terminable Annuities	£ 939	£ 932	£ 909	£ 920	£ 928	£ 922
Sinking Fund for:—						
3½% Conversion Loan	15,692	15,302	7,503	...	...	...
4% Consolidated Loan	10,000	10,000	2,910	...	...	...
4% Funding Loan	3,308	3,451	3,581	3,726	3,868	4,002
4% Victory Bonds	2,714	2,823	2,936	3,053	3,175	3,302
U.S.A. Government Loan	5,753	...	9,091*	...	...	...
Deficiency on Funding Loan and Victory Bonds surrendered for Death Duties	12,084	...	...	...	...	...
Total of above	50,490	32,508	26,330	7,699	9,106	9,865
Balance	16,340	...	...	51	3,237	2,601
Nominal Sinking Fund	66,830	32,508	26,330	7,750	12,343	12,466

* This represents proportion of total payment made on December 15, 1932, which would normally count as repayment of capital, although the right was reserved to treat the whole sum on this occasion as a capital payment.

The total of the Sinking Fund, however, does not necessarily indicate the actual debt redemption in any year. Budget surpluses or deficits have to be added or subtracted, as the case may be, and in addition there are borrowings and repayments for special purposes. In 1936-37 the Budget deficit of £5,597,000 must be subtracted from the Nominal Sinking Fund of £13,127,000, making a net sum available for debt redemption of £7,530,000. The following table shows the adjustments to be made in each of the years 1931-32 to 1935-36:—

ACTUAL DEBT REDEMPTION (£000 omitted)					
	1931-32	1932-33	1933-34	1934-35	1935-36
Nominal Sinking Fund	23,508	26,330	7,750	12,343	12,466
Budget Surplus	364	...	31,148(e)	7,562	2,941
Total	32,872	26,330	38,898	19,905	15,407
Deduct:—					
Budget deficit	...	23,188(c)	...	...	...
Borrowing by Unemployment Fund	39,610	...	8,310(f)	910(f)	5,000(f)
Borrowing for interest on Savings Certificates	8,431	2,656	...	...	...
Capital funds brought into the Revenue	8,750(a)	...	10,000(g)	...	...
Conversion Loan expenses	...	23,232	...	...	...
Total deductions	56,791	49,076	1,690	910(f)	5,000(f)
Net redemption of debt	23,919(b)	22,746(d)	37,208(e)	20,815	20,407

(a) Dollar reserve fund. (b) Net increase of debt; but owing to conversions, the accrued interest on savings certificates was reduced by £28.5 millions. (c) Including as interest the sum of £19.9 millions paid to the United States. The British Government reserved the right to regard this as a repayment of principal. (d) Net increase of debt, but see Note (e). (e) Treating as interest the sum of £3.8 millions paid to the United States. See Note (c). (f) Repayment of borrowing. (g) War Loan depreciation fund.

To the figure for 1934-35 should be added a further £7,500,000 representing repayment of war debt by South Africa. This payment, however, also entails a corresponding reduction of assets, so that it implies no change in the net position of the National Debt.

One further item still requires special mention—the treatment of National Savings Certificates. Interest on these certificates is only paid on maturity and is therefore included in the capital item. If encashments of certificates exceed sales in any year, the Treasury has to borrow for these interest payments, as is shown in the above table. But in other years the proceeds of sales are used for the payment of interest, which should be a separate transaction. This is tantamount to a loan for this purpose, and should strictly be deducted from debt redemption. Moreover, the increase in the outstanding accrued interest during the year, which is shown in the second table on page 8, should also properly be set against the figure of net debt redemption. This would reduce the redemption of debt in 1935-36 to £11.4 millions.

The final table summarises the above figures, showing the nominal value of the National Debt, the net redemption of debt and the interest charge in 1913-14 and in recent years:—

THE NATIONAL DEBT, 1913-1936
(£ millions)

Financial Year	Net nominal total Deadweight Debt outstanding at end of Financial Year	Interest, Management, etc.	Net Redemption of Debt§
1913-14	649.8*	19.3	5.2
1931-32	7,433.9	289.5	23.9¶
1932-33	7,643.8	282.2	22.7¶
1933-34	7,822.3	216.3	37.2
1934-35	7,800.4	211.7	20.8
1935-36	7,795.8	211.6	15.4
1936-37	7,910.0†	210.9	7.5

* Debt at beginning of year. † Gross estimate. § The discrepancies between the figures in this column and the movement of the figures in the first column is explainable chiefly on the ground that the first column takes no account of movements in net assets. But see also qualifications to the figure for net redemption in the preceding paragraph. ¶ Net increase of debt.

LOCAL AUTHORITIES

We have estimated that the combined expenditure incurred on revenue account by the Government and Local Authorities of the United Kingdom was roughly £1,050 millions in 1933-34. The information that follows applies to expenditure by Local Authorities in England and Wales, the table below giving the amounts spent on income and on capital account for the latest years for which figures are available:—

	(£ millions)	1932-33	1933-34
Revenue account	1931-32	435.0	433.2
Capital account.....	116.8	84.8	89.3
Total expenditure.....	551.8	515.1	522.5

Rate fund services for 1933-34 involved an expenditure of £326.5 millions on revenue account, an increase of under 2 per cent. Under this head education cost £82.3 millions—a small decline; housing was £1 million more at £42.6 millions; the various health services, of which roughly one-third is for sewers and for refuse disposal, were £59.3 against £56.9 millions; while poor relief absorbed £33.9 millions, or £1.2 million more. Highways and bridges were about £500,000 less at £46.3 millions. Expenditure on police of £21.5 millions was practically unchanged. The income on revenue account to meet this expenditure was £325.6 millions, of which £148.5 millions (or 46 per cent.) was met by rates, £120.9 millions (37 per cent.) by Government grants, including £45.4 millions general grant under the 1929 Local Government Act, while rents contributed £26.8 millions, and fees and other specific income £27.4 millions. Trading services spent £116.9 millions, of which £73.2 millions was for working expenses and £35.4 millions loan charges. They produced an income of £115.0 millions, while approximately 17 per cent. of the income and expenditure for these services was for water, 14 per cent. for gas, 32 per cent. for electricity supply, 19 per cent. for transport, and 11 per cent. for harbours and docks. In addition to the rate fund and trading services, £26.3 millions was allocated to sinking funds—£5.8 millions more than in 1932-33.

In 1933-34 expenditure on capital account rose from £84.8 to £89.3 millions, of which £59.3 millions net was in respect of rate fund and the balance for the trading services. But, as explained below, the apparent increase is due to a single transaction. About one-half of the total of £62.5 millions under the rate fund services was for housing, a capital expenditure of £30.8 millions comparing with £28.6 for 1932-33. Highways and bridges accounted for £9.5 against £11.1 millions, and education £4.2 against £6.0 millions. Loans provided £44.7 of the £60.8 millions received on capital account, a proportion of 74 per cent., against 78 per cent. previously. Of the £12.8 millions received as grants, etc., £5.7 millions (out of a total spent of £9.7 millions) was for small dwellings acquisition and £4.1 for roads. Capital expenditure on the trading services was, in contrast, proportionately much higher, being £32.3 against £22.8 millions. The increase was, however, almost entirely due to the taking over of tramways by the L.P.T.B. The London and Middlesex County Councils received about £9½ millions of stock, and most of this was repaid to lenders or allocated to sinking funds, being entered on both sides of the account as receipts and expenditure.

The net loan debt of local authorities in England and Wales at March 31, 1934, was £1,306 millions, an increase of £5.7 millions only. Of the gross debt of £1,404 millions, £926 millions was for rate fund services (an increase of £15 millions) and £478 millions (or £4 millions less) for trading services. Sinking funds for the two classes of service stood at £60.8 and £37.6 millions respectively. Gross debt outstanding (before allowance for sinking fund provision) on various accounts is shown below:—

LOAN DEBT OF LOCAL AUTHORITIES IN ENGLAND AND WALES
AT MARCH 31ST (£ millions)

	1914	1931	1932	1933	1934
Education (elementary and higher)	52.1	65.4	71.4	75.0	75.6
Sewers and sewage disposal	44.1	65.2	70.2	74.8	78.1
Housing	12.5	423.1	448.5	466.7	480.8
Trading services.....	363.4	462.7	471.5	475.6	470.7
Other undertakings ...	90.5	287.4	295.2	301.5	299.2
Total	562.6	1,303.8	1,356.8	1,393.6	1,404.4

Although more recent complete figures for local finance are not available, it has been estimated that rates in England and Wales in 1935-36 brought in £163½ millions, an increase of £10.6 millions. The average rate in the £ was estimated at 5d. more, or 11s. 1½d. Loans sanctioned were for a considerably higher amount—£36 against £26 millions. Nearly £10 millions of the total was for public health purposes (against £8.2 millions), £7 millions for education, £5.6 millions for roads, and £5.8 millions for trading undertakings. Issues of stock amounting to £16.1 millions (an increase of £1.9 millions) were sanctioned, the rate of dividend being 3 per cent., and in most cases the issue price was par. Unfavourable market conditions early in the 1935-36 financial year led to a suspension of several projected issues, but between September and February advantage was taken of a better situation to fund short-term debt. Under the 1929 Act, general grants by the Exchequer amounted to £45.3 millions in 1935-36. At the beginning of April, 1935, the rateable value of England and Wales as a whole was £293.6 millions, an increase of 2.9 per cent. compared with a year previously—or 0.8 per cent. for London and 3.5 per cent. for the rest of the country. For Scotland, the 1935-36 estimate of rates collected was £19.2 millions, making the total for Great Britain £182.7 millions.

SOCIAL SERVICES

We now analyse the total sums spent upon the various social services, 1934-35 being, however, the latest year for which details are available. The cost of these services, as described below, excludes capital expenditure out of loans, and is stated gross in the sense that it is incurred against revenue from all sources, comprising chiefly rates, grants, insurance contributions and rents. In 1931-32 and 1932-33, this expenditure was about the same, fell in the following year, but for the latest period has risen considerably towards the old level. As before, a decline of £2.4 millions in the cost of unemployment benefit and assistance was more than offset by a rise of £3.1 millions in poor relief, since the Unemployment Assistance Board eventually took

over its full duties only on the "Second Appointed Day," April 1, 1937. An acceleration in housing expenditure is

	(£ millions)				
	Year ending March 31,				
	1924	1932	1933	1934	1935
Unemployment insurance...	48.0	122.8	117.7	101.5	99.1
Health insurance 	30.9	37.5	37.5	36.0	36.7
War pensions.....	69.6	47.0	44.5	42.8	41.2
Other pensions	24.0	78.4*	81.3*	83.2*	85.6*
Education	86.6	103.3	101.5	102.3	106.3
Working-class housing	16.6	42.3	44.3	44.8§	46.1
Poor relief	41.9	41.2	44.1	46.1	49.2
Miscellaneous†	14.5	20.0	21.3	22.6	23.8
Total.....	332.1	492.5	492.2	479.3	488.0

Total, less War Pensions..... 262.5 445.5 447.7 436.5 446.8

* Includes widows', orphans' and old age contributory pensions under the Act of 1926.

† Including expenditure on hospitals, maternity and lunacy.

§ Year ended March 31, 1933, for England and Wales.

|| Calendar years 1924, 1932, 1933, 1934 and 1935.

shown by the rise of £1.3 millions in that item. The increase in contributory and old age pensions of £2.4 millions is substantial, but in the former case it is purely automatic, and in the latter only normal. Public health expenditure on hospitals and the treatment of disease was nearly £800,000 more, but the largest additional charge was the £4 millions for education. War pensions showed a decrease, likewise of a normal character, of about £1,650,000.

The various sources of revenue for the different services in 1934-35 are shown below:—

	Million £'s					Number of persons (a) benefiting directly (Millns.)
	Expenditure	Receipts from			Total Receipts	
		Local Rates	Parliamentary Votes or Grants	Other Sources (Fees, etc.)		
Unemployment : Insurance benefit.....	52.9	...	21.1	42.1	63.3	} 12.5
Transitional benefit.....	46.2	...	46.2	...	46.2	
Health Insur....	36.7	...	6.7	33.8	40.5	18.5
Pensions :						
Widows, etc.	43.2	...	...	23.6*	23.6*	2.1
Old Age	42.4	...	42.4	...	42.4	1.8
War	41.2	...	41.2	...	41.2	0.9
Education.....	106.3	48.5	49.1	8.7	106.3	8.0
Housing	46.1	2.9	15.7	27.5	46.1	...
Poor relief	49.2	45.4	0.4	3.4	49.2	1.9
Other.....	23.8	20.8	0.4	2.8	23.8	...
Total	488.0	117.5	223.0	141.9	482.5	...

* Exchequer contribution of additional £13,000,000 to Treasury Pensions Account.

(a) Unemployment and Health insurance: insured persons.

The proportion of the total expenditure on the Social Services borne by local rates is little changed at 24 per cent. The

extra cost of education fell equally upon rates and Parliamentary grants, but an additional £3.1 millions for poor relief was borne almost entirely by the rates. Figures for later years should, however, show a considerably heavier proportion of grants for poor relief, on account of the different method of providing for unemployment assistance.

INFORMATION ON PUBLIC FINANCE

THE figures of the national accounts are to be found in a variety of official publications. Taking the series chronologically, the first to appear are the *Estimates*, which are published from two to five weeks before the financial year begins on April 1st, and contain a detailed review of estimated expenditure on the Supply Services during the coming year. The Estimates are published under five heads—Army, Navy, Air, Civil Services and Revenue Departments; and the Civil Estimates are further sub-divided into nine classes. The Civil and Revenue Department Estimates, before their publication in detail, are summarised in a paper entitled *Vote on Account*.

The estimated expenditure on the Consolidated Fund Services is revealed by the Chancellor of the Exchequer in his Budget Speech in April, and the *Financial Statement* which is issued at the same time contains complete estimates of total revenue and expenditure, as well as the results of the previous year's working.

Returns of Revenue and Expenditure are published weekly throughout the year and appear in every Wednesday's newspapers. Returns are also published at the end of each quarter. *Supplementary Estimates* for expenditure not included in the original Estimates are issued as White Papers as occasion requires in the course of the year.

After the financial year is concluded, the Chancellor of the Exchequer usually reviews its main features in his Budget Speech. In the following September the *Finance Accounts* are published, giving more detailed summaries of expenditure and revenue and of transactions relating to the National Debt and to the position of Sinking Funds. Finally, detailed accounts of expenditure, audited and commented upon by the Comptroller and Auditor-General, appear in the *Appropriation Accounts* and in the *Abstract Account of the Consolidated Fund*. Full details of revenue can be found in the *Annual Reports* of the Commissioners of Inland Revenue and of the Commissioners of Customs and Excise. Details regarding the National Debt over a series of years appear in two returns giving *Aggregate Liabilities and Cash Transactions of the State and Dead Weight Debt*, respectively. Other information is to be found in the *Post Office Commercial Accounts*, *Road Fund Accounts* and *Trading Accounts and Balance Sheets* (which refers to Trading and Commercial services of the Government).

Certain special aspects of public finances are to be found in a return entitled *Public Social Services* and in an annual report on *Public Departments, Gross and Net Cost*. Details of local authorities' finance may be found in the annual reports of the Ministry of Health and the Department of Health for Scotland.

THE GENERAL OUTLOOK

THE reader who has made his way through the mass of figures contained in the preceding articles will not need any prompting to come to the conclusion that the present state of British public finances is profoundly unsatisfactory. We are now at, or near, the top of the current trade cycle—at a period, that is to say, when the burden of taxation on the National Income should be falling, when taxation should be well in the process of remission, when the National Debt should be undergoing rapid reduction. The Chancellor of the Exchequer should now be enjoying to the full the ability to pursue sound finance and court popularity at one and the same time.

Were it not for re-armament, Mr Neville Chamberlain and the taxpayer could join in anticipating a most enjoyable Budget. If expenditure on the defence forces in 1937-38 were to be no more than in 1932-33, there would be a

margin of more than £100 millions to distribute on Budget Day. It would be possible to reduce the income tax to 4s. in the £, to abolish the tea duty, take 2d. off the petrol duty, to remove the 10 per cent. added to the surtax in 1931, and still have enough left over to provide a Sinking Fund of £50 or £60 millions. Contrast with this almost golden dream the grim reality: a prospective deficit of £80 millions and the probability of higher taxes to boot. This is the tragedy of re-armament in its fiscal aspect.

The deterioration of British finances can be traced in the language used in the final article of the Budget Supplement year by year. Two years ago, in an article which attempted to look both backwards and forwards over a period of ten years, the conclusion was reached that "buoyancy of the revenue is clearly not going to leave any very large margin over a rising total of expenditure for reductions of

taxation. . . . So far as we can foresee the next decade, the fiscal barometer points to 'No change.' Last year even this cautious forecast already seemed too optimistic, and the article concluded that "the indications are that we shall soon have to choose between increased taxation or deliberate deficits." This year, only twelve months later, we have already chosen both the unpleasant alternatives together—unless the Chancellor, by fiscal sleight of hand, confounds the prophets and avoids any increases in taxation.

At a time such as this, it is as well to consider the whole relationship of the State's finances to the resources of the community as a whole. This is too wide a task to be essayed in this concluding article, but it is well within the function of the Budget Supplement to provide the foundation of fact upon which controversy can build. An attempt has been made in the following table to compare the growth of State expenditure with the parallel expansion in the National Income. The National Income is susceptible of many definitions and, even when precisely defined, is subject to a margin of error in estimation. The estimates in the table, however, are all based on the same assumptions, and their proportionate variations are more reliable than their absolute amounts. It should be added that each of the earlier periods (except 1911-13) includes the whole of a trade cycle:—

Period*	National Income†	Total Expenditure‡		National Debt§		Defence		All Other	
		£ mn.	%	£ mn.	%	£ mn.	%	£ mn.	%
1860-69§	899	66	7.3	26	2.9	27	3.0	13	1.4
1870-79§	1,177	70	5.9	27	2.3	26	2.2	17	1.4
1877-85§	1,242	79	6.4	29	2.3	30	2.4	20	1.7
1886-93§	1,410	80	5.7	26	1.8	32	2.3	22	1.6
1894-1903§	1,666	130	7.8	24	1.4	69	4.1	37	2.3
1904-1910§	1,940	138	7.1	27	1.4	62	3.2	49	2.5
1911-13§	2,241	165	7.4	24	1.1	73	3.3	68	3.0
1924	4,035	745	18.5	357	8.8	115	2.9	273	6.8
1929	4,384	771	17.6	355	8.1	113	2.6	303	6.9
1932	3,844	800	20.8	309	8.0	103	2.7	398	10.1
1935	4,530	776	17.1	224	4.9	137	3.0	415	9.2
1936	(4,830)	830	17.1	224	4.6	186	3.8	420	8.7
1937	(5,170)	936†	18.1†	224†	4.3†	278†	5.4†	434†	8.4†

* Including Road Fund expenditure, but not Post Office. † Figures of National Income refer to calendar years, figures of expenditure to financial years ended March 31st of following calendar year. ‡ Annual average. § Estimate. || Figures are taken from "National Income and Outlay," by Colin Clark (Macmillan, 1937), pages 88, 90 and 232; they represent net National Income, as defined by Mr. Clark. The figures for 1936 and 1937 are very tentative guesses for which Mr. Clark is not responsible; the 1937 figure in particular is necessarily very approximate. ¶ Inc. Sinking Fund.

The main lessons to be derived from this table are easily detected. Over the period of the Great War, the total expenditure of the State, regarded as a proportion of the National Income, rather more than doubled. Much the largest part of this increase was due to the greatly enhanced burden of the National Debt, although there was also a substantial increase in the "All Other" category. This category is, of course, largely influenced by the various forms of expenditure on social services, especially on the relief of unemployment; but it also contains a "war" element in the shape of war pensions. As for expenditure on the defence forces, there is considerable stability throughout the period, except for the rise in the Boer War period and the much sharper increase in the last two years. One other conclusion can be drawn from the table. The estimated total expenditure for 1937-38, including the proceeds of the Defence Loan to be issued, represents a proportion of the National Income almost as large as that of the slump years. Re-armament has thus cancelled almost all the advantages won by the last four years of recovery. On the other hand, the figures also show that the whole of this expenditure could have been met out of current revenue without imposing any unprecedented burden of taxation upon the National Income.

It is unlikely that we are yet at the end of the increases in expenditure. Defence expenditure has not yet reached the average of £300 millions forecast in the White Paper; and even that figure may prove to be an underestimate if prices rise further or the international outlook worsens. The borrowing of £400 millions will cost at least £12 millions a year for interest alone. Rising interest rates may well increase the burden of the remainder of the National Debt. If short-term rates rose to 3 per cent. (a comparatively low figure in the light of history), the immediate extra cost

would be in the neighbourhood of £20 millions per annum. Lastly, it would be rash in the extreme to assume no future increase in the cost of unemployment assistance. For all these reasons, we may well have to contemplate an annual expenditure of £1,000 millions before very long.

Sooner or later the State's expenditure will have to be met out of revenue, and though the present rate of expenditure on the defence forces may not continue for ever, there ought some day to be a Sinking Fund nearly as large as the present annual borrowings. Allowing, on the one hand, for a decline in defence expenditure to a "maintenance level" of about half the present expenditure, and, on the other hand, for the inevitable increase in expenditure other than for debt and defence, it looks as if revenue of at least £920 millions will be needed if we are to return in five years' time to a sound basis.

That this is no light task can be seen from the following table:—

TAX REVENUE, 1925-26 TO 1936-37
(£ millions)

	1925-26	1929-30	1931-32	1934-35	1935-36	1936-37
Inland Revenue:						
Income Tax	258	238	288	229	238	257
Surtax	68	57	77	51	51	54
Death Duties	61	79	65	81	88	88
Stamps	25	25	17	24	26	29
Other Inland Revenue	15	3	3	3	2	2
Total Inland Revenue	427	402	450	388	405	430
Customs and Excise:						
Customs	103	120	136	185	197	211
Excise	134	128	120	105	107	110
Total	237	248	256	290	303	321
Of these:						
Sugar	19	14	16	12	12	
Tobacco	53	63	63	71	75	
Alcohol	135	124	113	96	101	
Entertainment	6	7	8	10	8	
Petrol	15	29	42	45	45	
All other duties	24	25	27	61	62	
Motor Vehicle Duties (Exchequer share)	4	5	5	5	5	5
Total tax revenue	668	655	711	683	713	756

* Details of Customs and Excise for 1936-37 are not yet available.

It should be explained that the sources of revenue other than taxes at present bring in about £40 millions, and that about £28 millions of additional revenue will be available in 1937-38 from the motor vehicle duties to meet the expenditure on roads included in the estimate above. These additions would raise the total revenue of 1936-37 to £824 millions. There is, then, a gap of approximately £100 millions which must some day be bridged.

Some increase can be expected from the natural growth of the National Income. In 1937-38, for example, this may produce about £30 millions. But this is entirely due to the present upward swing of the trade cycle. Unless all past experience is to be disregarded, we shall have to allow for a natural decline of the revenue in the next five years; it may be nearly ten years hence before we shall see a natural increase (i.e. one produced without any alteration of the rates of taxation) to higher figures than the present. It is unlikely that the solution lies simply in an increase of direct taxation. For, apart from the extreme unpopularity of such a move, these taxes do not show very much buoyancy of yield. The National Income in 1936 was about 10 per cent. higher than 1929, but the combined yield of income tax, surtax and death duties was only about 1 per cent. larger, in spite of the higher rates of taxation. Nor is this entirely explainable by the time-lag in tax collection. There has been a substantial redistribution of income in the last eight years to the disadvantage of the richer, and direct tax-paying, sections of the community. Gratifying though this is on social grounds, it makes the task of the tax collector considerably more difficult.

There is, however, one favourable circumstance in the position. The policy of borrowing for re-armament may succeed in giving us five years to think the problem out. It would be a prudent move to appoint a strong Commission, charged with the task of finding new sources of revenue calculated to bring in £100 millions a year with the minimum of injustice or of disturbance to legitimate enterprise.

THE ECONOMIST UNIT TRUST SURVEY

SATURDAY, APRIL 17, 1937

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THE ECONOMIST

UNIT TRUST SURVEY

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The Movement and its Background

THE unit trust, in Great Britain, has been a precocious child of its time. Although it was seen in embryo as far back as 1871-72, it was not until April, 1931, that the first all-British unit trust on approved modern lines made its *début*, in an England which was then approaching the severest financial and economic crisis within living memory. To-day, though the unit trust is still four years from the tin jubilee with which monarchs, marriages and movements usually commemorate their tenth anniversaries, it is already showing recognisable signs of maturity. It began by being fixed and has become flexible. It started with no clearly defined legal status, apart from the general law relating to trusts; but it has already achieved (or, rather, had thrust upon it by a Government-appointed body) the outline of its own Magna Carta, which the Government of the day is expected eventually to embody in legislation. Popular opinion regarded the movement, in its youth, mainly as a selling proposition, designed to exploit a prevailing fashion. Within a period of six years it has succeeded in vindicating its *raison d'être* as a new investment medium, with a useful present function and the prospect of a reasonably profitable future.

If fecundity and successful adaptation to environment are sound tests of the virility of any organism, the record of the unit trust movement in Great Britain is profoundly impressive. Like many other ideas, financial, artistic and intellectual, it returned to Britain, its country of origin, after migrating for a spell to the United States of America. Actually, both the fixed and the flexible trust were foreshadowed when the Submarine Cables' Trust was formed in England in 1871 with a specialised portfolio of telegraph shares, and the Government and Guaranteed Permanent Trust in 1872, with power to vary its investments in foreign bonds.

Thereafter, the idea lay dormant until the late 'twenties of the present century, when the dissatisfaction of many Americans with the records of some of the "managed" investment trusts—which had been formed in large numbers during the preceding decade—inspired an effort to popularise the idea of spreading investment risks over a number of securities without the disadvantages of human frailty. The earliest American fixed trusts, in fact, were founded on a dual contradiction. They controverted the laws of logic because, at one and the same time, they

postulated human skill in the choice of an original portfolio of securities but denied it any part in the trust's subsequent history. They controverted established principles of investment by suggesting that a mixed bag of securities might be held for anything up to twenty or twenty-five years with no intervening changes—except by purely automatic elimination of certain securities on the happening of specified contingencies—however profoundly the economic background might be modified.

The First Phase

In 1930, when the units of American fixed trusts began tentatively to be marketed on this side, these inherent contradictions were, naturally, responsible for the decidedly lukewarm welcome which the movement evoked. *The Economist* was by no means alone in roundly declaring that, with its then limitations, the unit trust might score a temporary success, but had nothing material to add to the body of investment knowledge and experience. Actually, the first trust formed with an all-British portfolio began the process of breaking away from the rigidity of the original conception. Its "unit" included 24 different ordinary stocks and shares; it was divided for selling purposes into 2,000 sub-units, each having an original selling price in the neighbourhood of 30s.; and it had a maximum life of 20 years—all on the American model. But its promoters had discretion to sell the trust's holdings of any constituent stock or not to sell them, as they chose, on the occurrence of any of the contingencies specified in the trust deed.

The earlier American examples had flaunted the fact that managers were denied all discretion. If a dividend were passed, for example, a stock had necessarily to be disposed of within a given number of days, whatever its prospects of eventual recovery and however certain might be the prospect of selling on a bad market. As if unconsciously to emphasise the importance of their departure from precedent, the founders of the First British Fixed Trust included in their portfolio a stock which, at the time of its inclusion, would have qualified for immediate elimination, under one of the clauses in the trust deed, had the managers so desired. Thus, most significantly, there was inserted in the structure of the unit trust movement in

Great Britain the thin end of a wedge which, within a few years, was to permit the insertion of increasing rights of management, and to facilitate the development of unit trusts whose controllers had powers to vary investment holdings with few restrictions beyond the general interest of the beneficiaries.

The first all-British trust was born into a period of Stock Exchange depression, and it was only after fourteen months that a second trust appeared, in June, 1932. The sponsors of the original trust also formed a second in that year, but it was not until the middle of 1933 that the popularity of the new movement became definitely established. By that time Britain had left the gold standard, the first beginnings of industrial recovery had been in evidence for nearly a year, the *Financial News* ordinary share index had risen (on June 30, 1933) by 48 per cent. from the lowest point of depression, and, finally, South Africa had devalued her currency and projected a Kaffir share boom. Five new unit trusts were formed in 1933, twenty-four in 1934, and twenty-one in 1935, bringing the total at the end of that year to fifty-three. The majority held a portfolio of a general character, representing, for the most part, a cross-section of the more active equity securities dealt in on the Stock Exchange—frequently with one or two high-yielding gold mining shares thrown in as a sweetening element. A minority—but an interesting minority—had a more specialised portfolio, limited to such groups of securities as foreign bonds, gilt-edged stocks, insurance and bank shares, gold mines and various branches of British industry. At the end of 1935 there were extant some 36 general and 17 specialised unit trusts. At the end of 1934 the "net sales" of units and sub-units totalled £20,750,000. By the end of 1935 this figure had risen to £45,800,000. The present total is the subject of a special chapter on page 5 of this Review. To-day, there are 72 unit trusts extant. Some 51 are mainly "fixed," in the sense that their managers have no powers, or only limited powers, of substituting new stocks for old in their portfolio; while 21 are "flexible" since their managers have powers to switch among a lengthy panel of companies or into a wide range of securities in general. Within our knowledge, some 48 trusts are still "open" while some 24 are "closed." An explanation of these terms is given in the text below.

Reasons for Progress

By the end of 1935 the movement had thus established itself. In the face of a good deal of criticism, it had proved that nothing really succeeds like success. The reasons for its progress are readily discernible. It made little headway so long as stock market sentiment was depressed, but in the great bull market from 1933 onwards it had an ideal background. It offered the relatively small investor something which, psychologically and economically, was highly desirable—namely, a spread of his investment risk over a moderately extensive range of different securities, although the cash value of his holding might be less than three figures. Investors obtained this facility in return for a "loading charge" usually equivalent to around 6 or 7 per cent. of the value of the constituent securities. This charge was usually paid, cash down, to cover the expenses and profits of the promoters and the clerical and managerial charges of the trust during the whole of its anticipated lifetime.

The application to investment of the law of averages was no new expedient. The British investment trusts had been applying it for more than half a century, but the early 'thirties found them tactically at a disadvantage. Their portfolios were heavily weighted with foreign as distinct from British domestic securities, and with fixed interest as distinct from equity stocks. Their own issued capital, moreover, had never had a really wide or free market on the Stock Exchange. The small investor wished, primarily, to share on an equity basis in the fruits of a predominantly domestic industrial recovery. But he required, above all, an assurance that he could reconvert his holding into cash at short notice. To him, therefore, these shortcomings of the orthodox investment trusts were more than disadvantages—they were positive disabilities.

The unit trusts enjoyed a further advantage. They took pains to advertise their wares in a world which was used to publicity but not to its application to the business of

investment. Undoubtedly the trusts, in the process of describing and praising their own goods, did much to popularise the laudable conception of a well-tempered portfolio. And it is no conclusive objection to this favourable comment that the campaign funds were provided by the investor himself. The proceeds of sales of trust units, again (apart from the loading charge), were invested mainly in the ordinary shares of sound and reputable British companies, which were among the leaders of their market. So far, therefore, as resources which would otherwise have gone to the bucket shop and the ultra-speculative new company were diverted to the unit trust movement, the latter became, in effect, an instrument for the placing of funds in good instead of bad securities.

New Developments

There were, in short, weighty factors making for the popularity of the trusts. It was well that they were substantial, for they stood the movement in good stead in the second phase of its development, when it was engaged in the difficult task of revolutionising its original conception and endeavouring to rid itself of certain abuses which had been the subject of legitimate criticism. It was quickly found that a trust whose portfolio was wholly or mainly "fixed" incurred the wrath of critics, who maintained that to stereotype any series of holdings, however diversified, for ten to twenty years, was repugnant to sound investment canons. What was even more to the immediate point, experience showed that such a trust tended to lose its selling appeal after a few months. It was then usually deemed advisable to "close" it, by ceasing to create further units; and as soon as it was closed it began to "unwind." In other words, every closed trust became a slowly dying trust.

The discretionary powers of the managements, accordingly, began to be progressively extended. The right to eliminate unwanted constituents in a portfolio was enlarged, as new trusts were formed, to embrace the right of substitution of one security for another. By a process of trial and error, this right was extended from re-investment in trustee securities to re-investment in a limited panel of specified alternative stocks and, finally, to more or less free re-investment (with a few general limitations) over a specified range of Stock Exchange securities. The wheel by this time had gone full circle. With the emergence of the fully flexible trust, the movement made the despised management factor a corner-stone.

When our last Review was published, in March, 1936, the movement had arrived at a point when almost all new unit trusts adopted a flexible form. In the meantime, those interested in its progress, both from within and without, had become keenly aware of certain defects in its organisation. Some of these defects were largely the result of inexperience in its early days. It was recognised, for example, that too large a part of a trust's loading charge might be used for initial expenditure, and too little be reserved for future managerial and clerical expenses. To obviate this, many groups had already initiated the practice of earmarking part of their receipts under an escrow provision permitting their release only in regular instalments, spread over future years. Other blemishes were due, in certain cases, to mistaken ideas of salesmanship. Examples were the focussing of advertising appeal on immediate income yield, the unsoundness of all investment criteria; and the dilution of portfolios by an admixture of high-yielding shares of second- and third-rate quality, like short-life gold mines. Another objectionable trait was the practice of some trusts—not all—of including capital receipts, from the sale of "rights" accruing on underlying securities, in their regular cash distributions. A third undesirable feature was a tendency to seek spurious differences in selling appeal, between one portfolio and another, which might impress the ignorant but had little economic relevance.

Other dangers besetting the movement's progress were, possibly, potential rather than actual. The number of securities really popular with the public at any given time is much more limited than is generally imagined. Consequently, there was always a danger that too many trusts might hold the same stocks, and thus provoke undesirable present or future market repercussions. Another potential

danger was that, in a large portfolio, second- and third-rate stocks might be introduced and pass largely unnoticed. The greater the movement's success, the greater was the danger that its name and fame might be taken in vain by unscrupulous persons (in whose hands unlimited advertising powers might, in particular, be a dangerous weapon) or by interests having insufficient financial backing or inadequate technical experience. The further the movement gravitated away from the fixed towards the flexible trust, the more relevant became the question: *Quis custodiet ipsos custodes?*

Official Inquiries

Every new development, in finance as elsewhere, which achieves rapid success from small beginnings, must expect to attract official curiosity. As far back as May, 1934, the Committee for General Purposes of the London Stock Exchange had appointed a Sub-Committee to go into the question of facilities for dealing in the certificates of certain fixed trusts on the Floor of the "House." In December, 1935, the Sub-Committee issued a report recognising the existence of "a genuine public demand" for facilities such as the trusts provided, and appending a series of draft regulations for Stock Exchange dealings, but declaring that "the protection of the public" could be secured only by State legislation. The sequel was the appointment, in February, 1936, of a Departmental Committee of the Board of Trade to inquire into the subject "in all its aspects." The Committee had a strong and thoroughly representative personnel. It was conspicuously expeditious in its deliberations, and its Report, completed in July, was made available to the public last August. In the meantime, certain management companies had taken the initiative of forming a Standing Joint Advisory Committee as far back as April, 1935, and early in 1936 it had been announced that negotiations were in progress for an Association of Managers. This body was duly formed, and now functions as the Unit Trusts Association. Its constitution and objects are the subject of a separate chapter in the present Review.

The findings of the Board of Trade Committee, similarly, are dealt with in detail below. Broadly, the Committee blessed the basic ideas of the movement, but criticised certain aspects, actual and potential, of its development. They recommended that the State should afford facilities for its continuance, its development and even its possible application to new fields of investment. This vindication of the movement's status was accompanied, however, by financial and other conditions which left the movement's satisfaction distinctly qualified. The Committee insisted, for example, on the advisability of a substantial financial deposit in the case of every trust; the payment of a charge approximating to a species of capital duty; the application to the movement, *mutatis mutandis*, of certain provisions corresponding to those laid on limited companies by the

law; restrictions on unit trust advertising; and, finally, publication of detailed facts concerning their operations.

Though it is practically certain that the Government will introduce legislation on the lines of the Committee's Report, the date of its introduction is at present uncertain. Meanwhile, the movement remains in the uncomfortable position of Mahomet's coffin, suspended between one state and another and firmly anchored to neither. Actually, during the past twelve months, only 16 new unit trusts have been formed (bringing the total extant to 72), against 22 in the preceding twelve months. The figures given in the next section of this Survey show that the total amount of unit trust certificates held by the public has increased by approximately £21 millions, against something like £25 millions in the preceding twelve months. The total year's turnover in trust certificates has been appreciably greater, but the material for an estimate of its dimensions is unavailable. Trust dealings have now become two-way and not merely one-way.

Though sales to the public still comfortably exceed encashment orders, the fact remains that "net sales" in the last twelve months have been less than in the immediately preceding period. In the first three months of 1937 this phenomenon may be correlated with the declining trend in security values on the Stock Exchange as a whole, particularly those of so-called gilt-edged industrials, which suffered in common with gilt-edged stocks proper. For the preceding nine months, however, the trend of the equity share market was as strongly upward as in any period since the rise in values began. Undoubtedly, the appointment of the Board of Trade Committee and the publicity given to its findings were not helpful selling points. The fact, again, that certain new trusts formed during the period have admittedly had a diverse individual experience suggests that public demand may be becoming more fickle—or, what is the same thing, somewhat more discriminating without a clear basis of discrimination. On the whole, the public reception of the concept of flexibility has been somewhat disappointing. The idea has certainly not "gone over" with quite the same *élan* as the earlier concept of quasi-fixity.

It is too early, as yet, to draw any far-reaching conclusions from the experience of a period which has been, to some extent, abnormal. Possibly part of the initial appeal of the movement may have been due to its novelty. Possibly the desire of the investor to know exactly what he is buying counts for more than the movement, in its latter-day phase, had assumed. It may be that investors will buy stocks but not brains, unless they know whose brains they are. Or, again, the movement may be on the eve of some development of profound evolutionary importance. In subsequent sections of our Review, accordingly, we propose to analyse its present organisation, structure and aims, to assist our readers in reaching their own conclusions on these all-important questions.

Total Unit Trust Sales

In the first supplement dealing with fixed trusts, dated April 6, 1935, *The Economist* published the first accurate estimate of fixed trust sales. With one exception, the trust managers furnished us with confidential particulars of the value of their outstanding sub-units for calculating a total figure for the whole movement.

We have again asked the managements to supply us with confidential information of the *net* value of outstanding sales at the end of February. The response has been willing, and we have again been compelled to rely on estimates for only one group. In this case we have adopted a figure which appears reasonable in relation to the information readily supplied by other groups.

In most cases, this information has been supplied to the nearest £100. Our estimate of the small investor's interest in unit trusts can therefore be given to a closer degree of accuracy than before. We are, of course, unable to furnish any particulars regarding the sales of any particular trust or group of trusts.

At the end of February, the value of outstanding sales of the seventy-two unit trusts, formed in this country since 1921, amounted to £71,025,000.

This total compares with our estimate of "nearly £50 millions" at the beginning of March last year. At the end of 1935 we computed the total at £45,800,000, and at the end of 1934 at £20,750,000. The Board of Trade Committee, reporting last July, confirmed that the movement's sales amounted to about £50 millions.

At first sight the present total looks somewhat higher than *a priori* considerations might have suggested. No secrets are betrayed by the statement that the movement is not wholly satisfied by the recent trend of sales. The summer months of 1936 were unfavourable, owing to the appointment of the Board of Trade Committee, and market conditions this year have not been propitious. To account for an increase in the volume of outstanding sales of £20 millions, therefore, a somewhat special explanation appears called for. The market boom, which

reached its peak last November, may have attracted an appreciable volume of supporting orders. Again, while the volume of advertising appears to have fallen off in certain directions, those groups which have continued to put their wares before the public have apparently received a ready response. A third factor may be the natural growth of the movement through re-investment by existing holders.

The figure, nevertheless, may cause some surprise even in some quarters in the movement itself. How does it compare with the progress of other popular savings media? The following table suggests an answer:—

	1934	End Year 1935	1936
Unit Trust Sales	20,750,000	45,800,000	71,025,000*
Building Societies' shares and deposits	528,367,000	571,057,000	620,000,000†
P.O. and Trustee Savings Banks deposits	573,529,000	623,593,000	679,961,000
Savings Certificates	389,559,000	391,092,000	390,102,000
* February 28, 1937. † Estimated.			

Both in absolute size and in expansion, it will be seen, the unit trust movement is small compared with the older media available for the small saver. The threat to building societies' deposits which the unit trusts were alleged to introduce cannot be detected in the figures.

Advertising and Sales Methods

In our unit trust supplement published last April, an estimate was given, by the courtesy of the London Press Exchange, of the volume of press display advertising by the trusts, which we are now able to extend for 1936. The estimates are based on a wide survey of the press, but exclude certain specialised publications. They may, however, be taken to cover some 80 per cent. of the total. The total estimate for press advertising expenditure of the trusts during 1936 amounts to £215,615, which compares with £184,047 for 1935. The Board of Trade Committee, in referring to the part which extensive advertising had played in the growth of the movement, estimated that the sums spent upon advertising by the different trusts had been large, "amounting probably to £250,000, and possibly to twice that figure."

Press advertising, of course, is but part of the total expenditure on publicity. Indirect methods, which include lectures reported in news columns of the press, are common. The Unit Trusts Association, again, has organised a publicity department. Personal contacts are important, particularly in the North and in Scotland. And certain groups publish monthly magazines—some of definite economic interest, and others of more propagandist character—which are issued to their clients.

Flexible Trust Management Described

WHEN the Departmental Committee of the Board of Trade reported last July on the unit trust movement, there were 51 fixed trusts and 16 flexible trusts in existence. Since that date, only 5 trusts (all of the flexible type) have been formed. The creative growth of the movement has obviously slowed down considerably, owing partly to the activities of the Board of Trade Committee itself, and partly to a certain exhaustion of new promotion features, which the fixed trusts and the early flexible trusts were able to turn to good account.

For a fairer comparison of the growth of flexible trusts, however, figures may be based on the position when our second unit trust supplement was published in March last year. At that date 56 trusts were in existence, and of these 50 were of the fixed type and 6 of flexible type. Fifteen of the 16 trusts formed during the past thirteen months have been of flexible type. Fixity is now eschewed and flexibility openly embraced. It is, perhaps, no secret that the management groups, having experienced but small difficulty in convincing the investor of the merits of a fixed portfolio of familiar industrial shares, have not wholly repeated their success with the flexible form of trust.

Equal importance, however, attaches to the selling methods still pursued by the trusts. Some carry out all their business through brokers; even independent purchases are put through a broker's name. Others seek orders wherever they are to be found, accepting business direct, and accompanying it with suitable inducements in commissions. One group has approached estate agents in this way, offering the usual rate of commission paid to brokers on new orders.

Again, the co-operation of brokers through the offer of reciprocal business is generally invited. By this method brokers are led to expect business in underlying securities proportionate to the volume of new unit orders which they introduce. In some cases this procedure can hardly work to the best advantage of the trusts, for small provincial brokers cannot be expected to do business at the finely shaded prices which could be obtained in London or on a leading provincial exchange.

The Board of Trade Committee did not feel that the question of excessive commission to brokers was a matter for legislation, but recorded the view that remuneration on the sale of units at a level which induced the recommendation of this class of security for any reasons apart from intrinsic merit was undesirable. The general practice among the trusts is that the managers pay brokerage, when the investor buys his units, out of the loading charge which is included in the purchase price. In many cases, this brokerage appears to be paid at the rate of 1½ per cent., which is higher than the Stock Exchange scale for shares between 16s. 8d. and 30s. On the re-sale of the units to the managers the seller usually pays brokerage.

Certain trusts, however, have modified this arrangement. The Municipal and General group, for example, has reduced its loading charge to an ex commission basis, and brokerage now falls to be paid by the client both on purchase and on sales. This practice is also adopted by the British Empire First Unit. In the case of the Trust of Insurance group, the managers undertake to pay brokerage both on the original sale and upon the re-purchase of units from the investor.

The problem of stamp duty, to which the Board of Trade Report drew attention, remains unchanged. Settlement duty is payable on the constitution of initial units, but is not automatically required in the case of subsequently formed units. The unit certificates or bearer warrants issued by the managers attract no stamp duty, but on being re-sold to the managers the release of the certificate attracts stamp duty (although if it is subsequently re-issued no further stamp is payable). If units are transferred by deed between two members of the public, stamp duty is payable. Bearer warrants, however, escape all stamp duty, both on issue and on transfer.

It is, in fact, a method in which the public has required instruction. A score or more familiar names in the fixed trust are replaced by a panel of securities—or rather the securities of a panel of companies—which may include two hundred concerns and more. At any point of time, the investor does not know exactly what he is buying. He is invited to subscribe to the X.Y.Z. Flexible Investment Fund; but however euphonious the name and however well he may regard the capabilities of the management company, neither seems to rival the list of securities which was invariably a feature of fixed trust advertising. Half a dozen market leaders in a portfolio apparently possess more sales appeal than a widely diversified flexible fund, although the latter may be a sounder investment.

Although in certain specialised instances the flexible trust has been successful from the first—the Foreign Government Bond and Trust of Insurance Shares issues are obvious examples—the reception of the flexible trusts generally suggests that, apart from the special factors which appear to have handicapped the movement during the past year, the public is not fully acquainted with their nature.

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* At the time of going to press

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Deduction of the preliminary charge from the gross sales proceeds gives the net proceeds available as deposited property for the fund which shows an assumed net total of £1,044,060. How is this sum represented? Mainly, of course, by the cost of investments held in the fund. This is shown at £1,040,588, excluding commissions, and is reduced to the extent that profits have been realised on the sale of

investments, giving a net figure of £1,025,330. There remains to be added the amounts paid in respect of stamp duty and brokerage on the securities, the amount of cash held by the fund, and an account of dividends received and distributions made by the fund.

Problems arising from the distribution of available income are discussed in detail below. But in order to balance the position of the fund, it is necessary to deduct from the existing capital assets any excess of dividends received (or calculated to be receivable) over the distributions made to unit holders and the payment of trustee's and managers' remuneration. Such sums which arise since the previous distribution date are, of course, available towards the payment of the next coupon.

The second tabular statement, headed "Deposited Property Value," compares the current value of the deposited property with the gross amount paid by investors in subscriptions for the units. The market value of the securities is calculated, excluding all Stock Exchange charges, and to this sum is added the cash held by the fund as shown in the first schedule. The difference between this total and the total sums paid by the public shows the net appreciation of their investments, after writing off, in effect, all Stock Exchange charges, the cost of the manager's preliminary service charge and management's half-yearly percentage charge to date. The gross appreciation shown by the offered price of the units is 27½ per cent.

This statement forms the basis for the calculation of the current price of the units shown in detail in the third schedule. There are assumed to be one million units in issue. The market value of the deposited property of the fund, together with the balance of cash, amounts to £1,210,692. This sum, divided by the number of units in issue, gives a net value of the deposited property (exclusive of commissions and fees) per unit of £1 4s. 2.566d. The charges for

brokerage and fees must now be added. A detailed computation is short-circuited by basing the charge on the average brokerage, per cent., paid in the past. The manager's preliminary charge is based on the gross cost of the securities, together with commissions, and a price adjustment to the next highest threepenny multiple. It represents, in fact, 5/195ths of this total, or 2½ per cent. of the offered price. At this price, the managers are prepared to sell their units, quoting a bid price for repurchase 6d. below the offered price.

Two final schedules are added to complete the record of the manager's control of the fund, which show calculations of gross yields and particulars of the "spread" of securities. This information, however, does not affect the detailed working of the fund, although it closely concerns the problem of administration in the broader sense.

A Technical Problem

The search for a conclusion in this problem of method resembles the profitless quest for the Golden Rule. Our own function has been largely one of simple exposition and description. The very technicality of this section of our present survey—so far removed from the sweet simplicity of the fixed trust era—itself suggests one major fact. The trend towards flexibility has thrown up new problems of the utmost technical difficulty. And the movement itself may be far from reaching finality in its methods of operation. Even the disinterested expert (if such exists) might find it difficult to choose finally and irrevocably between the two methods which now hold the field. But this dilemma, which may be left to the expert and to the unenviable legal draftsman, contains a valuable lesson. The merits of any system are governed entirely by the competence and honesty of the managers which operate it.

Unit Trust Distributions

THIS exegesis leads us to the consideration of unit trust distributions, with special reference to the flexible trusts. The first essential point is: What is cash produce? In other words, what sums may be properly regarded as distributable by a unit trust?

For the fixed trusts, there is no difficulty in answering this question. The trust will pay out dividends received, together with capital rights encashed if it is of the "distributive" type. The securities in the fund are constant, and their dividends are always known.

The problem, however, is not so simple for the flexible trust. The managers could, if they wished, operate in all of their permitted investments during one distribution period. It is theoretically conceivable that they might not receive one penny in cash dividends. Conversely, they are free, if they wish to avail themselves of the opportunity, to purchase securities cum dividend and to sell again ex dividend. By this method the yield on a flexible fund could be arbitrarily increased. In addition to dividends actually received, dealings on a cum and ex dividend basis may conceal the "stripping" of dividends from the securities concerned, unless these transactions are suitably adjusted as between capital and income. In many cases, the trust deeds appear to give the managers power to determine what constitutes cash produce available for distribution. In the case of the Municipal and General Investment funds, and other funds operated along similar lines, precautions have been introduced to prevent the managers from decumulating the assets of the trust by paying out the full cash dividends on securities purchased cum dividend. Similarly the trust deed of Investment Trust Units contains suitable provisions of this nature. In order, moreover, to make all true income available, provisions have been taken to estimate accrued dividends, although cash dividends may not have been paid. In the case of Investment Trust Units, the anticipated rate of dividend may be distributed according to the certificate of a member of the London Stock Exchange. For the Municipal and General group the responsibility falls upon the auditors.

Comparatively few flexible funds appear to have made provisions for these adjustments between capital and revenue. The loopholes which exist in their absence would doubtless not be put to grievous misuse, particularly when a large and fairly stable portfolio is managed. In this case, the law of averages is likely to minimise any grave possibility of decumulating the assets of the fund in the guise of income. But to the majority of the trusts, at any rate, they are at least open to exploitation as a yield-raising device.

The Dividend Equalisation Account

The problem for all trusts, whether fixed or flexible, is to determine the most convenient and equitable method of distributing the income which accrues to the trust in each successive distribution period. The fixed trusts solve the problem by operating a dividend equalisation account. At the beginning of a distribution period, no income will be held by the managers for the benefit of the unit holders, apart from any small undistributed balance from the previous period. As each Stock Exchange account passes, however, the managers will receive dividends on the underlying securities, and the shares concerned will be dealt in ex dividend. A buyer halfway through a distribution period will, therefore, be required to pay a capital sum, in addition to the cost of the underlying securities and expenses, representing the accrued income per unit which the managers have received upon the underlying securities. From the date of purchase, the new buyer ranks equally with existing unit holders for subsequent distributions, and there stands to his credit a sum, returnable at the end of the distribution period, exactly equivalent to the accumulated income of the trust per unit. Detailed figures showing the effect of this method on the costing of a fixed trust sub-unit were given on page 20 of our last Supplement on the movement.

FOR JUDICIOUS INVESTORS

ELECTRICAL INDUSTRIES TRUST

We are on the threshold of an electrical age and a great development lies before us. The Ninth Annual Report of the Central Electricity Board shows that electrical progress is proceeding in this country much faster than in the world as a whole. The Government's declared intention to adopt the main provisions of the McGowan Report will quicken this growth. It will be of special benefit to engineering and equipment undertakings in which more than 80 per cent. of the funds of the Trust are invested.

In the meantime—of twenty dividend announcements declared by the Companies in the Trust since January 1st, 1937, twelve were on a higher scale.

Trustees: GENERAL ACCIDENT FIRE & LIFE ASSURANCE CORPORATION LTD.

METALS AND MINERALS TRUST

Re-armament means demand for materials. If, as some hope, the armaments race stops and we get real peace and security, a great expansion of world trade will maintain this demand. Growing prosperity promotes sales of diamonds. Discredited paper quickens the craving of man for gold. This Trust, with its reserve fund provision, provides real investment in this varied field.

Since the Trust was established on January 4th, 1937, all the dividends, with one exception, declared by Companies in which it has invested have shown increases.

Trustees: MIDLAND BANK EXECUTOR & TRUSTEE COMPANY, LIMITED

BRITISH INDUSTRIES FIXED TRUSTS

Reorganised and reconstructed, and with sound finance and a new confidence behind it, British industry is in finer shape than ever in its history. The four Portfolios of this Trust give their certificate holders a wide-spread interest in the equity of our country's future.

"Evidence of home expansion continues day by day to be impressive. Good statements of Company earnings and dividends are accompanied by cheerful forecasts by almost every Company Chairman who addressed his shareholders." —"Daily Telegraph" April 2nd 1937.

Trustees: MIDLAND BANK EXECUTOR & TRUSTEE COMPANY, LIMITED

These Trusts are managed by:

ALLIED INVESTORS FIXED TRUSTS LIMITED
165 Moorgate, London, E.C.2 Phone: NATIONAL 4931

Units or sub-units may be bought through any stockbroker or bank. Explanatory booklets (on which transactions are based) may be obtained on request

The dividend equalisation method is equally applicable to the flexible trust, provided that it is operated by the appropriation method. The income of the trust is maintained in a separate fund, and the due proportion of accrued income is included in the offered price of the units. This price, consequently, includes two elements: the appropriate cost of participating in the capital assets of the fund; and a payment equal to the accumulated dividends per unit. Subsequently to the date of purchase the new buyer ranks, in the same way, for his share of dividends received. At the end of the period, he receives an identical distribution, per unit, in cash, as the investor who had held his units throughout the distribution period. Part of the cash, as before, represents his original capital payment, and part his share of dividends received by the fund since his date of purchase.

Cash Fund Complications

Where all assets of the fund are maintained in one pool (as in the "Cash Fund" method of operation) complications arise. The buyer pays a price for his units which includes an amount analogous to a dividend equalisation payment, but for the purposes of price calculation, capital and accrued income are not distinguished. Both form part of the deposited property of the fund. The actual amount of this equalisation payment, which will be distributable to unit holders as a capital repayment, will not be known until the end of the half-year, when the amount of income available for distribution is computed. This involves highly intricate calculations, which may be examined in closer detail.

For the three investment funds in the Municipal and General Securities group, the auditor is charged with the duty of allowing, as far as possible, for the effect of purchases cum dividend. In computing the amount available for distribution, the auditors are therefore not bound by the actual amounts of dividends received in cash by the trustee. The dividends received may be less than the amounts estimated to be due for distribution, where dividends are presumed to accrue during the period, but have not actually been paid. In other cases, the auditors may be unwilling to allow the full distribution of the amounts received in dividends during the period, on the ground that the securities had been held for only part of the time, and that the purchase price therefore included a significant amount of accrued dividend. The difference between the amount received in cash dividend and the amount computed as available for distribution in such cases accrues to the fund as capital.

The Auditor's Responsibility

The determination of available cash produce for distribution is thus primarily the responsibility of the auditor, whose task it is, according to the best of his information, so to adjust the cash dividend receipts of the fund during the half-yearly periods to take account of dividend accruals and

the purchase of securities with dividends in the price. After estimating the net amount deemed to be distributable in respect of each security in the trust a further point arises. The income-tax authorities may be called upon to refund tax, to the appropriate extent, to holders of units who are not liable for tax at the standard rate. In this respect no difficulty arises regarding claims from holders throughout the period. The income received during a given period is payable to all holders existing during that period. But for the new purchaser the authorities lay down the principle that rebate of tax cannot be claimed in respect of dividends received by the trust before he became a participant. For trusts which operate a dividend equalisation account, the point does not arise in the same form, for the dividend equalisation payment is not subject to tax. But under the Municipal and General Securities method no dividend equalisation account is maintained separately from the funds, and adjustments are therefore necessary.

The following procedure, therefore, is adopted. After the net amounts due to be distributed have been calculated for each security, they are apportioned over the trust according to the number of units outstanding at the respective account days, preceding the ex dividend date of the security. In the case of a security which does not become ex dividend, the dividend accrued is apportioned over the whole period. This procedure is followed for each company and dividend. Finally, a summary is prepared showing the amount of distributable income arising in respect of the units outstanding at the end of each fortnightly account.

We have seen, however, that in the calculation of the price which was paid for the units, the total value of the fund, including all accumulated dividends received by the fund, has been used. The buyer, therefore, has in effect paid a definite price for accumulations. How is this sum returned to him?

The dividends to be distributed must next be allocated per unit. For this purpose, the average number of units in issue during the entire period (on which the distributions have, on the average, been earned) is divided into the total sum available. The resulting average rate will then be payable on all the units outstanding at the end of the period. The total sum required will be higher than the amount actually computed by the auditors as distributable from income. The difference corresponds to the amounts which have been included in the price of units in respect of the accumulated income of the trust.

Since all the units in this particular group are in bearer form, the managers prepare a certificate for each bearer warrant outstanding, stating the proportion of the distribution which is income earned (whether received or not) since the units were purchased, and the amount arising from the dividend equalisation sums included in the price. It will be evident from the foregoing description that in order to operate their funds as completely water-tight trusts, both for capital and income, the Municipal and General group have been compelled to adopt a system of considerable intricacy, in order that the claims of any unit holder who is not liable to the full standard rate of tax may be satisfied.

The Effective Cost of Unit Trust Management

In our previous surveys of the unit trust movement, we gave estimates of the effective cost which the purchaser of a fixed trust sub-unit pays to the managers. Reference to the directory tables on pages 16 to 21 of this Supplement shows the loading charges for all fixed trusts and the preliminary service charge and regular management fees which apply to the flexible trusts.

The advertised loading charge, as we have previously explained, somewhat understates the total effective costs included in the price of a fixed trust sub-unit. In the first place, it is frequently calculated on the inclusive price of

the unit; a 5 per cent. nominal loading charge thus becomes an effective 5½ per cent. charge on the cost of underlying securities and expenses. Secondly, there are extraneous sources of income available to the managers from purchases of underlying securities slightly below the prices at which they are costed into the units, from the jobbing turn on re-sales of units to the managers and again on their subsequent re-issue to new purchasers, and from the adjustment of the dealing quotations to the nearest 3d. or 1½d. above and below the exact offered and bid prices.

It has been suggested in our discussion of managers'

Investments for the Prudent: Investors Second General Trust

By investing in sub-units of Investors Second General Trust you become a part owner of 27 of the strongest and most famous companies in British industry. All the securities included in the Trust are quoted on the London Stock Exchange, are steady dividend payers and, as a group, represent a true cross-section of the strongest elements in Britain's economic life. The income for the year ended 1st February, 1937, showed a yield equal at the current price of sub-units to £5 : 4 : 0 per cent. gross, from cash dividends only. The Trustees are Royal Exchange Assurance.

Provident Investors Trust

Nationally known goods and services, purchased by every household, are manufactured or distributed by the 30 immensely strong companies whose securities form the portfolio of Provident Investors Trust. No armament, brewery, tobacco or gold mining securities are included. To the investor who believes that essential goods and services, which form the backbone of the nation's economic life, are the soundest and surest investment, sub-units in this Trust offer the advantages of convenience, security, and a yield of over 4½ per cent. (The actual return which investors have received from cash dividends only, for the year ended 15th March, 1937, was equal to a yield of £4 : 10 : 9 per cent. gross, at the current price of sub-units.) Trustee : Martins Bank Limited.

Investors Flexible Trust

This Trust is a managed investment fund of flexible character with a portfolio embracing a very extensive list of first-class Stock Exchange securities. The policy of the Managers is to secure the best possible income yield and prospect of capital appreciation consistent with a high degree of safety. An investment and statistical organisation commensurate with the very large funds administered by the Managers is maintained for the constant supervision of the Trust's portfolio. A yield, from cash dividends only, at the rate of £5 : 7 : 4 per cent. gross per annum at the current price of sub-units is the actual return investors have received for the first half-year (ended 1st March, 1937) of the Trust's existence. Trustees : Midland Bank Executor and Trustee Company, Limited.

Consult your stockbroker or bank manager or write direct for free descriptive Booklet EC, the basis of all transactions, to the Managers,

FIFTEEN MOORGATE UNIT TRUSTS LIMITED

15 Moorgate,

London, E.C.2

Branch Offices at
7 Pall Mall,
Manchester, 2, and



Prudential Buildings,
St. Philip's Place,
Birmingham, 3

MEMBERS OF THE UNIT TRUSTS ASSOCIATION

profits that while such adjustments are uncovenanted, and while it is arguable that they should be subjected to close scrutiny, they may provide an additional source of income to the loading charge which is necessary for profitable operation. The replacement of these "sweepings" by a somewhat larger but completely disclosed loading charge may be desirable. But as matters now stand, it is evident that some trusts have no considerable margin of profits, after making proper reserves for future management. Additional point is lent to this question of adequate reserves from profits by the suggested requirement of a deposit of £20,000 from each trust (not from each group) which the Board of Trade Report suggested.

Our latest estimate of the total sales of the movement, which appears on page 5, shows that the current value of outstanding units of the 72 fixed and flexible trusts in existence is now £71,025,000. The average value of outstanding units per trust is therefore of the order of £985,000. While some managements can claim higher gross sales than the amounts now outstanding (they may have been reduced to some extent by resales), it is probable that this average level of sales does not afford opportunities for inordinate profits in itself. And if it is assumed that a

MANAGEMENT COSTS OF FLEXIBLE TRUSTS

Name of Trust	Managers	Life	Pre- liminary charge	Annual charge	Price adjust- ment to	Initial price	Total annual charge as per- centage of initial price
Foreign Government Bond, Limited Investment Fund.	Municipal & Gen- eral Securities. Do.	(yrs.) 21	5* [†]	0.375§	3d.**	s. d. 20 0	0.7934
Midland and Southern Scottish and North Country I.F.	Do. Do.	21 21	2½* [†] 2½* [†]	0.50 0.50	3d.**	20 0 20 0	0.7485 0.7485
Trust of Insurance Shares.	Trust of Insur- ance Shares.	20	5*	0.125	3d.	19 9	0.5301
Trust of Bank and Insurance Shares.	Do.	21	5*	0.125	3d.	19 3	0.5183
Trust of Bank Shares Investment Trust Units.	Do.	21 20††	5* 4*	0.125 0.125§	3d.	19 0 17 6	0.5188 0.4845
Scottish Bank Ins. and Trust Shares.	Scot. Bk. Ins. & Trust Shares (Trust of Ins. Group).	25††	4*	0.125§	3d.	18 6	0.4355
First Recovery.....	British General Fixed Trust.	10	5†	0.25	3d.	9 3	1.0122
Capital Securities	Improving Sec- urities Trust (associated with above).	5	4†	0.25§	1½d.	8 6	1.4607
Trust of British Trans- port.	Trust of Trans- port Shares.	20	5†	0.333§	3d.	18 0	0.7142
Bank Insurance and Financial Shares.	Proved Securities	20	7½†	...	3d.	18 6	0.5978
Electrical Industries Trust.	Allied Investors	20	5½†	0.125	3d.	19 0	0.5654
Metals and Minerals Trust.	Do.	20	5†	0.25	3d.	18 9	0.728
Aviation & Universal	F.T.M. Limited	10	5†	per unit§ 1½d.	3d.	10 0	1.1793
Domestic	Do.	10	5†	per unit§ 1½d.	3d.	10 0	1.1503
Keystone Flexible ...	Group Units In- vestment Trust	15	7½†	...	3d.	18 9	0.6833
National Investment Group Certs.	National Fixed Investment Trust	15	6½*	...	1½d.	17 1½	0.6174
British Empire First Unit Trust.	Unit Trusts	25	2½†	0.125	3d.**	21 0	0.3775
Investors Flexible Trust.	Fifteen Moorgate Unit Trusts.	15	6½*	0.125§	3d.	17 9	0.8135

* Preliminary charge calculated on price of unit.
† Preliminary charge calculated on price of unit less price adjustment.
‡ Preliminary charge calculated on value of deposited property plus brokerage and stamps ("basic price").
§ Annual charge out of capital.
|| Annual charge out of income.
¶ Excluding brokerage. Brokerage at 3d. per unit has been added in the computation of the total charge.
** Price adjustment becomes part of fund; in other cases this amount is taken by the managers.
†† Maximum life.

certain number of the existing trusts have been highly successful, while others have sold only moderately well, the argument is even stronger. It has been stated that £20 millions of outstanding units are represented by the sales of ten trusts. We have no means of verifying this assertion from our own information regarding unit sales, but it probably understates the position of the leading trusts at present. Ten trusts, on this assumption, would each have £2,000,000 units outstanding, while the remaining trusts

would show an average of £820,000 each. If our previous estimate that sales of £500,000 must be effected before the managers cover their initial charges and begin to earn small positive profits, it would appear that, for some managements, the unit trust movement is not the happy gold mine which might have been imagined from its phenomenally rapid growth eighteen months ago. Even when allowance is made for economies resulting from group management, this conclusion appears broadly to hold.

For the calculations of the effective loading charge on fixed trust units, the reader is referred to page 20 of our Supplement last year. With the growth of the flexible units, the calculation of management charges has become more complicated. The managers take a preliminary service charge, and in most cases a half-yearly management percentage based on the value of the fund. Differences of practice arise regarding the treatment of price adjustments, and the payment of brokerage. And finally differences in the length of the trust period have to be taken into account in making any estimate of the annual rate of management remuneration.

There are thus four variables for each flexible trust charge (apart from any scope for profits on underlying securities in some cases) which must be reduced to a common basis before a comparable statement of average annual charges can be made. A well-informed writer in the *Financial News* (September 24, 1936) gave computations of the total charges, expressed as an annual percentage of the initial price of sixteen flexible trust units. We have added our calculations, on a similar basis, for the five flexible trusts which have since been formed. The method consists in taking the effective total sum accruing to the managers out of the initial price (including the average amount of the price adjustment where necessary) and expressing it as an annual figure over the life of the fund (in other words, as an annuity during the life of the fund which could be purchased with the capital sum) allowing for interest at 4 per cent. To this figure is added the annual percentage charged for management.

The table opposite sets out the life of the trusts, the preliminary and annual charges, the total price adjustment, and the annual equivalent of the total charge, on this basis of calculation.

Computed on an annual basis, it will be seen that the effective charges for management show a wide range from 0.3775 per cent. per annum for the British Empire First Unit to 1.4607 per cent. for Capital Securities. Trusts with shorter lives, from five to ten years, show a correspondingly higher annual charge. Much of the preliminary charge, of course, represents fixed costs, independent of the life of the fund, to meet formation expenses. The lower charges shown by the 20-year trusts are due in part to the fact that this cost is amortised over a longer period.

If the groups are examined in turn, it will be seen that the Municipal and General group shows higher annual figures among the long-life trusts (after reckoning in brokerage in its charges and for British Empire First Unit in order to give comparability with the other trusts). British Empire First Unit couples the "cash fund" method of operation with markedly low costs. There is, however, a datum line in trust charges, and it seems probable that few managements (if they deny themselves all opportunity of making profits in the underlying securities) could operate at a much lower cost per annum.

The Trust of Insurance groups costs work out slightly over the ½ per cent. mark for its three principal trusts, and under that datum for the recently-formed Investment Trust Units and (significantly) lower still for the Scottish Bank Insurance and Trust units. Compared with these figures, the short-life trusts cost appreciably more for annual management. The highest is Capital Securities, whose annual charges, based on the initial price, are as high as 1.4607 per cent. per annum, over the five-year life of the trust. The remaining trusts whose charges work out to more than 1 per cent. per annum are all of ten-year life—First Recovery, Aviation and Universal, and Domestic.

These rates, as we have seen, do not necessarily cover the entire sources of income which are available to the managers. Jobbing in the underlying securities, and profits from the purchase and resale of their own units (which are likely to be small in practice) must also be taken into account for many of the trusts.



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At 21/- per sub-unit (the price current on 14th April, 1937), and based upon income distributions declared for the twelve months ended 15th March, 1937, the yield was as follows:—

From dividends..... **£4.18.5 %** gross
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Certificates are issued by the Trustees,
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GROUP and Trusts managed	Date formed	Trustee	Type of Trust and character of portfolio	Cumulative or Distributive	No. of Securities in panel	Treatment of Eliminations	Life of Trust (years)	Arrangements for termination, other than "normal" provisions for distribution of Trust property at end of life
MUNICIPAL AND GENERAL								
First British	April, 1931	Lloyds Bank	Fixed; general industrial, utilities, oils.	Cumulative	24	Distributed	20	...
Second British	December, 1932	Lloyds Bank	Fixed; general industrial, utilities, oils.	Cumulative	26	Distributed	20	...
Third British	December, 1933	Lloyds Bank	Fixed; general industrial, utilities, mines, oil.	Cumulative	28	Distributed	20	...
Fourth British	February, 1934	Lloyds Bank	Fixed; general industrial, utilities, oil, mining finance.	Cumulative	24	Distributed	20	...
Foreign Government Bond.	April, 1934	Lloyds Bank	Flexible; free to invest in any Government bonds included in panel. (a)	...	111	Proceeds of sales and redemptions may be reinvested.	21	Managers may terminate if less than 200,000 Bond units outstanding.
Limited Investment Fund	December, 1935	Lloyds Bank	Flexible; free to invest in any fully paid securities of 157 companies in permitted list. (b)	Cumulative	Stocks or shares of 157 companies and British Government stks.	Managers may change investments within permitted list.	21	Managers may terminate after 15 years or after one year if number of units is less than 400,000.
Midland and Southern Investment Fund.	March, 1936	Lloyds Bank	Flexible; free to invest in 225 Midland or South Country cos., or British Govt. stocks.	Cumulative	Stocks or shares of 225 Mid. or S. Co. cos., and Brit. Govt. stocks.	Investments may be changed within permitted list.	21	do.
Scottish and North Country Investment Fund.	March, 1936	Lloyds Bank	Flexible; free to invest in 183 Scottish or North Country cos. or Brit. Govt. stocks.	Cumulative	Stocks or shares of 183 Scot. or North Country cos. and Brit. Govt. stocks.	Investments may be changed within permitted list.	21	do.
NATIONAL								
National "A"	June, 1932	Midland Bank Exec. and Trustee.	Fixed; general industrial, utilities, oil, etc.	Distributive	27	Distributed	20	Distribution or conversion into other units.
National "B"	July, 1933	Midland Bank Exec. and Trustee.	Fixed; general industrial, transport, mines, oil.	Distributive	20	Distributed	20	do.
National "C"	March, 1934	Midland Bank Exec. and Trustee.	Fixed; general industrial, preference only.	Distributive	20	Distributed	20	do.
National "D"	July, 1934	Midland Bank Exec. and Trustee.	Fixed; general industrial, breweries, ruins.	Distributive	22	Distributed	20	do.
Commercial	November, 1933	National Provincial Bank.	Fixed; general industrial.	Distributive	20	Distributed	20	do.
Gilt-Edged	February, 1934	National Provincial Bank.	Fixed; British and Colonial Government, Public boards and Railways fixed interest stocks.	Distributive	19	Distributed except redemptions which are reinvested.	15	do.
Amalgamated	April, 1934	Williams Deacon's Bank.	Fixed; Government stocks, industrial preference and ordinary mining.	Distributive	30	Distributed	20	do.
Universal	July, 1934	National Provincial Bank.	Fixed; Government stocks, industrial, utilities, oil, mines.	Distributive	74	Distributed, except redemptions which are reinvested.	20	do.
Scottish	May, 1935	Clydesdale Bank	Fixed; general industrial, iron and steel, utilities, mines.	Distributive	20	Distributed	20	do.
Century	October, 1935	Midland Bank Exec. and Trustee.	Fixed; general industrial.	Distributive	100	Distributed	15	do.
National Investment Group Certificates.	July, 1936	Midland Bank Exec. and Trustee.	Flexible; banks, insurance cos., public utilities, industrial, mines.	Cumulative	Initial portfolio 40; 300 alternative investments, & trustee stocks.	Investment may be varied within permitted list.	15	do.
KEYSTONE								
Gold Producers 1	April, 1933	Midland Bank Exec. and Trustee.	Fixed; Gold Shares	Distributive	15	Distributed	10(a)	Distributed
Gold Producers 2	May, 1934	Midland Bank Exec. and Trustee.	Fixed; Gold Shares	Distributive	10	Distributed	10(a)	Distributed
Gold Producers 3	January, 1935	Midland Bank Exec. and Trustee.	Fixed; Gold Shares	Distributive	20	Distributed	10	Distributed
Rand	February, 1934	Midland Bank Exec. and Trustee.	Fixed; Gold Shares, 20 per cent. in development stage.	Distributive	20	Distributed	10	Distributed
Group Units:—								
Brewery and Distillery	March, 1934	Midland Bank Exec. and Trustee.	Fixed; brewery shares	Distributive	14	Distributed	10	Distributed
Textile	March, 1934	Midland Bank Exec. and Trustee.	Fixed; textile shares	Distributive	13	Distributed	10	Distributed
Iron, Coal and Steel...	March, 1934	Midland Bank Exec. and Trustee.	Fixed; heavy industry shares.	Distributive	15	Distributed	10	Distributed
Oil	March, 1934	Midland Bank Exec. and Trustee.	Fixed; oil shares ...	Distributive	13	Distributed	10	Distributed
Home Rails	March, 1934	Midland Bank Exec. and Trustee.	Fixed; rail stocks ...	Distributive	18	Distributed	10	Distributed
Stores and Products...	March, 1934	Midland Bank Exec. and Trustee.	Fixed; industrial shares.	Distributive	17	Distributed	10	Distributed
Keystone Certificates ...	September, 1935	Midland Bank Exec. and Trustee.	Fixed profit-sharing; general industrial, mines, iron and steel, stores, etc.	Distributive	53	Distributed	10	Distribution (1 year to sell securities); extension of existing Trust or exchange into Investment Trust.
Keystone Second Certificates.	December, 1935	Midland Bank Exec. and Trustee.	do.	Distributive	50	Distributed	10	do.
Keystone Flexible	April, 1936	Midland Bank Exec. and Trustee.	Flexible; ordinary and deferred shares of industrial cos.	Cumulative	20 in initial portfolio; over 150 for additions and list may be extended subject to approval of Trustee.	Investments may be changed within permitted list, subject to veto of Trustee.	15	Distributed

Trusts existing on April 17, 1937

Maximum size of Trust (Units)	Open or Closed	No. of Sub-Units to Unit	Minimum Purchase of Sub-units	Certificates, Bearer or Registered	Loading or Service Charge (%)	Management or "Escrow" Provision	Distribution Dates	Other Particulars	Trust
			Initial	Subsequent					
600	Closed	2,000	10	After 20 in 5's	Bearer	No loading charge; all trusts closed. Bid price based on realisable value of underlying securities, less expenses. Sub-units offered, when available, at turn over bid price.	15 June, Dec.	Business in all trusts in this group executed only through Stockbroker.	MUNICIPAL AND GENERAL
550	Closed	4,000	10	5	Bearer		15 Mar., Sept.	...	First British.
500	Closed	4,000	10	5	Bearer		15 Feb., Aug.	...	Second British.
500	Closed	4,000	10	5	Bearer		15 May, Nov.	...	Third British.
5,000,000 Bond units	Open	...	10	5	Bearer	5%, plus 1/2 of 1% p.a. of average value of deposited property. Brokers charge commission on S.E. scale.	1 Apr., Oct.	(a) Investment in any one bond not to exceed 5% of Trust Fund, except British Govt. securities. Normally at least 50 bonds will be held.	Fourth British.
2,000,000 units	Open	...	10	5	Bearer	Preliminary charge 2 1/2%. Brokers charge commission on S.E. scale. Annual charge 1/2 of 1% p.a. of deposited property for Managers and Trustees.	15 Jan., July	(b) Investment in any one company not to exceed 5%, except British Govt. securities. Normally at least 40 securities will be held.	Foreign Govt. Bond.
2,000,000	Open	...	10	10	Bearer	do.	1 May, Nov.	do.	Limited Investment Fund.
2,000,000	Open	...	10	10	Bearer	do.	1 Mar., Sept.	do.	Midland and Southern Investment Fund.
Not stated	Closed	4,000	10	1	Registered	5	15 May, Nov.	...	Scottish and North Country Investment Fund.
Not stated	Closed	4,800	20	10	Registered	5	15 Feb., Aug.	...	NATIONAL
Not stated	Open	4,800	20	10	Registered	5	15 Mar., Sept.	...	National "A."
Not stated	Open	4,800	20	10	Registered	5	1 Jan., July	...	National "B."
Not stated	Closed	4,800	20	10	Registered	5	15 June, Dec.	...	National "C."
Not stated	Open	4,800	20	10	Registered	2 1/2	15 Jan., July	...	National "D."
Not stated	Open	4,800	20	10	Registered	5	15 Apr., Oct.	...	Commercial.
Not stated	Open	12,000	20	10	Registered	5	1 Apr., Oct.	...	Gilt-edged.
Not stated	Open	4,800	20	10	Registered	5	1 June, Dec.	Power to omit any security in constitution of new units.	Amalgamated.
Not stated	Open	10,000	20	10	Registered	5	1 May, Nov.	Power to omit any security in constitution of new units.	Universal.
Not stated	Open	...	50	10	Registered or Bearer	6 1/2	1 Mar., Sept.	Not over 5% in any one share. No holding over 5% of total issue of share. Not over 10% in any one branch of industry or commerce.	Scottish.
At discretion of Trustees and Managers	Closed	1,500	10	5	Registered	10% added to cost	Feb., Aug.	Amortisation provision left to holders' judgment.	Century.
"	Open	2,000	10	5	Registered	do.	Feb., Aug.		National Investment Group Certificates.
"	Open	4,000	10	5	Registered	do.	Feb., Aug.		
"	Closed	2,000	10	5	Registered	do.	Feb., Aug.		
"	Closed	2,000	10	5	Registered	5% added to cost	May, Nov.		
"	Closed	2,000	10	5	Registered	do.	May, Nov.		Group units:—
"	Closed	2,000	10	5	Registered	do.	May, Nov.		Brewery and Distillery.
"	Closed	2,000	10	5	Registered	do.	May, Nov.		Textile.
"	Closed	2,000	10	5	Registered	do.	May, Nov.		Iron, Coal and Steel.
"	Closed	2,000	10	5	Registered	do.	May, Nov.		Oil.
"	Closed	2,000	10	5	Registered	do.	May, Nov.		Home Rails.
"	Open	7,500	20	5	Registered	8% added to cost	Apr., Oct.		Stores and Products.
"	Open	10,000	20	5	Registered	do.	Jan., July		Keystone Certificates.
3,000,000 sub-units	Open	...	25	5	Registered	Initial service charge of 7 1/2%.	May, Nov.	Not over 7 1/2% investment in any one Co.	Keystone Second Certificates.
									Keystone Flexible.

[Continued on next page]

GROUP and Trusts managed	Date formed	Trustee	Type of Trust and character of portfolio	Cumulative or Distributive	No. of Securities in panel	Treatment of Eliminations	Life of Trust (years)	Arrangements for termination, other than "normal" provisions for distribution of Trust property at end of life
BRITISH EMPIRE British Empire "A" ...	November, 1933	Midland Bank Exec. and Trustee.	Fixed; general industrial, breweries, shipping, utilities, oil.	Capital bonuses up to 10% dis.; over 10% cum.	25	Distributed	20	...
British Empire "B" ...	February, 1934	Midland Bank Exec. and Trustee.	Fixed; general industrial, breweries, oil, mines.	Capital bonuses up to 10% dis.; over 10% cum.	25	Distributed	20	...
British Empire Cumulative.	July, 1935	Lloyds Bank	Fixed; general industrial, breweries, utilities.	Cumulative	25	Distributed or re-invested in Trustee securities already in panel. (a) do. (b)	20	Distribution or conversion into limited Inv. Trust Co. by this agreement, and without prejudice to dissenters. do.
British Empire Comprehensive.	October, 1935	Lloyds Bank	Fixed; general industrial, breweries, utilities, mines, rails, oil.	Cum. With discretion re fractions. New issue rights sold and dis.	150	do. (b)	20	do.
British Empire First Unit	September, 1936	Lloyds Bank	Flexible; free to invest in large no. of securities on permitted list; and trustee securities.	Cumulative	50 in initial portfolio; over 420 in permitted list.	Investments may be changed within permitted list.	25	Meeting of certificate holders can terminate Trust, or transform into Limited Inv. Co.
"15 MOORGATE" Investors General.....	February, 1934	Royal Exchange Assurance.	Fixed; general industrial, utilities, breweries, mines.	Capital bonuses over 10% accumulated; smaller bonuses accumulated if practicable at Manager's discretion. New issue rights sold and distributed.	24	Distributed or re-invested in Trustee securities, or securities already in panel. (a)	20	Distribution or option of conversion into similar investment.
Investors Second General	August, 1935	Royal Exchange Assurance.	Fixed with flexible provisions (b); general industrial, utilities, breweries, mines.	Capital bonuses over 10% accumulated; smaller bonuses accumulated if practicable at Manager's discretion. New issue rights sold and distributed.	27	do. (a) and in any similar security. (c)	15	Distribution or after 10 years' option to convert into Inv. Trust Co. without prejudice to dissent.
Investors Gas & Electric	May, 1934	Royal Exchange Assurance.	Fixed with certain flexible provisions (b); gas and electricity equities.	Capital bonuses over 10% accumulated; smaller bonuses accumulated if practicable at Manager's discretion. New issue rights sold and distributed.	15	Distributed or re-invested in Trustee securities, already in panel, or in similar securities. (d) do. (e)	20	Distribution or option of conversion into new units of similar character.
Investors Gold	March, 1935	Royal Exchange Assurance.	Fixed with flexible provision (b); gold mining shares.	Capital bonuses over 10% accumulated; smaller bonuses accumulated if practicable at Manager's discretion. New issue rights sold and distributed.	14	do. (e)	10	Distribution or offer to convert into similar investment.
Provident Investors.....	November, 1935	Martins Bank	Fixed with flexible provisions (b); general industrial, utilities, stores, consumers' goods shares.	Capital bonuses over 10% accumulated; smaller bonuses accumulated if practicable at Manager's discretion. New issue rights sold and distributed.	30	do.	20	Distribution or after 15 years' option to convert into Inv. Trust Co. without prejudice to dissent.
Security First	July, 1935	Lloyds Bank	Fixed with flexible provisions (b); general industrial, iron and steel, breweries, mines, rails.	Capital bonuses over 10% accumulated; smaller bonuses accumulated if practicable at Manager's discretion. New issue rights sold and distributed.	23	do. but only in securities included in panel. (f)	20	do.
Hundred Securities	October, 1935	Lloyds Bank	Fixed with flexible provisions (b); Government securities, iron and steel, transport, utilities, stores, breweries, mines and miscellaneous industrial.	Capital bonuses over 10% accumulated; smaller bonuses accumulated if practicable at Manager's discretion. New issue rights sold and distributed.	100	do. and in similar securities. (g)	15	do.
Investors Flexible	August, 1936	Midland Bank Exec. and Trustee.	Flexible; banks, mines, industrial & commercial and trustee securities.	Cumulative	Over 250	Investment may be varied within permitted list.	15	After 12 years' managers can obtain authorisation of transfer of holdings to Investment Trust.
SELECTIVE Selective "A"	May, 1935	Royal Exchange Assurance.	Fixed; indus., transport, stores, breweries, mines.	Bonuses dist. up to 10% may be retained or dist. over 10% do.	26	Distributed or re-invested in panel or Trustee securities.	15	Distributed, or alternative offer.
Selective "B"	May, 1935	Royal Exchange Assurance.	do.	do.	26	do.	15	do.
Trust of British Transport.	March, 1936	Royal Exchange Assurance.	Flexible; air, road, rail, water, transport and ind. cos., and trustee securities.	Cumulative	Over 160	Investment may be varied within permitted list.	20	Meeting called by one-tenth of certificate holders, by managers, or trustee, can terminate Trust at any time. Life of Trust variable.
Bank, Insurance and Financial Shares.	July, 1936	Martins Bank	Flexible; banks, insurance, investment, trusts.	Cumulative	Initial portfolio 38; over 120.	Investment may be varied within permitted list.	15-20	do.
PROTECTED First Protected	November, 1935	Midland Bank Exec. and Trustee.	Fixed; building, iron and steel, transport, oil, rails, mines, industrials.	Fully Cumulative	29	Either applied to sinking fund, re-invested in panel or distributed.	20	Distributed
Second Protected	February, 1936	Midland Bank Exec. and Trustee.	do.	100% Cumulative	29	Reinvested in panel, capital red. policies or Trustee secs.	20	Distributed
Third Protected	June, 1936	Midland Bank Exec. and Trustee.	Fixed; industrial, mines, oil, building, foodstuffs, foreign bonds.	Cumulative	50	Underlying secs. may be changed by managers, subject to veto of Trustee, within range of 14 further cos.	15	Distributed or alternative offer.
F.T.M. Aviation and Universal Investment Trust.	March, 1936	General Accident, Fire and Life.	Flexible; aviation & associated cos., also other indus. cos.	Cumulative	68 in initial portfolio.	Permitted list of investments includes any securities quoted on the London Stock Exchange.	10	Meeting of unit-holders may authorise formation of Inv. Trust Co. any time after 7 years from formation of Trust.
Domestic Investment	July, 1936	Midland Bank Exec. and Trustee.	Flexible; companies producing domestic requirements, and Trustee securities.	Cumulative	102 in initial portfolio.	Securities of a similar nature may be added, or eliminations made subject to veto of Trustees.	10	do.

Maximum size of Trust (Units)	Open or Closed	No. of Sub-Units to Unit	Minimum Purchase of Sub-units	Certificates, Bearer or Registered	Loading or Service Charge (%)	Management or "Escrow" Provision	Distribution Dates	Other Particulars	Trust
500	Closed	5,000	15	1	Registered	5	1 June, Dec.	...	BRITISH EMPIRE British Empire "A."
500	Closed	10,000	30	1	Registered	5	1 Mar., Sept.	...	British Empire "B."
500	Closed	5,000	20	5	Registered	7	1 May, Nov.	(a) But such investment must not increase one security by more than 25%.	British Empire Cumulative.
500	Open	8,000	25	5	Bearer	7	15 Mar., June, Sept., Dec.	(b) No security to be increased by more than 50% by such investment. Power ceases when any 25 securities have been wholly or partially eliminated.	British Empire Comprehensive.
Not stated	Open	...	50	5	Registered	Initial charge 2½%.	1 Apr., Oct.	Not over 5% investment in any one company. Not over 2½% of issued amount of original stock or share in any company.	British Empire First Unit
400	Closed	4,000	20	5	Registered	5 (approx.)	1 June, Dec.	(a) Provided total holding of any security does not exceed 10% of total value of unit.	"15 MOORGATE" Investors General.
500	Open	4,800	20	5	Bearer	6½	1 Mar., Sept.	(b) Power to vary or eliminate any security. (c) But not more than 3 in one year.	Investors Second General
500	Closed	4,000	20	5	Registered	5 (approx.)	1 May, Nov.	(d) But not more than 2 in any one year.	Investors Gas and Electric.
400	Closed	4,000	20	5	Registered	6	1 Oct., Apr.	Managers prepared to advise as to amortisation. (e) Provided total holding of any security does not exceed 20% of total.	Investors Gold.
600	Open	6,000	20	5	Bearer	7	15 Apr., Oct.	...	Provident Investors.
600	Open	4,000	20	5	Bearer	7	1 Feb., Aug.	(f) Restrictions on disproportionate investment. No re-investment after 8 securities eliminated.	Security First.
600	Open	15,000	20	5	Bearer	7 (approx.)	15 June, Dec.	(g) But not more than 5 in one year and 50 during trust period. Restrictions on disproportionate investment.	Hundred Securities
Not stated	Open	...	50	5	Registered or Bearer	Initial 6½% service charge.	22 Mar., Sept.	Annual charge, ½% of value of Trust Fund.	Investors Flexible
Limited by Trustee	Closed	4,000	20	5	Registered	6	15 May, Nov.	One-third of service charge set aside and placed with Trustee.	SELECTIVE Selective "A."
"	Closed	4,000	20	5	Registered	6	15 Feb., Aug.	...	Selective "B."
Not stated	Open	...	30	5	Registered	Initial charge, 5%	15 Mar., 15 Sept.	Annual charge, ½% of capital value of Trust Fund. One-fifth of initial charge placed with Trustee.	Trust of British Transport.
2,000,000	Open	...	50	5	Registered or Bearer	Initial charge 7½%	15 Feb., 15 Aug.	Included in service charge.	Bank Insurance and Financial Shares.
Not stated	Open	6,000	20	5	Registered	7½	31 Mar., Sept.	26% of service charge deposited with Trustee.	PROTECTED First Protected.
Not stated	Open	6,000	20	5	Registered	7½	30 June, 31 Dec.	do.	Second Protected.
800	Open	4,000	20	5	Registered	7	31 May, 30 Nov.	Included in service charge.	Third Protected.
No. may be limited by Managers in consultation with Trustees.	Open	...	50 units	10 units	Registered	Initial service charge of 5%.	15 May, 15 Nov.	Annual charge of ½d. per unit.	F.T.M. Aviation and Universal Investment.
Not stated	Open	...	50 units	10 units	Registered	Initial service charge of 5%.	1 Feb., 1 Aug.	Annual charge of ½d. per unit.	Domestic Investment.

(Continued on next page.)

GROUP and Trusts managed	Date formed	Trustee	Type of Trust and character of portfolio	Cumulative or Distributive	No. of Securities in panel	Treatment of Eliminations	Life of Trust (years)	Arrangements for termination, other than "normal" provisions for distribution of Trust property at end of life
ALLIED INVESTORS								
British Industries 1st Portfolio.	March, 1934	Midland Bank Exec. and Trustee.	Fixed, with flexible provisions (a); general industrial, mines, rail.	Share bonuses up to 10% distributed; fully accumulated over 10% do.	25 and alternative panel of 10.	Reinvested in alternative panel.	20	Distribution of new trust
British Industries 2nd Portfolio.	November, 1934	Midland Bank Exec. and Trustee.	Do.; general industrial, mines, oil, breweries.	do.	25 and alternative panel of 10.	do.	20	do.
British Industries 3rd Portfolio.	November, 1935	Midland Bank Exec. and Trustee.	Do.; general industrial, insurance, mines, utilities.	do.	25 and alternative panel of 10.	do.	20	do.
British Industries 4th Portfolio.	November, 1935	Midland Bank Exec. and Trustee.	Do.; general industrial, oils, mines.	do.	25 and alternative panel of 10.	do.	20	do.
Electrical Industries ...	March, 1936	General Accident, Fire and Life Assurance	Flexible; investment permitted in cos. on panel; electric supply cos. and equipment manufacturing cos.; trustee securities.	Cumulative (Recurring cap. bonuses distributed at discretion of Managers).	41	Investment may be varied within list of permitted securities.	20	do. Managers can terminate Trust after 15 years if this appears in interest of holders.
Metals and Minerals ...	December, 1936	Midland Bank Exec. and Trustee.	Flexible; gold, diamonds, iron & coal, oil, other metals.	Capital bonuses under 10% distributive at discretion of Managers.	40 cos. in initial portfolio, 47 as alternative investments	Reinvestment in alternative cos.	20	Distribution of new trust. Managers can terminate Trust after 15 years if in interest of holders, or after 1 year if fund under 100,000 units.
TRUST OF INSURANCE								
Trust of Insurance Shares	June, 1934	Williams Deacon's Bank.	Flexible; free to invest in Insurance stock or shares in panel and Brit. Govt. and Trustee securities. (a)	Cumulative	31 Ins. Cos. (b) and Brit. Govt. and other Trustee securities.	Reinvested	20	Distribution shares or cash or option continue Trust.
Trust of Bank and Insurance Shares.	September, 1935	Midland Bank Exec. and Trustee.	Flexible; free to invest in Bank, Discount and Insurance securities in panel and Brit. Govt. and Trustee securities. (c)	Cumulative	52 Insurance, Banks and discount, Brit. Govt. and Trustee securities. (d)	Reinvested	21 (d)	do.
Trust of Bank Shares ...	December, 1935	Equity and Law Life Ass. Soc.	Flexible; free to invest in Bank and Discount securities in panel and Brit. Govt. and Trustee securities. (f)	Cumulative	40 Banks and Discount issues and Trustee securities.	Reinvested	21 (d)	do.
Investment Trust Units	March, 1937	Lloyds Bank	Flexible; investment trust shares, Trustee securities (g).	Cumulative	63 Inv. Trust Cos. Additional Trust Cos. of status defined by Trust Deed; and Trustee Secs.	Reinvested	21 (d)	do.
Scottish Bank, Insurance and Investment Trust Units.	January, 1937	Royal Bank of Scotland.	Flexible; Scottish bank, insurance and investment trust shares; English banks, insurance & investment trusts (i) Trustee securities.	Cumulative	59 Ins. Cos., Banks and Inv. Additional shares of status defined by Trust Deed; and Trustee Secs.	Reinvested	25 (h)	do.
PROVINCIAL								
First Provincial "A"	March, 1934	Midland Bank Exec. and Trustee.	Fixed; Indust. Preference only.	Distributive	26	Distributive (a)	20	Realisation and distribution within three months.
First Provincial "B"	November, 1934	Midland Bank Exec. and Trustee.	Fixed; Govt. secs., utilities, transport, mines, genl. indust.	Distributive	31	...	20	...
First Provincial "Reserves."	January, 1936	Midland Bank Exec. and Trustee.	Fixed; genl. indust., iron and steel, oil, mines, utilities.	Cumulative if practicable.	51	Distribution or re-invested in panel. (b)	20 (c)	Distributed, or continue Trust, or Inv. Trust Co.
BRITISH GENERAL								
British General Series "A"	June, 1934	General Accident, Fire and Life.	Fixed; indust., iron and steel, oil, mines.	Cumulative	23 and alternative panel of 10. (a)	Reinvested in alt. panel.	20	Distribution
British General Series "C"	October, 1935	General Accident, Fire and Life.	Fixed; do.	Cumulative	27 and alternative panel of 10 and Trustee secs. Securities of 64 companies (b)	Reinvested in alt. panel.	20	Distribution
First Recovery	February, 1936	Martins Bank	Flexible; investment permitted in any security of cos. included in panel.	Cumulative	136 in initial portfolio; 23 alternative cos.	Reinvested within panel.	10	Distribution or option to exchange into Investment Trust Co. shares.
Capital Securities	April, 1936	Martins Bank	Flexible; British industrial, North and South American stocks, rubber, Trustee securities.	Cumulative (Managers have power to distribute)	136 in initial portfolio; 23 alternative cos.	Investment may be varied within permitted list.	5	Trustee or 10% of unit holders can call meeting to consider termination of Trust.

Maximum size of Trust (Units)	Open or Closed	No. of Sub-Units to Unit	Minimum Purchase of Sub-units		Certificates, Bearer or Registered	Loading or Service Charge (%)	Management or "Escrow" Provision	Distribution Dates	Other Particulars	Trust
			Initial	Subsequent						
At Trustees' discretion	Open	5,000	20	5	Registered or Bearer	6	Provision made by deposit of Trustee securities with Trustees	31 Mar., Sept.	(a) In all four portfolios managers may eliminate any security and replace it from alternative panel of 10 securities in each case.	ALLIED INVESTORS British Industries First.
"	Open	5,000	20	5	do.	6	do.	30 June, Dec.		British Industries Second.
"	Open	5,000	20	5	do.	6	Similar arrangements now being made.	10 May, Nov.		British Industries Third.
"	Open	5,000	20	5	do.	6	do.	10 Aug., Feb.		British Industries Fourth.
Limited by proportions shown under "Other Particulars." At Trustees' discretion	Open	...	50	5	Bearer (Registered if required)	Initial service charge of 5½%.	Annual charge of ¼% of market value of Trust Fund.	31 Jan., 31 July	Not over 5% in any one security, not over 5% of capital of any one company to be held.	Electrical Industries.
"	Open	...	50	5	Registered	Initial service charge of 5½%.	Annual charge ¼% of market value of Trust Fund.	1 June, 1 Dec.	Not over 5% in any one company, not more than 5% of issue of any one security.	Metals and Minerals.
Limited by proportions shown under "Other Particulars."	Open	...	10	1	Registered or Bearer	5% plus ¼ of 1% per annum on mean market value of funds.	Provision made to satisfaction of Trustees, and for deposit to meet possible B.O.T. requirements.	31 Jan., July	(a) Not more than 10% of funds to be in any one company and not more than 5% of any company's issued share capital may be held. (b) Unpaid liabilities covered by Trustee securities	TRUST OF INSURANCE Trust of Insurance Shares.
"	Open	...	10	1	Registered or Bearer	do.	do.	30 Apr., Oct.	(c) Not more than 7½% in any Co. and not more than 5% of issued capital of any Co. to be held. At least 35% of funds must be in Ins. Cos.	Trust of Bank and Insurance Shares.
"	Open	...	20	1 (5 if bearer)	Registered or Bearer	do.	do.	15 Mar., Sept.	(d) May be ended after 18 years. (e) Unpaid liabilities covered by Trustee secs., cash, insur'ce or otherwise.	Trust of Bank Shares.
"	Open	...	20	1	Registered or Bearer	4% plus ¼ of 1% per annum on mean market value of funds.	do.	31 May, 30 Nov.	(f) Not more than 7½% in any Co. and not more than 5% of issued capital of any Co. to be held. (g) Not more than 7½% of funds of Trust in any one Co.; not more than 7½% of capital or debentures of any company to be held by Trust.	Investment Trust Units.
"	Open	...	20	1	Registered or Bearer	do.	do.	15 Feb., 15 Aug.	(i) Not more than 7½% in any company. Not more than 7½% of any one class of issued capital to be held. Not less than 15% in insurance or bank shares respectively. Not less than 25% in investment trust shares.	Scottish Bank, Insurance and Investment Trust units.
Not stated	Open	5,000	25	1	Registered	5	Proportion of service charge vested in Trustees.	20 Feb., Aug.	(a) If Manager thinks fit	PROVINCIAL First Provincial "A."
Not stated	Open	5,000	25	1	Registered	5	do.	16 Dec., June	...	First Provincial "B."
Not stated	Open	8,000	25	1	Registered	7	do.	15 Mar., Sept.	(b) Total holding of any one security not to exceed 2½% of the total issued. (c) Prior termination if number of sub-units falls below 100,000.	First Provincial "Reserves."
500	Open	4,000	10	5	Registered	6½	Provision made with Trustee	15 Jan., July	(a) Manager may increase portfolio with consent of 75% of sub-unit holders.	BRITISH GENERAL British General Series "A."
500	Open	4,000	10	5	Registered	6½		15 Apr., Oct.	(b) Not more than 7½% to be invested in any Co., and not more than 7½% of capital of one company. Note.—Series "B" closed. Series "C" has identical panel.	British General Series "C."
Not stated	Closed	...	100	5	Bearer	5% and ¼ of 1% of mean market value of Trust.		15 June, Dec.		First Recovery.
2,000,000	Open	...	50	5	Bearer	Initial service charge, 4½%	Annual charge, ¼% on value of Trust Fund.	31 Mar., 30 Sept.	Not more than 5% in any one security, not over 2½% of capital of any Co. No shares carrying any liability to be held.	Capital Securities.

Investment Policy of Flexible Trusts

THE essence of management lies in the power to change. The essence of the fixed trusts was the denial of this power, except in the event or expectation of some adversity. In fact, eliminations among the fixed trusts have not been carried out on any noticeable scale. In one outstanding case during the past year a share fell within the field of elimination, but our records show that it has been discarded by only one of the trusts which originally chose it.

An attempt to measure the positive effect of management upon the flexible unit trusts is not easy. The information provided shows the percentage distribution of investments at regular distribution dates. But if the actual size of the fund is growing, differences in percentages may not be incompatible with an increase in the holding of each security without a single switching operation. Conversely, the managers might present identical percentage distributions on two given dates, although in the meantime the investments of the fund could have been turned completely over.

The extent to which switching occurs probably varies widely among the trusts. In the case of the Trust of Insurance group, for example, it seems likely that the comparative stability exhibited in the percentage figures shows that the funds are regularly augmented by roughly similar proportions of the underlying securities, and that the need for switching is not great. For a trust like Capital Securities, however, where the managers have profitable recovery holdings as their main objective, the extent of switching may well be considerable.

In the two tables which follow, the percentage distribution particulars issued by the flexible trusts concerned have been summarised into groups, according to the nature of the investments in each particular case. Such summaries do not give a precise idea of changes in management policy with regard to individual investments, but they give a better impression, perhaps, of the general tendency of management over a period.

We may begin with the *doyen* of flexible trusts—Foreign Government Bond Trust. Here the opportunities for switching have probably been considerable during the past two years. The table below shows the effect on the composition of the trust:—

FOREIGN GOVERNMENT BOND TRUST
Geographical Distribution of Investments

	Sept. 25, 1934	Mar. 8, 1935	Sept. 6, 1935	Feb. 28, 1936	Sept. 4, 1936	Feb. 26, 1937
Central and S. America	50.6	29.3	31.8	46.4	46.1	48.2
Far East	12.4	33.8	23.2	22.8	25.1	27.4
Near East	8.0	9.3	8.6	7.6	6.6	5.0
Europe	29.0	27.6	36.4	23.2	22.2	18.9
Cash	...	...	...	...	...	0.5
	100	100	100	100	100	100

Movements during 1936 do not rival the swing between South American and Far Eastern bonds which was shown during the trust's first year of operation, but the preference for recovery stocks in the South American and Far Eastern markets (Chinese holdings, for example, have risen from 14.1 per cent. of the fund to 20.4 per cent. over the past year) is still noticeable.

The Trust of Insurance Shares has issued five distribution statements since the end of 1934. In this case, an analysis may be given of the principal holdings of individual shares, both fully and partly paid, at the respective dates, together with the holdings of cash and trustee securities. These particulars are set out at the head of the following column.

The distribution shows a greater element of stability, both in the typical individual holdings and also in the general disposition of the trust holdings between fully and partly paid shares. During 1935 the proportion of fully-paid shares fell to a little over 30 per cent., where it has since remained.

TRUST OF INSURANCE SHARES
Percentage Distribution of Investments by Companies

	Dec. 31, 1934	June 30, 1935	Dec. 31, 1935	June 30, 1936	Dec. 31, 1936
Fully Paid Shares	%	%	%	%	%
Britannic	4.06	4.50	3.91	4.60	4.17
Com. Union	5.99	3.34	2.16	0.48	0.40
Lon. and Man.	7.67	6.45	5.17	3.64	3.39
Pearl	6.29	7.35	5.50	4.71	4.53
Phoenix	4.83	4.42	3.94	4.23	3.94
Prudential	3.15	3.62	5.38	4.36	4.35
Yorkshire	3.74	2.86	0.87	0.67	0.59
Other fully-paid shares	5.33	6.87	4.63	7.41	10.85
Total fully paid	41.06	39.41	31.56	30.10	32.22
Partly Paid Shares					
Atlas	3.94	4.82	3.36	3.26	3.64
Economic	5.38	2.21	2.39	2.18	2.22
Legal and Gen.	3.66	3.16	5.83	6.54	6.63
London	3.87	4.33	4.29	4.81	4.30
Lon. and Lan.	3.64	3.39	4.34	4.07	3.40
N. Brit. and Merc.	4.39	4.31	3.85	1.50	1.55
Royal	3.45	4.49	4.82	5.87	5.55
R. Exchange	3.44	2.32	2.08	0.78	0.81
Sun Fire	3.10	1.31	3.49	5.66	5.49
Other partly paid shares	13.47	18.13	19.50	20.32	20.46
Total partly paid	48.34	48.47	53.95	54.99	54.05
Trustee securities and cash	10.60	12.12	14.49	14.91	13.73
	100	100	100	100	100

Under the special arrangements which this trust employs for covering the uncalled liability on any partly-paid holdings, a due proportion of trustee securities and cash is kept, and at the end of 1936 this represented 13.73 per cent. of the fund.

For no other flexible trust are the results of more than three distributions yet available. We may, briefly, compare the results which have been issued by other trusts. Between March, 1936, and September, 1936, the Trust of Bank and Insurance Shares increased its holding of bank shares from 44.64 per cent. to 54.09 per cent. of the fund. Of this increase, home banks accounted for about half (29.40 per cent. against 24.77 per cent.), while overseas banks rose from 19.87 per cent. to 24.69 per cent. Participation in insurance shares fell from 38.15 per cent. to 35.30 per cent. and in trustee securities from 12.75 per cent. to 5.88 per cent.

The Trust of Bank shares, under the same management, also increased its proportionate interest in overseas banks considerably between August, 1936, and February last. Home banks now represented 39.35 per cent. of the trust's portfolio, against 44.08 per cent. at the earlier date, while the following increases are shown in overseas banks holdings:—

	August 27, 1936	February 18, 1937
Canadian banks	11.4	16.2
Australian and N. Zealand	8.4	12.45
Indian and Eastern	8.2	12.38

These percentage changes reflect the quest for recovery investments among dominion bank shares.

It will be possible to analyse the holdings of other flexible trusts in greater detail as further time elapses. Where comparisons between two dates are only available (as in the majority of instances at present), movements cannot be exalted to the status of a trend. For the most part, flexible trust portfolios show greatest emphasis on industrial recovery holdings in the heavy industries, textiles and shipping groups, and on commodity shares, such as base metals and oil.

Judging from the particulars available, managers can in most cases claim a successful record, but it is still early to appraise their precise degree of success. The proof of this particular pudding has not yet experienced the full test of the investor's palate.



UNIVERSAL FIXED TRUST CERTIFICATES

PROGRESS

Certificate holders who purchased Universal Fixed Trust sub-units in July, 1934, at the original issue price of 19/9 per sub-unit will note with interest that the total distributions since that date amount to 3s. 5.72d. gross per sub-unit. Of this sum 2s. 7.14d. was received from Dividends, 8.34d. from the sale of Bonuses and Rights, and 2.24d. was in respect of capital repayments on two of the Unit securities. At the original issue price, the average annual yield over the period of 2½ years has therefore been:

From Dividends	...	...	...	£5.5.2% gross.
From sale of Bonuses and Rights	...	...	...	£1.8.2% net.

Based upon the two last half-yearly distributions on 1st October, 1936, and 1st April, 1937, and at 22s. 3d. per sub-unit (the price ruling on 14/4/37), the annual yield obtained was:

From Dividends	...	...	...	£4.15.3% gross.
From sale of Bonuses and Rights	...	...	...	£1.19.6% net.

By a single purchase of Universal Fixed Trust Certificates, the investor's capital is distributed over 74 first-class securities. Sums from approximately £20 upwards may be invested.

Trustees:

NATIONAL PROVINCIAL BANK LTD.
15 Bishopsgate, London, E.C.2.

Managers:

COMMERCIAL FIXED TRUST LTD.

Member of the Unit Trusts Association.

125 Pall Mall, London, S.W.1.

Telephone:
Whitehall 4657 (4 lines)

Telegrams:
Comfix, Piccy, London

Free booklet "Universal," which is the basis of all transactions, may be obtained from any branch of the National Provincial Bank Ltd., from any Stockbroker, or direct from the Managers.

The Function of the Trustee

In their report last July, the Board of Trade Committee drew special attention to the position of the trustees in the unit trust movement. The strict limit of their responsibility, it was shown, could only be ascertained by careful scrutiny of each trust deed, and this was hardly possible for the average small investor. Undoubtedly the manner in which the trustees' names had been given undue prominence in some forms of advertisement had given rise to some measure of misconception regarding their actual powers and duties.

The trustee's function, in the case of fixed trusts, is to act as a depository and general supervisor only. He must ensure that no sub-unit certificate is issued unless it is backed by the deposit of the requisite amount of underlying securities in his strong room, and he receives all income for the benefit of the trust, which is subsequently distributed to the sub-unit holders at the end of the proper period. In certain cases trustees may have the power to determine the size of fixed trusts. In almost every case, the trustees have the right of advice or the power of veto when the managers propose to eliminate any security and substitute another in the later type of fixed trust.

In order to correct the surprisingly widespread impression that the trustees, with their millions of resources, are in some sense "guarantors" of the capital and income of the trusts, it has become more usual to describe them as "Custodian Trustees." The term emphasises the essentially formal supervision which they exercise over the fixed trusts. In advertising booklets explaining the operations of the flexible trusts, again, the attention of readers has usually been directed to the fact that the trustees are not responsible for the original choice of investments, and that they disclaim any duty to supervise the investment policy of the managers.

Trustees and Flexibility

Examination of the trust deeds of recently formed flexible trusts, however, suggests that the trustees, in fact, accept certain responsibilities, though usually of a negative character, with regard to investment policy. In some funds the trustee has absolutely no responsibility. This applies, for example, to the Municipal and General Funds, in which the managers are free to dispose of their funds (subject only to the provisions of the trust deed) and to hold cash if they deem it wise. In other cases, trustees may be obliged to consider all proposed alterations in the portfolio and to give or withhold their consent as they, in their sole discretion, think proper. The Trust of Bank Shares and Trust of Bank and Insurance Shares are cases in point. Between these two extremes, cases may be found in which the manager has power to initiate investment policy, while the trustee may have power to order the time or method of selling.

Detailed examination of the individual differences of trustees' duties and rights would be an unduly lengthy process. The trust deeds show no uniformity of practice, although it appears that some trustees assume a fairly considerable private responsibility for the flexible trusts which are under their guardianship. In the case of the Investors Flexible, the trustee has power of veto in investment policy; in other cases, positive consent of the trustees is required. In certain trusts, the managers may take a decision to sell a given share, but the trustees reserve the power to decide when and how to sell. This power, presumably taken in order to safeguard the unit holders against any dereliction of duty on the manager's part, suggests that in marginal

cases flexibility might not be fully achieved. If the manager decides to sell on the basis of a given price, and the trustee has power to wait for another price according to his own ideas, full flexibility and management discretion is not achieved. The fixed trusts, evidently, have left their legacy in these trust deeds, and the fact that the trustees' consent is required in many cases where the managers propose to keep a balance of cash in the fund further suggests this historical line of development.

Instances of almost complete control over investment and switching by the managers are to be found in the trust deed of Bank Insurance and Financial Shares, which indemnifies the trustee "on account of anything done or omitted by the trustee in good faith in accordance with or in pursuance of any request or instructions of the managers." The deeds of British Transport and Capital Securities give the managers uncontrolled discretion as to investment, including sales and exchanges, and declare that "the Custodian Trustee shall not in any circumstances be responsible for the selection, exchange or alteration of any investment."

From Acquiescence to Veto

In certain trusts the trustee may be required to approve the method of purchase and sale of securities, while disclaiming any responsibility for the trust's investment policy. This applies, for example, to Metals and Minerals. Separation of the decision to sell and the method of sale—the latter falling under the trustee's discretion—is to be found in the deed of First Recovery, which declares that the trustee shall enjoy the fullest discretion as to the time or mode of the sale, including the right to postpone such sale for as long as in his discretion he shall think fit, except in the case of the unwinding of the trust.

The wording of the Investors Flexible deed shows that the manager's investment policy is subject to the veto of the trustee, both as to new investment and switching or sales. But here, again, the trustee disclaims responsibility for investment policy, although his powers in this instance are probably at a maximum. The trustee's power is sometimes expressed in modified form, such as the absence of objection in the Keystone Flexible and the positive act of consent in the Trust of Insurance group.

The conclusion from this analysis appears to be that, while the trustees are unwilling to assume positive responsibility for unit trust investment policy, they are concerned to preserve power in order to prevent the managers from pursuing palpably incorrect policies. Yet the trustees are almost unanimous in disclaiming any measure of responsibility for investment policy in general. The particular stress upon the method of selling is somewhat difficult to understand; like the moderating counsels of a Second House, it may prevent a headstrong manager from damaging the interests of his unit holders. Yet the same objective is open to the trustee by taking power to superintend the original and subsequent purchases of securities. The emphasis upon control of selling policy—designedly to prevent a manager from throwing out good securities at the wrong time—might, in fact, introduce an element of inflexibility into flexible unit trust practice. The same objection, in principle, appears to apply in the case of veto. The investment functions of the trustees may, in general, be regarded as negative safeguards, rather than a positive contribution to the management of a well-diversified investment portfolio.



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The Trend of Quotations

WITH the passage of time, the closing of trusts becomes more evident. Of the 56 trusts in existence when our last survey of the unit trust movement was published, only 7 were stated to be closed. Of the 72 trusts of which particulars are shown in our directory on pages 16 to 21, no fewer than 24 are now closed.

In the majority of cases, the managers of a closed fixed trust are willing to do business only one way—quoting "bid" prices at which they are prepared to buy back their sub-units. Some managers, however, continue to offer sub-units of closed trusts to would-be purchasers at a turn above the bid price. The decision to close a trust involves detailed calculation by the manager. After the first flush of sales, when the trust obviously shows itself to be a success or not, the rate of increase begins to fall off; after a time the managers may begin to receive resales from the public; at a later stage the resales may balance the volume of new buying, and eventually the total size of the trust begins to fall.

Such is the ordinary evolution of a trust. As soon as it is established beyond question that the rate of resales is approaching the volume of new orders, the managers need seriously to consider whether to close the trust. Their reasons will be clear if we consider how a sub-unit is costed. Included in the price of the unit is the preliminary service charge, together with such adjustments as the raising of the price to the nearest three-penny multiple, and any differences arising from pricing the underlying securities fractionally higher than the actual dealing prices. If the effective loading charge, plus all adjustments, amounts to, say, $7\frac{1}{2}$ per cent., the actual cost of an 18s. 6d. unit will total about 20s. It is customary, however, for the managers to quote a repurchase price, when the trust is open, 6d. or 1s. below the offered price for new units. The 20s. units, that is, will be repurchased by the managers at, say, 19s. 6d. or 19s.

Price Calculations for Closed Trusts

Suppose, however, that orders for new units suddenly dried up, and the public were "sellers only." The manager could not afford to quote 19s. 6d. for repurchase. That is a price based on the "offered" market prices of the underlying securities, plus expenses, and less a turn which covers the manager's expenses of registration, and may give him a small margin. But if sellers prevail, he will have to "unwind" the trust, or "break down" some of the units. He will only be prepared to bid a price based on the selling values of the underlying securities in the unit, less all expenses for commissions and fees, and less an adjustment to the next lowest three-penny multiple.

If this metamorphosis from open prices to closed prices were carried out overnight, holders of sub-units would find an utterly inexplicable fall of 2s. 6d. to 3s. in the price of their holdings. In fact, the managers usually perform the levering down of prices, as the trust nears the stage of closure, without attracting undue attention. They may maintain stable prices for sub-units when the underlying securities have gone higher—that has undoubtedly been the favourite method employed. When the new equilibrium "bid" price has been reached, the managers announce that they are prepared to repurchase, but do not offer any new units for sale. In comparing prices, therefore, allowance must be made, when the trust is closed, for a fall in price by this method of adjustment which may amount to 3s. per sub-unit.

In certain respects it is not only discreet but also advantageous for the managers to unwind a fixed trust as soon as its natural growth has come to an end. The original purchaser paid a loading charge which was to cover the cost of management for anything up to twenty years. If the managers close the trust after a year or two, and deal on the basis of "ex all" prices, they receive the full loading charge, in respect of any repurchases which they make, over a much shorter period. Those managers who are prepared to offer sub-units, even of closed trusts, base the price on the break-up value of the trust (the "bid" price) plus a turn to cover expenses. Such offered prices thus include a charge which is rather less than the original

loading charge, and, other things being equal, they represent a favourable buying opportunity for the investor, so far as expenses are concerned. He has, however, still to judge the trust in relation to the present position of its portfolio, its yield, and potential scope for further appreciation.

Comparative Index Numbers

The actual prices of fixed and flexible trust units are recorded each week in *The Economist*, under the heading "Active Security Prices." A record of prices, when there were fewer trusts in issue, appeared in our last Survey of the movement. On this occasion we present a comparison between the movements of unit trust quotations over the past fifteen months and the movements of *The Financial News* ordinary share index (as a sensitive market indicator) and the Actuaries' Investment Index (whose movements are less volatile). The results have been prepared in the form of index numbers, the first of which relates to the prices of 35 fixed and flexible trust units since December, 1935, while the second is an index of flexible unit prices, covering seventeen trusts, and based on quotations at the end of July last year. The comparisons of the two series are set out below:—

	35 fixed and flexible trusts	'Financial News' Index	Actuaries' Index	17 flexible trusts	'Financial News' Index	Actuaries' Index
December, 1935	100	100	100	...	...	...
February 29, 1936	103.0	105.1	104.7	...	...	...
March 31	102.0	104.0	102.5	...	...	...
June 30	102.2	104.7	102.8	...	...	...
July 31	...	...	...	100	100	100
August 29	...	...	...	101.7	101.7	102.4
September 30	104.2	111.1	109.2	102.6	103.8	103.8
October 31	...	...	...	105.5	107.5	106.4
November 30	...	...	...	106.3	106.9	106.6
December 31	107.3	116.6	112.4	107.8	108.8	108.8
January 31, 1937	106.0	114.1	112.0	108.1	106.6	106.5
February 27	103.2	112.7	109.5	105.8	105.2	104.1
March 31	101.4	110.1	107.1	104.7	102.8	101.8

It will be seen that the general index of 35 fixed and flexible trusts has fallen since the end of February, 1936, by approximately $1\frac{1}{2}$ per cent. This fall cannot be attributed to the downward adjustment of quotations to a closed basis, since no trusts which have quoted "bid" prices during the year are included. All trusts which have maintained double prices over the period, however, have been included. Although the index numbers are not statistically perfect, owing to their narrow base, the composite trust movement during the past year shows smaller variation than *The Financial News* and Actuaries' indices.

For the seventeen flexible trusts, however, the index (based on quotations at the end of July last year) shows a greater advance, compared with *The Financial News* and Actuaries' indices. In part this is due to the inclusion of a greater number of speculative securities in the flexible trusts' portfolios for appreciation, which do not appear to have suffered in the recent market reaction to the same extent as some of the market leaders.

A few individual movements may be given in detail. The record appreciation over the year to March 31st is shown by Oil Certificates with a rise from 23s. $7\frac{1}{2}$ d. to 31s. 3d. bid. The Limited Investment Fund shows 17 per cent. appreciation at 25s., while Scottish and North Country Fund and Aviation and Universal tie with 14 $\frac{1}{2}$ per cent. appreciation. Capital Securities' Trust's record extends over eleven months but shows appreciation at the rate of 46 per cent. over the period, the units having risen from 8s. $4\frac{1}{2}$ d. at the end of April last to 12s. 3d. at the end of last month.

Although fourteen trusts have appreciated by more than 5 per cent. during the past year, thirteen trusts show a fall of 5 per cent. or more, the majority being fixed trusts whose portfolios give some evidence of "dating." In part, however, such falls represent the downward adjustment of prices on the closure of certain trusts. Finally, detailed examination of price movements reveals that certain flexible trusts have not succeeded in showing any capital appreciation, although this is usually stressed as one objective of flexible trust management.

Particulars of Management Companies

Name of Managing Company	Names of Trusts Managed	(a) Date of Co.'s Registration (b) Date of Bush House Return	Total Paid-up Capital	Names and Descriptions of Directors	Secretary or Manager	Principal Shareholders and Interests
Allied Investors Fixed Trusts, Ltd.	British Industries (1st Portfolio). Do. (2nd Portfolio). Do. (3rd Portfolio). Do. (4th Portfolio). Electrical Industries Metals and Minerals	(a) Mar. 22, 1934 (b) Aug., 1936.	7,500 40,000 Registered Notes 20,000 Capital Redemption Fund	(1) Hartley Withers, writer (chair. and man. dir.) (2) E. Marzetti. (3) Eric G. Underwood, barrister. (4) C. H. Vernon, dir. C. Vernon & Sons, Ltd. (5) H. D. Woolger, F.C.A.	Bernard Hennell, F.C.A. (Sec.). S. C. Parker (Man.).	Evelyn Trust, Ltd., £1,200; Metropolitan Bonded Warehouses, Ltd., £1,000; V. A. Wells, £620; E. G. Underwood and H. Withers, £750.
British General Fixed Trust, Ltd.	British General (Series "A"). Do. (Series "B"). Do. (Series "C"). First Recovery Capital Securities	(a) June 20, 1934 (b) Jan., 1936	10,100	(1) Hon. Sir H. N. Barwell, K.C.M.G., dir. Australian Forestry Bondholders, Ltd. (2) Sir Geo. C. Godfrey, dir. Bengal Nagpur Rly. Co., Ltd. (3) E. J. Strutt, dir. Express Dairy Co., Ltd. As above and (4) Sir Seymour Williams, K.B.E. (5) R. H. Roberts. (6) C. B. Gillespie. (7) H. Astley Bell, J.P.	T. A. Newham (Man.).	Branch Nominees, Ltd., £3,100; Lombard Street Nominees, £1,800; E. J. Strutt, £2,550; J. T. Newham, £2,550.
Improving Securities Trust, Ltd.	Controls: Gold Producers F.T., Ltd. Rand F.T., Ltd. Group Units Investment Trust, Ltd. British Keystone Securities Trust, Ltd. Second Keystone Fixed Trusts, Ltd. (See below)	(a) April 5, 1919 (public company). (b) June, 1936	287,900	(1) Sir H. Cassie Holden, Bart., dir. Midland Bank, Ltd. (2) F. G. Philpott, man. dir., Gold Producers F.T., Ltd. (3) H. Fitzpatrick, dir. Gold Producers F. T., Ltd. (4) R. Hudson, A.S.A.A. Common to all companies in group.	W. Perriman (Sec.).	West Nominees, Ltd., £92,000; Prudential Assurance Co., Ltd., £50,000; K. Butler and A. J. H. Nicholls, £40,000; Bishopsgate Nominees, Ltd., £7,100; Second Consol. Trust, Ltd., £3,700.
Gold Producers Fixed Trust, Ltd.	Gold Producers Deposit Receipts, First Series Do., Second Series Do., Third Series Rand Certificates	(a) Apr. 6, 1933 (b) Apr., 1936	10,000	See above	Do.	British Industrial Corporation, Ltd.
Rand Fixed Trust, Ltd.	Group Units Investment Trust, Ltd. (Six issues*) Keystone Flexible Certs.	(a) Feb. 2, 1934 (b) Apr., 1936 (a) Mar. 7, 1934 (b) Mar., 1936	10,000	See above	Do.	British Industrial Corporation, Ltd.
British Keystone Securities Trust, Ltd.	Keystone Certs.	(a) Sept., 1935 (b) Dec., 1935	10,000	See above	Do.	British Industrial Corporation, Ltd. 1 "A" share held by Midland Bank Executor and Trustee Co., Ltd., entitling them to half profits so long as company are managers.
Second Keystone Fixed Trust, Ltd.	Keystone Second Certs.	(a) Dec., 1935 (b) Dec., 1935	10,000	See above	Do.	British Industrial Corporation, Ltd. 1 "A" share held by Midland Bank Executor and Trustee Co., Ltd., entitling them to half profits so long as company are managers.
F. T. M., Ltd. (formerly Aviation Trust Managers, Ltd.).	Aviation and Universal Investment Trust Domestic Investment Trust	(a) Aug., 1935 (b) Nov., 1936	19,000	(1) Lord Sempill, dir. Kelvin, Bottomley and Baird, Ltd. (2) Sir A. Beit, dir. Rhodesia Railways, Ltd. (3) T. Law, C.A. (4) G. A. Moncrieff, dir. Road Transport and General Insurance Co., Ltd. (5) Sir H. E. Morgan, dir. Smiths Potato Crisps, Ltd.	R. Procter (Sec.). G. B. Grenfell (Man.).	University and Caledonian Trust, Ltd., £3,990; R. St. C. Davidson, £2,900; Branch Nominees, Ltd., £1,280; U. H. Lambert, £1,280.
Fifteen Moorgate Unit Trusts, Ltd. (formerly Investors Specialised Fixed Trusts, Ltd.).	Controls Security Trust Managers, Ltd. Investors General Investors Gas and Electric. Investors Gold Investors Second General. Provident Investors Investors Flexible Hundred Securities Security First	(a) Feb. 16, 1934 (b) Jan., 1937	100,000	(1) Maj.-Gen. G. P. Dawney, C.B., C.M.G., D.S.O. (chair.). Jt. man. dir., Dawney Day & Co., Ltd. (2) J. C. Day, dir. Dawney Day. (3) Col. Charles Ponsonby, T.D., M.P., chair. Clutha River Gold D. (4) Sir C. Headlam, Bt., dir. N.E. Electric Supply Co. (5) D. C. Lowson. (6) P. N. L. Nicholson.	Lord Stanley of Alderley (Sec.).	Dawney Day & Co., Ltd., £100,000.
First Provincial Fixed Trust, Ltd.	First Provincial "A" First Provincial "B" Do. "Reserves"	(a) Feb. 22, 1934 (b) May, 1936	20,000	(1) F. Platt, J.P. (2) K. Needham. (3) J. Hood, cotton spinner. (4) W. T. Hague, cotton spinner. (5) F. Bamford, Director.	W. A. Elder (Sec.).	K. Needham, £2,100; J. C. Hood, £2,000; F. Platt, £1,350; J. Hood, £1,100; W. T. Hague, £1,100; F. Bamford, £1,100.
Fixed Trust Investments, Ltd.	Controls Unit Trusts, Ltd. British Empire "A" British Empire "B" British Empire Comprehensive. British Empire Cumulative. British Empire First Unit Trust.	(a) Nov. 8, 1933 (b) May, 1936	20,000	(1) Sir E. S. London, C.B.E. (chair.). (2) E. S. Spicer, dir. Eno Proprietaries, Ltd. (3) A. L. Aymer, man. dir. (4) O. Walker, F.S.A.A.	D. W. Howarth, F.C.I.S. (Sec.).	Trucidor Nominees, Ltd., £19,798.
Unit Trusts, Ltd.	First British Second British Third British Fourth British Foreign Govt. Bond Limited Investment Fund. Midland and Southern Investment Fund Scottish and North Country Investment Fund.	(a) Aug. 19, 1936 (b) Sept. 18, 1936	25,000	See above	Do.	Fixed Trust Investments, Ltd., £24,998.
Municipal and General Securities Co., Ltd.	First British Second British Third British Fourth British Foreign Govt. Bond Limited Investment Fund. Midland and Southern Investment Fund Scottish and North Country Investment Fund.	(a) Nov. 12, 1906 (as Mun. and Gen. Properties Syndicate) Present name adopted June 6, 1910. (b) Mar. 1937	24,000	(1) G. M. Booth, merchant and shipowner. (2) A. V. Drummond, dir., Shawinigan, Ltd. (3) R. N. Whitcomb, dir., White, Drummond & Co., Ltd. (4) S. J. Fairbairn, dir. White, Drummond & Co., Ltd.	H. W. Stacey (Sec.).	White, Drummond & Co., Ltd., £23,908.
Protected Fixed Trusts, Ltd.	First Protected Second Protected Third Protected	(a) July 31, 1935 (b) Nov., 1936	25,000	(1) L. S. Redman, dir. Knoop & Co., Ltd. (2) M. A. M. Dillon, solicitor. (3) S. Ferguson, chairman. Ferguson Pailin, Ltd. (4) J. J. D. Hourston, J.P., C.A. (5) A. E. Kavanagh, F.C.A.	A. E. Kavanagh, F.C.A.	A. E. Kavanagh, £1,880; P. Ashworth, £1,000; S. R. Harner and G. S. Gibbons, £950.
Selective Fixed Investments, Ltd.	Selective "A" Selective "B"	(a) Apr. 9, 1935	19,843	(1) Brig.-Gen. E. L. Spears, M.P., dir. Assoc. Portland Cement. (2) H. D. Bell, F.C.A. (3) D. Plaistowe. (4) W. Ross Smith. (5) E. G. Underwood.	W. F. Eva, C.A. (Sec.). Do.	W. R. Smith, £2,600; L. W. Farrow, £2,500; Laverstoke Investment Trust, £2,000; D. Plaistowe, £1,300; W. A. J. Forster, £1,300; T. L. Parke, £1,300.
Trust of Transport Shares, Ltd.	Trust of British Transport	(a) Feb., 1936 (b) Mar., 1936	10,000	(1) Sir H. E. Blain, dir. Avon India Rubber Co., Ltd. (2) H. D. Bell, F.C.A. (3) D. Myers. (4) W. Ross Smith. (5) Gordon Stewart, chair. Stewart and Arden, Ltd.	Do.	L. W. Farrow, £800; W. R. Smith, £680; Sir H. E. Blain, £500; J. F. Matheson, £500; D. Myers, £500; G. Stewart, £500; Laverstoke Investment Trust, £500.
Proved Securities, Ltd.	Bank Insurance and Financial Shares Trust	(a) Dec., 1936 (b) Mar., 1937	20,000	(1) H. D. Bell, F.C.A. (2) Sir K. Crossley, dir. Williams Deacon's Bank, Ltd. (3) Brig.-Gen. A. V. F. V. Russell, dir. Sun Life Assurance. (4) C. S. L. Trask, dir. Richard Johnson and Nephew, Ltd. (5) E. G. Underwood.	Do.	E. G. Underwood and C. S. L. Trask, £5,575; North of Scotland Bank Nominees, Ltd., £5,075; Selective Fixed Investments, Ltd., £5,050; Sir K. Crossley, £2,025; B. A. Glanville, £2,025.

* Group Units Textile Certificates; Iron, Coal and Steel Certificates; Brewery and Distillery Certificates; Oil Certificates; Home Rails Certificates; Stores and Products Certificates.

Name of Managing Company	Name of Trusts Managed	(a) Date of Co.'s Registration (b) Date of Bush House Return	Total Paid-up Capital	Names and Descriptions of Directors	Secretary or Manager	Principal Shareholders and Interests
National Group of Fixed Trusts, Ltd. (formerly United Fixed Trusts, Ltd.)	Controls National Fixed Trust, Ltd. Commercial Fixed Trust, Ltd. Amalgamated Fixed Trust, Ltd.	(a) Mar. 7, 1935 (b) June 2, 1936	196,759	(1) Sir G. C. Hamilton, J.P., M.P. (2) Sir A. S. T. Griffith-Boscawen, P.C., J.P. (3) G. C. Cassels. (4) P. Garratt, F.C.A. (5) T. M. Macquaker, solicitor. (6) Lt.-Col. P. J. Popham, D.S.O. (7) P. A. L. Wood.	E. H. Marten-Smith, A.C.A. (Sec.)	Roy Nominees, Ltd., £29,500; A. H. Montgomery and C. E. Foreman, £28,000; Lt.-Col. A. C. K. Kennard, £14,500; T. M. Macquaker, £10,300; P. Garratt, £9,900; Lt.-Col. F. J. Popham, £9,200.
National Fixed Investment Trust, Ltd.	National "A" National "B" National "C" National "D" Scottish Century National Investment Group Certs.	(a) Mar. 31, 1932 (b) Mar., 1936	29,810	See above	Do.	All capital held by The National Group of Fixed Trusts, Ltd.
Commercial Fixed Trust, Ltd.	Commercial Universal Gift Edged Amalgamated	(a) Nov. 20, 1933 (b) Mar. 31, 1936	21,795	See above	Do.	All capital held by The National Group of Fixed Trusts, Ltd.
Amalgamated Fixed Trust, Ltd.		(a) Mar. 15, 1934 (b) Mar. 31, 1936	20,700	See above	Do.	All capital held by The National Group of Fixed Trusts, Ltd.
Trust of Insurance Shares, Ltd.	Trust of Insurance Shares. Trust of Bank and Insurance Shares. Trust of Bank Shares Investment Trust Units.	(a) May 28, 1934 (b) Dec., 1936	110,000	(1) Rt. Hon. C. A. McCurdy, P.C., K.C., dir. Equity and Law Life Assurance Society. (2) J. H. Batty, dir. Atlas Assurance Co., Ltd. (3) Sir B. E. Halsey Bircham, G.C.V.O., deputy chairman, Equity and Law Life Assurance Soc. (4) A. E. Messer, dir. Equity and Law Life Assurance Soc. (5) R. W. Sharples, O.B.E., dir. Guardian Assurance Co., Ltd. (6) George Faber (managing dir.).	G. Faber (Man. Dir.) J. H. Taylor, C.A. (Sec.).	Equity Law Investment Trust, Ltd., £57,750; G. Faber, £11,161; C. A. McCurdy, £10,289; J. H. Batty, £9,604; Evelyn Trust, Ltd., £4,872.
Scottish Bank, Insurance and Trust Shares, Ltd.	Scottish Bank, Insurance and Investment Trust Units.	(a) Nov. 27, 1936 (b) Jan., 1937	25,000	(1) Rt. Hon. C. A. McCurdy, P.C., K.C. (2) Sir I. Colquhoun, D.S.O. (3) J. H. Batty. (4) Sir B. E. Halsey Bircham. (5) G. Faber (man. dir.). (6) A. E. Messer.	W. F. G. Normand, C.A. (Sec.).	Trust of Insurance Shares, Ltd., £24,994.

Management Companies: The Year's Changes

IN our previous Unit Trust Supplements we have given particulars, based on the annual returns lodged at Bush House, of the companies responsible for the management of unit trusts. The particulars are necessarily limited to capitalisation, directors and the principal shareholders, and the real identity of the latter is frequently masked by nominee holders. And since all the companies concerned are private registrations, information regarding profits is completely withheld.

With the growth of the flexible trust, the matter of management personnel has assumed increased importance. For this reason alone the table which begins on the preceding page deserves careful study. Official returns are, of course, out of date in varying extent, but they have been supplemented as far as possible by later information. Comparison of the table with the directory of management companies given in our previous Supplement reveals certain important changes during the year. Only one new group has been formed—F. T. M., Limited, which was known for a time as Aviation Trust Managers, Limited. This company has an issued capital of £19,000, and has floated two trusts—Aviation and Universal, and Domestic. All other flotations during the year have been associated with previously existing groups.

The latter have, in several cases, undergone important changes in structure and capitalisation. The tendency during the year has been towards simplification of management group structures through holding companies (such as the new National Group of Fixed Trusts concern) or through the absorption of existing companies under a single company (such as Fifteen Moorgate Unit Trusts). Increases of capital by existing companies, which receive detailed comment below, are common; they appear to arise, in many cases, from the capitalisation of profits rather than the issue of new shares for cash.

A number of groups, meanwhile, have rearranged their holding arrangements or have created further subsidiaries or associated companies. Fixed Trust Investments has registered Unit Trusts with a capital of £25,000, held by the parent company, which manages the first flexible trust in the group, the British Empire First Unit Trust. Two new companies have appeared in the Selective group—Trust of Transport Shares (capital £10,000) and Proved Securities (capital £20,000), which manage the Trust of British Transport and the Bank Insurance and Financial Shares Trust, respectively. These companies have certain directors in common, and Selective Fixed Investments has a large holding in the latter company. Scottish Bank Insurance and Trust Shares is an associate of Trust of Insurance Shares, and has several directors in common.

Improving Securities Trust, Limited, is a new concern associated with British General Fixed Trust, Limited.

Investors Specialised Fixed Trusts (the "Dawnay Day" group) has changed its name to Fifteen Moorgate Unit Trust, and has acquired all the capital of Security Trust Managers, a company formerly controlled directly by Dawnay Day. The greatest changes have occurred in the "National" group. The parent company—formerly United Fixed Trusts—has changed its name to The National Group of Fixed Trusts. It is now entirely a holding company, and under its new articles of association the company itself is not empowered to constitute fixed trusts or issue units. The direct managing companies in the group are subsidiaries of this concern. United Fixed Trusts, Limited, is now registered with a nominal capital of £100.

Among the companies which have altered their capital, Allied Investors have redeemed their preference shares and have issued £40,000 of registered notes—the only instance where a management company has prior charges in issue. A capital redemption fund of £20,000 is also shown. British Industrial Corporation, Ltd., has made an allotment of ordinary shares to West Nominees, which has increased the issued capital by £22,880. Of its subsidiaries, Gold Producers Fixed Trust, Ltd., Rand Fixed Trust, Ltd., and Group Units Investment Trust, Ltd., have all increased their capitals from £100 to £10,000. Fifteen Moorgate Unit Trusts has increased its capital by £60,000, and The National Group of Fixed Trusts by £18,259. Trust of Insurance Shares has issued a further £100,000 of capital, bringing the total to £110,000, instead of £10,000 as formerly. The Selective group has made a further allotment of £4,843.

Changes in directorate have not been extensive. Mr E. S. Baring-Gould has resigned from the board of Allied Investors. Mr S. I. Fairbairn has joined Municipal and General. Mr P. N. L. Nicholson is managing director of Fifteen Moorgate and Mr D. Boyle has left the board, which now includes Sir C. Headlam, Mr E. G. Underwood—already on the board of Allied Investors—has replaced Sir P. A. M. Nash on the board of Selective. Sir B. E. Halsey Bircham has joined the board of Trust of Insurance. Mr L. S. Redman has been elected to the board of Protected Fixed Trusts, Mr A. E. Pollard having resigned.

No extensive changes in shareholdings are revealed in the table. Selective's increased capital has resulted in a certain change in the size of holdings; and following the large increase of capital by Trust of Insurance, a controlling interest in the company is now held by Equity Law Investment Trust, Ltd.

TRUST of INSURANCE SHARES LIMITED

Incorporated under the Companies Act, 1929

Authorised Capital £200,000 Issued and fully paid £110,000

DIRECTORS

The Right Hon. C. A. McCURDY, K.C. (Chairman)

Chairman, Bedford General Insurance Company Limited

Director, Equity and Law Life Assurance Society

J. H. BATTY, Esq.

Director, Atlas Assurance Company Limited

Sir B. E. HALSEY BIRCHAM, formerly Halsey, G.C.V.O.

Deputy Chairman, Equity and Law Life Assurance Society

Director, British Law Insurance Company Limited

ALLAN E. MESSER, Esq. C.B.E.

Director, British Law Insurance Company Limited

Guildhall Insurance Company Limited

Equity and Law Life Assurance Society

R. W. SHARPLES, Esq. O.B.E.

Director, Guardian Assurance Company Limited

GEORGE FABER, Esq. O.B.E. (Managing Director)

Director, Scottish Bank Insurance and Trust Shares Limited

SECRETARY

J. H. TAYLOR, C.A.

REGISTERED OFFICE

30 CORNHILL

LONDON : E.C.3

The Unit Trusts Association

THE movement has its own representative body, the Unit Trusts Association. Its embryo was a Fixed Trusts Standing Joint Advisory Committee, formed by certain management groups in April, 1935. Within the next year the Association of Fixed (subsequently Fixed and Flexible) Trust Managers had been formed. The first signatories of the Association's constitution comprised seven groups. In April, 1936, the following ten groups became members:—

National, Keystone, British Empire, Provincial, Protected, Allied Investors, British General, Selective, 15 Moorgate and Transport.

Later, the Selective and Transport groups were merged, and a new group, F.T.M., joined the Association. Thus, at present, all but two of the existing groups in the movement are members of the Association. The name was changed to Unit Trusts Association, after the issue of the Board of Trade Committee's Report criticising the potentially misleading implications of the term "fixed trust."

The most important of the Association's aims is "the protection of the interests of the investing public and the members of the Association by prescribing from time to time a standard of conduct for members." The Association is a non-profit making body. According to its constitution, as approved on April 22, 1936, a condition precedent to membership is the deposit by each management group of a sum of £20,000, exclusively applicable to the performance of the group's obligations. The constitution also provides that each member shall pay an entrance fee of £25, an annual subscription of £20, and a further sum to be based on the sale value of units sold, in respect of every trust which he manages. The constitution also provides for a president, with no official connection with any member of the Association, an elected chairman and deputy chairman and a representative council to manage its affairs, subject to the decision of general meetings at which each member of the Association has one vote.

Representative bodies can obviously perform many useful functions, even in an inherently competitive branch of business. Where a movement is comparatively new, and competition which hits below the belt is deprecated, it is important to know where the belt is. At the beginning of last year, it was obvious that the process of solving the movement's problems *ambulando* had become inexpedient. Apart from the need of preserving its credit from the dubious financier who might prostitute its objects, some of its existing members were ready to welcome authoritative corporate guidance on the problems which experience had thrown up. The number of groups in the movement was small enough to make effective joint action possible; for when self-denying ordinances depend on gentlemen's agreements, the fewer the number to agree the better. The difficulty experienced by the building society movement in securing adherence to a code enunciated on the initiative of some of the largest societies, emphasises the advantages of the unit trust movement's compactness. Presumably, membership of the Unit Trusts Association implies a certain solidarity, which may, in practice, extend even to the financial sphere—though this point is not, of course, mentioned in the Association's constitution. Ultimately, the movement's most valuable asset is its credit with the public. To that extent, at least, its position resembles that of the banks, and its members have a common interest in maintaining unimpaired an asset from which they draw a common benefit. Additionally, at the time of the Association's formation, the recent appointment of the Board of Trade Committee of Inquiry suggested the advisability of a body which could speak with its friends or critics in the gate.

The Association's Constitution

It is instructive to compare the "Rules of Management to be Observed by Members," drawn up before the issue of the Board of Trade Committee's Report, with the provisions

of that Report. The Committee stipulated for a £20,000 deposit for every individual trust; the Association provided for a single deposit of £20,000 per member, without reference to the number of trusts which such a member might administer. The Association's deposit, but not the Committee's, could be reduced, in certain circumstances and in proportion to the financial arrangements made for unit and sub-unit holders elsewhere, during the period in which a given trust had direct relations with the public.

The Association's code followed, in some ways, the draft regulations drawn up by the Sub-Committee of the Stock Exchange (outlined in our last Supplement), which the Board of Trade Committee described as "representing the highest common factor of agreement." The constitution provided that trustees must be insurance companies or banks, and that no security should be included which was not dealt in on a recognised Stock Exchange. It laid down the way in which purchase prices of units or sub-units should be calculated, and provided for an undertaking by managers to repurchase sub-units on definite terms. In this connection the establishment of a reserve fund was postulated, but its amount was left to be agreed by the managers' own auditors, and it was not required to be segregated from the general assets of the managers. No restriction was laid on the scope of advertisements, but in cases where reference was made to the income yield on a unit or sub-unit, it was laid down that the yield from cash and other than cash sources must be separately specified. Provision was made, in the case of trusts of a flexible character, for notification to registered unit or sub-unit holders of all portfolio changes at the time of every income distribution. Where the remuneration of the managers, etc., was provided out of an initial loading charge, the Association's constitution stipulated for an escrow fund to cover future expenses on a basis to be laid down by the Association; or for the making of such other arrangement as would be acceptable to the trustee. Provision was also made for the retirement of managers on the happening of certain contingencies, and the limitation of the life of trusts to a maximum of twenty-five years. Other clauses related to the make-up of trust accounts, and particulars to be included in published circulars. As regards "wasting" investments, the constitution placed no limit on their inclusion, but stipulated for the publication of information showing the percentage of the unit represented by each wasting investment and the nature of any provision for amortisation. Finally, every member of the Association was required to engage to abide by any decision of the Council prohibiting the inclusion of any given security in any future trust.

A Code in Outline

The Association's code was thus, in some respects, a code in outline, whose details were left to be filled in as experience should decide. Generally, its terms were less stringent than those subsequently recommended by the Board of Trade Committee. Like the Committee's Report, it was drawn up before the flexible trusts had fully attained their present importance in the movement, and consequently it contains no comprehensive provisions covering their special problems of management and accounting. The Association's future policy must necessarily be subject, in many ways, to fuller knowledge of the eventual provisions of any unit trust legislation which may be passed by Parliament. Inside the movement itself, the Association's power, as a regulatory force, will be contingent on the support obtained from its own members, and here again the past year's events suggest that a policy of *festina lente* may be deemed advisable for some time. Although the groups remaining outside the Association are small in number, their influence, financially and otherwise, is far from negligible, and their adherence would further strengthen the Association.

The Board of Trade Committee's Report

THE opinion of some representatives of the unit trust movement is that the Report of the Board of Trade Committee on Fixed Trusts went far to kill them with kindness. In one sense, the Report was a victory for the movement. Before its issue, there was a fear in some quarters that the Committee might recommend statutory limitation on the creation of new trusts. In fact, the Committee decided that the trusts ought to have freedom to be fruitful and multiply. They even envisaged the extension of unit trust principles to assets as diverse as blocks of flats and apple orchards. Before the issue of the Report, again, the social and financial status of the movement as a whole was undefined. But the main tenor of the Report was a vindication of the movement's main principles. The Committee were not exactly enthusiastic, it is true; but their Report left unit trust management open as a career which even a Cabinet Minister's son might adopt if he wished. All this was great gain. But from the viewpoint of the movement, it was purchased at appreciable cost. We propose, in the following paragraphs, to discuss the price of vindication.

The Committee's Personnel and Recommendations

The Committee included no representative of the management side of the movement. It was, however, strong and adequately representative of finance, the law, public administration and economics. Sir Alan G. Anderson, G.B.E., M.P., was appointed chairman. Finance was represented by Mr E. H. Lever (joint secretary of the Prudential Assurance Company); by Mr R. P. Wilkinson (chairman of the Stock Exchange Sub-Committee on Fixed Trusts), and by Mr C. U. Peat (of Peat, Marwick, Mitchell and Company). The Treasury Solicitor, Sir Thomas Barnes and the Public Trustee, Sir H. Ernest Fass, represented two departments closely interested. The personnel also included Mr F. W. Pethick-Lawrence, formerly Financial Secretary to the Treasury, who had a wide experience of financial problems. The legal profession was represented by Mr H. G. Brown and Mr Gavin T. Simonds, K.C., and the science of economics by Mr H. D. Henderson. The Committee which was appointed by a Board of Trade Minute of March 9, 1936, worked expeditiously and cheaply; for its Report (Cmd. 5259) was made available to the public in the middle of August, 1936, and cost the nation only £99, including £61 for printing and publishing.

The following is an official summary of the Committee's recommendations:—

- (i) Every Unit Trust to be registered.
- (ii) Various particulars to be filed with the Registrar and to be open to public inspection.
- (iii) Management of Unit Trusts to be undertaken only by bodies incorporated in the United Kingdom.
- (iv) Deposit to be made with the Paymaster General by the Managers in respect of each Trust managed by them with conditional exemption for existing Trusts.
- (v) Certificate of Registrar to be necessary before units (or sub-units) are offered for sale.
- (vi) Trustees to be of a specified status.
- (vii) Full Trust Accounts and Accounts of Management Company to be filed and to be available to unit holders.
- (viii) Full disclosure of indemnities to Trustees which are additional to those accorded by law.
- (ix) Managers not to assume any indemnity which frees them from liability for negligence, default, breach of duty or breach of trust.
- (x) Trust deeds to incorporate certain compulsory provisions including provision as to transferability of units (and sub-units).
- (xi) The Court to have the power to wind up a Unit Trust as if it were an unregistered company.
- (xii) Any community of interest or connection between Managers and Trustees to be disclosed.
- (xiii) Offers for sale to be accompanied by full particulars of constitution and operation of Trust.
- (xiv) Advertisement with certain minimum particulars to be permitted, without being regarded as offer for sale.
- (xv) (a) On all transactions with the Management Company a member of the public to be given a contract note giving specified

particulars and (b) buyers from the Management Company to be given full particulars of constitution and operation of the Trust.

(xvi) Copy of all circulars or other documents to be filed with the Registrar.

(xvii) Settlement duty to be exigible on the initial settlement of the Trust and as it subsequently expands.

(xviii) Stamp duty to be payable on transfers of units (and sub-units) except on original creation and sale of units (and sub-units) and except on sale of units (and sub-units) to the Managers for extinction; and transfers to be by written instrument.

(xix) Bearer certificates to be dutiable.

(xx) Contract notes to be liable for stamp duty.

(xxi) Restrictions to be placed on names of new Unit Trusts corresponding to those imposed on the names of companies registered under the Companies Acts and no names to include "Fixed" and "Trust" in conjunction.

(xxii) Directors of the Management Company and other interested persons and corporations not to be qualified to act as Auditors.

(xxiii) Appointment of Auditor to be subject to approval of Trustee, and Trustee and majority of holders of units (or sub-units) to have power to remove Auditor.

(xxiv) A meeting of unit (or sub-unit) holders to have power to appoint Auditors.

(xxv) Income distribution warrants to show clearly how the income distribution is calculated.

(xxvi) Directors of Management Company and anyone authorising the advertisement to be liable for loss sustained by purchaser arising from a false statement in an advertisement, circular, booklet, etc.

(xxvii) Trustee or given proportion of unit (or sub-unit) holders to have power to call a meeting of unit (or sub-unit) holders; list of unit (or sub-unit) holders to be obtainable.

(xxviii) Meeting of unit (and sub-unit) holders to have powers to remove or appoint Trustees, Managers and Auditors; to give directions as to voting on underlying security; and to initiate investigation into conduct of Trust.

(xxix) Voting rights, if any, of unit (or sub-unit) holders arising from trust property to be specified in summary of information (Appendix II) and in the Trust Deed (Appendix IV).

(xxx) Machinery to be provided for investigation by an Inspector appointed by the Board of Trade into conduct of Trust.

(xxxi) The Court to have power to sanction alterations in constitution of Unit Trusts on similar lines to the Court's powers with regard to compromises or arrangements between a company and the members or creditors under Section 153 of the Companies Act, 1929.

(xxxii) Hawking of units (or sub-units) to be prohibited.

(xxxiii) Copy of the Trust Deed to be obtainable by prospective buyers of units (or sub-units) at a reasonable cost.

(xxxiv) Foreign and dominion organisations of the unit trust type and sales of units (or sub-units) by them to be subject to the general regulations.

(xxxv) Penalties recommended.

Its Findings Considered

Consideration of these provisions suggests that the Committee based its findings on two far-reaching canons. The first was that there should be a financial bar to the entrance of men or companies of straw to the movement; and the second was that unit holders and the public generally should have access to the fullest possible information concerning every unit trust. The chief instrument for achieving both these ends was to be, *mutatis mutandis*, that already adopted for British limited companies—namely, the registration and regular filing of documents with an officer of the Board of Trade. The Committee proceeded to fill in this outline with a number of detailed requirements, both on the financial and the publicity side, which in stringency went far beyond those laid down, for example, in the constitution of the Unit Trusts Association.

On the financial side, the Committee recommended the closing of a loop-hole under which settlement duty might be payable only on a small original part of the trust settlement by insisting that duty should be paid as and when all further property was brought in. The transfer of units or sub-units from one owner to another was to be made liable to stamp duty; and contract notes, in respect of the purchase or sale of units, were to be brought, for taxation purposes,

within the meaning of the Finance (1909-10) Act, 1910. From the viewpoint of the movement itself, however, these requirements were insignificant beside the recommendation that it should be obligatory on the management companies to deposit a substantial sum of money (the Committee suggested £20,000) with the Paymaster-General *in respect of each unit trust which they managed*. Exemption from this requirement, it was suggested, should apply only to trusts which closed within three months of the publication of the Report and remained closed. Only when the deposit had been made (and other particulars suggested in the Report had been filed) should the Board of Trade's Registrar issue a certificate of registration which would allow the management to offer any units or sub-units for sale.

The particulars given on pages 16 to 21 of this Review show that, at present, some 12 groups manage as many as 72 trusts, and the average number of trusts per group is 6. So far as we are able to ascertain, the number of closed trusts at present is 24. Insistence on the Committee's requirement, would therefore, it may be computed, involve the putting up, and subsequent immobilisation, in round figures, of £960,000 by the movement as a whole. The deposit in each case would be invested by the Paymaster-General and earmarked for the protection of the unit holders of the single trust in respect of which it had been deposited. It would be allowed to form part of the general assets of the management company only when the Court had been satisfied that all liabilities of the management company to unit holders had been discharged—including the provision of a sufficient sum to cover expenses of management up to the expiration of the trust.

It would appear, in fact, that the money would not be released until (a) the trust had been closed and (b) the management company had made escrow provision for future management expenses *out of funds other than the deposit*. Clearly, the making of the deposit would not directly affect the ability of the management company to earn a satisfactory profit on its operations in connection with any single trust. Whether the trust were "successful" or not, from a selling point of view, the deposit money would be returnable when the management company had written *finis* to their venture, under the conditions mentioned above. But the requirement would certainly tend to limit large-scale participation in unit trust promotion and management to interests already possessing substantial capital resources. Responsible observers outside the movement will criticise it the more favourably on that account.

Unit Trust Publicity

So much for the first of the Committee's main principles, which may be termed the principle of substantial status. The second principle which finds expression in the Committee's recommendations is that of adequate publicity. To all dealings in unit trust certificates the maxim *caveat emptor* must needs apply; but the Committee was clearly determined that the buyer should have adequate data on which to base a sound judgment. In translating this principle into practice, the Committee appears to have been desirous, wherever possible, of assimilating its proposed code to provisions applied by the Companies Act to limited companies. Its recommendation debarring interested persons, and all corporations, from acting as auditors to unit trusts, for example, was based on Section 133 of the Companies Act. Its suggestion that any party who authorises a unit trust advertisement to be liable to compensate persons who suffer damage after purchasing on faith of the advertisement was derived from Section 37 of the Act. Numerous other provisions—such as those covering meetings of unit holders, Board of Trade investigations, the prohibition of hawking of units or sub-units, alterations in trust deeds by the Court and penalties for non-compliance with statutory requirements were all derived, directly or indirectly, from consideration of the Companies Act of 1929.

The most significant sections of the Committee's Report, however, were those dealing with publicity in matters which were, necessarily, peculiar to the unit trust movement. The Report recommended that the functions of management and trusteeship should both be limited to incorporated bodies in

the United Kingdom and that trustee companies should have at least £250,000 of their capital paid up in cash. It then proceeded to lay on each of them certain requirements, by way of disclosure, of a searching character. Managers were to be required to file with the Registrar (and thereby to render accessible to the public for a small fee), not only copies of trust deeds and particulars of management companies and their promoters and directors, but also copies of all agreements between management companies and trustees and copies of a statement of information covering a wide range of particulars. Any member of the public who inspected the last-mentioned statement (which, as we show below, was also to be an integral part of all advertisements offering units or sub-units for sale) could be presumed to have full cognisance of certain all-important matters. These included the paid-up capital of management companies; the responsibility of trustees; the selection of auditors; the exercise of voting rights; the sources of trustee remuneration; the provision of costs and management; the way unit prices were calculated; the obligation of managers to repurchase units and sub-units; the make-up of figures of income and yield; the amounts paid to promoters, etc.

The Committee next laid down various accounting provisions. Management companies, it was suggested, should prepare balance sheets, profit and loss accounts and separate accounts showing unit or sub-unit dealings for each trust. Among a large number of items to be shown separately were reserves for remuneration and expenses during unexpired trust periods; expenses for advertising and publicity (as distinct from management expenses); the amounts of agents' commissions on sales and repurchases; the amounts realised by sales of units or sub-units; and the amounts separately added to prices of underlying securities on account of accrued dividends, service charges, adjustment to next highest multiple of 3d., and various other particulars. Trustee companies, it was suggested, should prepare statements showing separately the constituent items in the amounts distributable each half-year, distinguishing amounts in respect of capital; statements showing the composition of the funds held on behalf of unit or sub-unit holders (a) as regards capital and (b) as regards income, and figures relating to transactions in investments and other assets and the income therefrom. Finally, the Committee made provision for the accessibility of these documents to interested members of the public.

Recommendations on Advertising

Having thus provided for financial publicity, the Committee recommended drastic regulations governing propagandist publicity. Broadly, all advertisements, circulars or pamphlets, with two exceptions, were to be regarded as of the nature of offers for sale. They were to include all the information mentioned above as being contained in the statement of information deposited with the Registrar (relating to management and trustee companies, costs of management, repurchase of units, income and yield, etc.). The only exceptions to this rule were to be: first, circulars of an informative character to existing unit or sub-unit holders; and, secondly, advertisements intended merely to "call the attention of the public to the existence" of a trust. These advertisements were to be confined to exceedingly brief particulars relating to the name, type, scope and auspices of the trust, the address at which full information could be obtained, and (as a sole concession to the seller's desire to praise his goods) a section "describing and commending the class of investment authorised." What such an advertisement was *not* to include was a form to be used by the public "to facilitate the application" for a unit or sub-unit. Any document which contained such a form was to be accompanied by all the particulars required of an offer for sale. One effect of this stipulation would seem to be that no Press advertisement could include a form of application unless it were accompanied by particulars on the grand scale; and this would apparently preclude the attachment of application forms to "running" advertisements by the trusts in the Press.

All the regulations in the world will not avail to save a unit trust holder from depreciation of capital and income if dividends and security values fall in any future depres-

Investments for the Prudent:

Security First Trust

This Trust spreads its funds over 23 first-class companies representing some of the strongest and soundest elements in British industry. The return which investors have received from cash dividends alone for the year ended 6th January, 1937, was equivalent to a yield of £5 6s. 8d. per cent. gross per annum, at the current price of sub-units. This yield does not include an additional return of some 10s. per cent. from the sale of rights, etc. Lloyds Bank Limited are Custodian Trustees of the underlying securities.

THESE ARE THE COMPANIES:

L. M. & S. Railway Co.
L. & N.E. Railway Co.
Allied Ironfounders, Ltd.
Powell Duffryn Steam Coal Co., Ltd.
Richard Thomas & Co., Ltd.
City of London Real Property Co., Ltd.
London Brick Company, Ltd.
Metropolitan Housing Corporation, Ltd.
Imperial Chemical Industries, Ltd.

Imperial Continental Gas Assoc.
"Shell" Transport & Trading Co., Ltd.
Bass, Ratcliff & Gretton, Ltd.
Distillers Co., Ltd.
Imperial Tobacco Co. (G. B. & I.), Ltd.
Geduld Proprietary Mines, Ltd.
Government Gold Mining Areas (Modder) Consolidated, Ltd.

Van Ryn Deep, Ltd.
J. & P. Coats, Ltd.
International Tea Company's Stores, Ltd.
Scribbans & Co., Ltd.
Tate & Lyle, Ltd.
Amalgamated Press, Ltd.
Daily Mirror Newspapers, Ltd.

Hundred Securities Trust

By investing in sub-units of this Trust you spread your capital over as many as 100 first-class dividend-paying securities, covering Government funds, and banking, insurance, property, mining, industrial and commercial securities.

To every investor who seeks a reasonably good income yield coupled with a high margin of safety, this Trust offers special attractions.

Based on the cash distributions from the Investments during the past year, the yield at the present price is approximately £4 14s. 7d. per cent. In this computation of income proceeds of the sale of bonuses, new issue rights, etc., are not taken into account. Large capital bonuses are added to the capital of the Trust; fractions of bonus shares and new issue rights are sold and distributed as capital. As the underlying securities are with few exceptions ordinary shares, the distributions are not fixed but are subject to variation. Lloyds Bank Limited are the Custodian Trustees of the underlying securities.

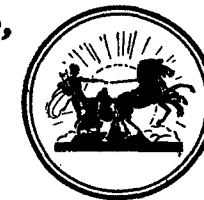
Consult your stockbroker or bank manager or write for free descriptive Booklet EC, the basis of all transactions, to the Managers:

FIFTEEN MOORGATE UNIT TRUSTS LIMITED

15 Moorgate,

London, E.C.2.

Branch Offices at:
7 Pall Mall,
Manchester, 2, and



Prudential Buildings,
St. Philip's Place,
Birmingham, 3.

MEMBERS OF THE UNIT TRUSTS ASSOCIATION

sion. But at least, if the Committee's recommendations pass substantially into law, holders will assume their inevitable investment risks in the daylight and not in the dark. It is probable, however, that if the Committee had been reporting to-day, instead of last year, they would have accorded more detailed treatment in their Report to the special problems arising from the recent development of the flexible trusts, which are described in detail in earlier sections of our Survey. Legislation on the basis of the Report alone would leave many of these problems out of account.

This may well be one of the matters which has so far prevented the Government from committing itself to any date for the introduction of a Unit Trusts Bill, explicitly declared to be in preparation. It is understood, indeed, that the draughtsmen of the Bill have encountered many latent difficulties in their detailed work. The possible association of the subject with a projected measure to curb bucket-shop

operations (which is now being considered by a special body) may also have a delaying effect. The Government, again, may be anxious to find practical means of precluding any possible misuse of facilities under industrial and provident society legislation by parties of doubtful status and intentions who may wish to evade future unit trust law.

If such difficulties as these can be overcome within a reasonably short period the time involved in finding a solution will have been well spent. But the movement and informed outside opinion alike would welcome a decision, at the earliest possible moment, which would tell them exactly where they stood. It is time an end were put to an uncomfortable transition period. The quest of those who seek perfection is apt to be of indefinite duration. Even an Act with some inevitable shortcomings, which would be capable of being adjusted in the light of future experience, would be preferable to prolonged postponement of action in a vain attempt to satisfy everybody.

At the Crossroads?

WHAT tentative conclusions may be drawn from our present Survey? The unit trust movement, we have seen, has embraced flexibility with both hands, whereas at first it could hardly be persuaded to touch it. From all the portents, however, the flexible trust has not been a signal selling success, in contrast to the fixed trust with its message of 99 per cent. immunity from human frailty and its freely advertised panel of investments. Secondly, the present temper in the movement is not one of marked optimism over immediate prospects of a recovery in sales. Advertising is now less widespread, and the volume of resales from the public (by all accounts) is tending to increase. Our calculation of the value of outstanding sales to the end of February (which is based upon information supplied by the majority of groups) is larger than some observers might have estimated. But the rate of growth of unit trust business, overshadowed last year by the deliberations of the Board of Trade Committee, may continue under the cloud of legislative discussion (although the introduction of the Bill is perhaps not imminent), while—more important from the investor's point of view—the movement may in due course be reminded that the course of ordinary shares and dividends is not eternally upward.

A fixed trust unit, based on the market and selling appeal of three or more years ago, is likely, therefore, to become increasingly an investment anachronism. Even those who argue that a selection of ten leading industrials, through good years and bad, may yield results comparable with the most carefully diversified portfolio, would hardly be prepared to extend that type of advocacy to all and sundry among the fixed trusts as we know them.

It is becoming apparent that the problem of administering the fixed trusts during coming years is giving the movement some concern. There is a natural "wastage" in fixed trusts through the resale of units to the managers, and the size of most fixed trusts at the end of their allotted life of twenty years or more may not be large. But two problems arise, one during the life of the trust and one at its end. If the trust is of the distributive type, and recurrent share bonuses and capital rights are regularly sold, the naturally progressive holdings of the unit are steadily diluted, at the expense of current distributions, and the balance is shifted towards the more inert holdings. Moreover, if market difficulty one day arrives and holders of sub-units hasten to

sell, the old difficulty of automatic selling will be seen at its worst.

At the end of the trust period, secondly, the managers of the earliest fixed trusts are committed to distribute the underlying securities within a given period. The fact that this might fall at an unfavourable juncture from the holders' point of view has been recognised in later fixed trusts, which allow for the free vote of unit holders whether to continue the trust or to exchange their sub-units for shares of a management company.

The proposal (which is published as this Survey goes to press) by the managers of the British Empire "A" Fixed Trust to invite the holders to indicate whether they wish to consider a scheme of this kind appears to be highly significant. The trust was formed in November, 1933, with a life of twenty years.

The holders are not asked to vote on a scheme of exchange at this stage, but to express a view whether such a scheme would be considered by them at all. The managers have in mind a proposal to permit an existing group in the management trust field to take over the fixed trust and operate it in the normal manner as an investment trust. There are, of course, various technical questions which need careful consideration, such as the terms of transfer, the personnel of the management group concerned, and the treatment of the proportion of the existing managers' loading charge which is in escrow to cover future management expenses. And there could clearly be no question of compulsion upon any sub-unit holder who preferred to stand outside the scheme.

If this proposal may be regarded as a test case, it suggests that sub-unit holders as a class may now be convinced that flexibility is to be preferred to fixity. If so, it may well be a precedent of the utmost importance. Since there are 51 fixed trusts in existence, and only 21 flexible trusts, the possibilities arising from transfer are evidently considerable. If a *mariage de convenance* is to be arranged between the fixed trusts (or some of them) and the investment trust movement proper, will one be arranged, some day or other, for certain flexible trusts also? Potentialities for grouping the existing unit trusts under closer control already exist; if grouping were achieved with the co-operation of the best investment trust ability, its fruits might well be blessed.



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THE ECONOMIST

TRADE SUPPLEMENT

New Series

SATURDAY, APRIL 24, 1937

No. 4

The Trend of Business

BUSINESS activity continued its vigorous upward trend during the past month. The improvement was more marked than usual at this time of the year, for *The Economist* index of activity, adjusted for seasonal variations, rose from 110 (1935 = 100) in February to the record level of 112 in March. Of the fourteen component series of the index shown on page 31, only three—employment, postal receipts and Town clearings—showed a decline, while one—consumption of coal—remained unchanged. All the other series registered an advance over February.

Industrial expansion, moreover, continued on a wide front. Of the 103 trades separately listed in the *Ministry of Labour Gazette*, for example, only nineteen showed a slight increase in unemployment between February and March, and the figures of only four branches of activity compare unfavourably with the position a year ago.

A significant change in the incidence of recovery is the tardy revival of those export trades which, like the coal, cotton and other textile trades, are physically still able to increase their output. The value of our exports of coal, cotton and other textile manufactures in March was substantially higher than during the corresponding month last year. This improvement is the direct consequence of the increase in the sales and prices of raw materials and crude foodstuffs by primary producing countries. And, as prospects of an expansion in international trade are fairly good, the upward trend of exports may be expected to continue in the case of many trades which have something to spare after satisfying home requirements.

Elsewhere there is little change since last month in the tendencies at work. Many sections of the metal industries are offered more orders than they can undertake to complete within the time specified. Moreover, the rising tide of armament contracts is increasing the pressure on manufacturers. Although Government departments may not insist on priority, the volume of civil work which can be carried out must needs decline, especially in industries which are already working at capacity and which can only expand total output as new plant comes into operation. But the scope for civil work is not only reduced by the increase in armament orders, but also by the rise in prices which is being accelerated by heavier expenditure on defence.

In fact the relations between producers and consumers have been completely changed in recent months. Not very long ago the problem of maintaining orders has been uppermost in the mind of the executives of concerns engaged in the manufacture of capital equipment; now they are unable to accept all the orders on offer and their problem is the difficulty of increasing output proportionately to the expansion of demand. Lack of capacity and the shortage of skilled labour, however, are not the only

factors hampering progress; in many cases the problem is rendered more acute by the shortage of raw materials. The iron and steel industry is hampered by the difficulties of obtaining sufficient coke, scrap and iron ore. The consuming industries, in their turn, are hampered by the inability to secure all their requirements of steel, and the rate at which Britain's industrial capacity can be extended is thus slowed down.

In emphasising these difficulties, current reports and discussions tend to overlook the rapid expansion which is still taking place. The output of crude steel during the first three months of this year, for example, showed an increase of 10 per cent. over the corresponding period a year ago. Similarly, output in the engineering, shipbuilding and constructional industries is still increasing, though residential

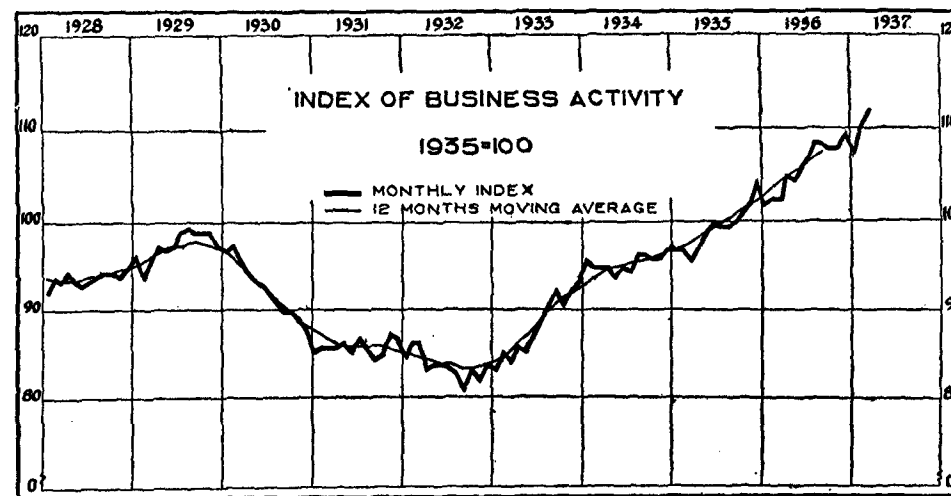
building appears now to be declining gradually, not so much as a result of the rise in costs as of the approach of saturation in the demand for new houses. In engineering, again, part of the additional machinery required is being satisfied by increasing imports, largely under licence.

There are many branches of activity, especially those engaged in the production of consumers' goods, such as textiles, footwear, foodstuffs, automobiles, wireless sets, etc., which are physically able to increase their output, and, despite the rising trend of prices, the demand for these commodities is still on the up-grade.

In general, present indications point to a further expansion of business activity during the next few months, though Mr Chamberlain's new levy on the growth of profits, which penalises the companies which suffered most in depression, may tend to discourage new enterprise.

The latest reports from overseas point to sustained recovery in most countries. The increase in the demand and in the prices of primary products since the beginning of the year has given a fresh stimulus to expansion in numerous countries, including Canada, Australia, India, South Africa, South America, China and Scandinavia.

Most industrial countries continue to make headway. Despite labour difficulties the volume of industrial production in the United States remains on the up-grade. In Japan the current level of activity is appreciably higher than a year ago. Improvement is noticeable in the majority of European countries where armament work is an important factor. France is gradually emerging from depression, but recovery since the suspension of the gold standard has been much more marked in Holland and Switzerland, whose revival has not been hampered, as in France, by costly social legislation. Business activity is expanding in Belgium, Poland, Czechoslovakia, Hungary, France, Roumania and Austria, though the latter country has gained comparatively little ground since last year. Industrial activity is maintained at a high level in Germany.



British Industrial Developments

The following reports on British industry cover, in most cases, the period to the middle of April. In the remainder they relate to the month of March.

COAL

The continued improvement in the coal-mining industry is reflected in the statistics of production, employment and exports for the month of March. Output restrictions are being removed and prices are tending to higher levels. Production of saleable coal last month was 20,897,000 tons, against 19,797,000 tons in the previous month and 19,982,000 tons in March, 1936. Employment showed an improvement in most districts and was substantially better than at the same time last year. Meanwhile, exports in March, although still below the 1935 level, were well above the comparable figure for last year. France was again the industry's best overseas customer, while business with Italy showed an improvement. Despite the continuance of the civil war, Spanish purchases absorbed larger quantities than in March, 1936, and shipments to most of the Empire countries were also heavier. In recent weeks export inquiries have been heavy, but order books are now often filled to capacity and new business is hampered by lack of supplies. Meanwhile the home market in industrial fuels shows few new features, deliveries against contracts remaining heavy. Business in house coal was active prior to the Easter holidays, but has since begun to show a normal seasonal decline.

IRON AND STEEL

Current reports on the iron and steel industry continue to stress the inability of this branch of activity to meet the requirements of all consumers. It should be pointed out, however, that the supply position is not equally stringent in all sections of the industry. Nevertheless, as the pressure on deliveries indicates, the consuming trades could absorb considerably larger quantities than those which the industry is at present able to supply. To some extent, however, the pressure on supplies appears to have been accentuated by the desire of consumers to increase the ratio of stocks to production. Moreover, the emphasis on the shortage of supplies tends to overshadow the steady increase in production which is taking place. Actually, the output of crude steel during the first quarter of the current year was nearly 10 per cent. higher than a year ago. If this rate of increase is maintained the current year's output should exceed last year's production of 11.7 million tons by about 1.1 million tons. Quotations for coke, iron ore and scrap, meanwhile, continue to rise, and there is a possibility that steel prices may be increased before the end of May, the date originally contemplated for their revision.

GENERAL ENGINEERING

Activity in the engineering industry continues on the up-grade. The volume of orders is still expanding and Government contracts are increasing. The satisfaction of all requirements within the time specified is beyond the capacity of certain sections of the industry. Fortunately there is a safety-valve in that part of the expanding demand can be satisfied by additional imports. Actually import licences appear to be granted freely. But while the stringency is alleviated to some extent by heavier imports, certain kinds of machinery appear to be in short supply. Moreover, the rate at which home production can be expanded has slowed down, for most sections of the industry are working at capacity, and the proportion of unemployed workers in general engineering has fallen to 6 per cent. In addition, there is some anxiety concerning the supply of materials and the possibility of a deterioration in industrial relations. Exports showed an improvement in March, when 35,723 tons of machinery were shipped abroad, against 32,834 tons during the corresponding month last year. The increase in imports from 8,061 tons to 12,136 tons during this period was even more marked. Imports of machine tools were again more than twice as heavy as a year ago.

SHIPBUILDING

The shipbuilding and marine engineering industries continue to make headway; in April the proportion of unemployed workers in these two related branches of activity was 6.7 per cent. and 8.8 per cent., respectively, lower than a year ago. The tonnage of merchant vessels under construction at the end of March was 1,014,454 tons gross, an increase of 50,812 tons since the end of December and of 172,093 tons since the end of March last year. Moreover, the volume of naval work is also steadily increasing under the re-armament programme.

ELECTRICAL EQUIPMENT

Production of electrical machinery and appliances is at a higher level than ever before. The proportion of unemployed workers in electrical engineering, for example, was only 3.4 per cent. last month. The volume of new orders for heavy electrical machinery remained at a high level in March, and the value of exports of electrical goods and apparatus rose from £827,737 in March, 1936, to £979,816 last month.

AUTOMOBILES

Despite the difficulty experienced in some quarters of obtaining supplies of raw materials, the automobile industry continues to forge ahead. The output of private cars in February was 28,449,

compared with 25,769 in the same month of last year. Registrations reflect a similar tendency, February's total being 22,891 against 21,345 a year earlier. The export position also gives ground for satisfaction; for overseas sales of private cars rose from 4,839 units in March, 1936, to 7,440 units last month. Meanwhile, foreign cars remain in demand on the British market, though imports last month were rather smaller than in March, 1936—1,631 units against 1,677. Hence the industry has made rapid progress since the beginning of the present season, and, in the absence of untoward developments, there is little doubt that 1937 will establish new records.

BUILDING

Activity in the building industry remains on a high level. The employment position showed little change between February and March; adverse weather affected outdoor work—especially in Scotland and the North of England—but this was partially offset by an improvement in the decorating branch of the industry. On the other hand, the weather factor makes comparability with the position ruling a year ago unreliable. Meanwhile, building plans approved during the first quarter of 1937 were slightly larger in value than the comparable figure for 1936, but—since costs have risen sharply during this period—represent a smaller volume of actual construction. The indications are that the question of costs is likely to assume increasing importance in coming months. Thus it is reported in the *Building Industries Survey* that several local authorities have recently rejected certain tenders which were held to be too high. This factor may be partly responsible for the decline in the value of plans approved for residential building from £18,439,000 in the first quarter of 1936 to £15,484,000 in the same period of 1937. It appears, in fact, that the decline in house-building by private enterprise is no longer being offset by municipal house-building. On the other hand, plans approved this year for non-residential purposes, at £13,218,000, are some 13 per cent. above the previous year's level. Commercial construction may therefore do much to fill the gap left by the decline in residential building.

CHEMICALS

A steady business has been transacted in most sections of the home chemical market during the past month. Sales of industrial chemicals and dyestuffs have increased and the good demand for wood distillation products has been maintained. In the coal tar products market considerable interest has been shown in all products except pitch and refined tar. Trade in pharmaceutical and fine chemicals has been rather quiet, but showed some expansion towards the end of the month. There was a considerable improvement in overseas trade in March as compared with March, 1936, the value of exports of chemicals, drugs, dyes and colours increasing by £334,926. The total increase for the first three months of the year amounts to £794,140. Imports registered a decrease in value of £29,287 as compared with March of last year, but the total for the first three months of the year is £133,905 higher than during the same period of 1936.

POTTERY

Employment in North Staffordshire last month showed further improvement and was much better than a year earlier. The position at Derby remained good, and at Worcester very good, with Bristol making a very fair showing. Exports of general earthenware were smaller than in March, 1936, but an improvement occurred in overseas sales of tiles, china, sanitary and electrical ware.

FOOTWEAR

A further slight improvement in employment occurred last month and activity was well in excess of last year's corresponding figure. Exports, on the other hand, were rather smaller than in March, 1936—35,628 dozen pairs, against 36,803 dozen pairs. This reduction may, however, be accounted for by the earlier incidence of Easter this year.

COTTON

The cotton textile industry has made considerable progress since last autumn and a further improvement was recorded in recent weeks. Contracts are now on a more profitable basis than for a long time past. Mainly in consequence of President Roosevelt's contention that commodity prices are in many instances too high, raw cotton prices have recently displayed an easier tendency. The movement has, however, had no adverse effect on the attitude of buyers of cotton manufactures. Meanwhile, world consumption of the fibre remains on the up-grade, but preparations are being made to grow a larger crop next season. British exports of yarns and piece-goods continue to give satisfaction, the outstanding feature in recent weeks being the improvement in business with India. On the other hand, support from China, Egypt and the Near East has not been good. Business with the Dominions and numerous Continental countries has, however, been encouraging, and activity in home trade fabrics has been well maintained. Spinners have also been active, and margins are now more remunerative. At the end of March 92 per cent. of the spindles were estimated to be in full production, the same as a month earlier, against 79 per cent. at the same time last year.

JUTE

The raw material has been firm in price in recent weeks owing to a strong demand from consumers and bullish reports of the new crop. The continuance of the strike in the Calcutta jute mills has held production in check and has thus been responsible for the strength of prices on Indian markets. This, in turn, has assisted the industry in Dundee, which has recently taken a turn for the better. Sales on the home market are expanding, while the export position is more encouraging. Despite acute competition, overseas sales of piece-goods and other jute manufactures were higher last month than in March, 1936, though exports of yarn showed a decline. Meanwhile, it is reported that Dundee interests have asked the Government for protection against imports of cheap Indian manufactures, which have shown a large increase in the last two years.

LINEN

The small quantities of flax on offer have risen in price. The Germans are expected at any time to open negotiations with Soviet Russia for the supply of further lots of the raw material. Meanwhile, the Courtrai market remains unchanged, lots being small and the selection poor. The yarn market is particularly firm, but without any important sales. Spinners are well booked ahead. Weavers also have good order books, and for cambric and sheers it is difficult to obtain the promise of delivery before 1938. The general position is reported to be better than at any time since the war.

RAYON

There is a fairly satisfactory turnover in rayon yarns for both weaving and hosiery, and considerable quantities of staple fibre and spun rayon yarns are being absorbed by various sections of the trade. The only depressing spot is reported to be the dress goods trade, the quietude of which is generally explained by the shortage of new buying from merchant and wholesale houses. The latter have large stocks carried forward from last year, in consequence of the poor weather then experienced.

WOOL

Raw wool has recently been firm in price on an active demand and a limited supply; thus the Southern Hemisphere selling season is closing on a firm note. Bradford topmakers are reported to be finding it difficult to pass on the increased price to their consumers, and the same problem is presenting itself to the spinner and the manufacturer. Rather than sacrifice their

profit margins, certain retail clothiers are now showing a preference for lower quality goods. Meanwhile, the industry remains active, the majority of the mills now working full time. A further improvement in employment occurred between February and March, when the unemployment percentage for the industry as a whole dropped from 7.4 to 6.8, against 8.6 in March, 1936. Exports also made a satisfactory showing last month, being well in excess of the March total for recent years. Canada was Britain's best customer, with Germany a lagging second. Larger quantities were taken by a long list of importing countries.

AGRICULTURE AND FISHERIES

Sowing of wheat has been seriously delayed and few plants are yet showing, states an official report. Some barley and oats are reported to have been sown towards the end of March. Autumn-sown crops made varying progress and are relatively promising except on heavy and waterlogged land. Potato planting has been carried out in isolated instances, but work on heavy land had not commenced at the end of March. Sugar-beet drilling has only been tried in a few places. The fall of lambs among lowland flocks appears to be up to average, but prospects for lambing among hill flocks are not favourable. Pastures generally are showing little sign of growth. Owing to the indifferent quality of last season's hay, it has only been possible to maintain milk yields by the extensive use of artificial feeding stuffs. Meanwhile, the fishing industry of England and Wales has so far had a more profitable business this year than last. The catch of wet fish in the first quarter of 1937 amounted to 3,552,393 cwt., against 3,457,263 cwt. in the same period of 1936. This year's takings were valued at £2,807,104 compared with £2,685,077 in the three months ended March, 1936.

SHIPPING

As was foreshadowed here last month, February's slight setback on the freight markets was short-lived, the upward trend being resumed in March. The improvement is reflected in *The Economist* index of whole cargo shipping freights, which rose from 134.3 in February (1898-1913 = 100) to 137.8 last month, the latter figure comparing with 89.8 in March, 1936. A pause in the demand for tonnage was witnessed at Eastertide, but business has since broadened out once again, and all the homeward markets have a strong and active appearance. The heavy demand for cereals and the rise in the price of primary products have greatly assisted the freight markets recently. The outlook remains favourable.

UNITED KINGDOM—THE ECONOMIST INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1935 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in Use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Towns	Monthly	Twelve-Months' Moving Average
1929	95	103	68	127	78	95	80	97	111	98	137	108	91	109	98	...
1930	94	98	68	115	80	96	65	84	82	88	108	107	89	112	93	...
1931	91	82	69	98	83	95	62	78	86	82	80	97	86	96	87	...
1932	90	90	71	86	86	94	57	56	84	82	84	94	86	86	84	...
1933	93	90	78	80	80	96	79	101	82	85	86	91	88	89	80	...
1934	97	97	88	100	95	97	88	93	88	100	82	88	95	96	86	...
1935	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	...
1936	105	104	112	106	105	104	107	125	108	112	102	102	104	103	106	...
1934—March	97	99	83	99	94	96	84	96	82	92	90	99	95	103	95	94
April	97	94	85	96	94	96	86	94	98	95	89	97	95	96	95	94
May	97	94	85	96	95	95	86	92	98	94	88	95	93	84	94	95
June	97	91	90	101	95	95	88	87	103	103	93	96	94	85	95	95
July	98	82	84	98	96	94	92	101	107	91	98	94	94	85	94	95
August	98	97	87	102	97	98	90	95	98	114	89	98	93	89	96	95
September	98	95	83	102	97	96	90	90	94	101	101	98	95	91	96	95
October	98	97	89	100	95	97	91	94	87	98	95	98	95	91	96	96
November	98	99	94	98	95	97	93	89	87	89	93	97	94	98	96	96
December	98	93	87	99	95	101	92	96	97	94	98	100	99	100	97	97
1935—January	98	96	92	103	98	98	93	98	85	95	95	95	98	110	97	97
February	98	96	92	99	98	99	95	94	92	91	104	97	98	94	97	97
March	98	92	93	98	99	95	96	97	94	85	98	97	96	92	96	97
April	99	98	97	97	99	101	98	92	90	100	81	99	97	97	97	98
May	99	102	99	100	99	98	100	93	98	97	97	100	99	100	96	98
June	100	99	97	99	99	96	98	98	98	97	105	100	102	108	100	99
July	101	94	96	98	100	98	96	93	112	108	96	100	104	99	99	99
August	101	92	99	100	99	100	98	93	100	100	97	100	100	98	99	100
September	101	105	99	100	101	102	105	98	104	103	101	102	98	95	100	100
October	101	104	102	103	101	100	102	96	102	102	98	99	96	96	101	101
November	101	105	108	102	102	104	108	107	106	106	99	101	99	96	102	101
December	101	105	108	102	102	104	108	113	99	117	99	103	103	112	104	102
1936—January	101	107	104	104	103	101	106	117	106	98	92	98	98	91	102	102
February	102	100	108	102	104	101	107	115	100	99	102	100	99	93	102	108
March	103	98	105	105	104	102	107	112	101	100	100	99	100	84	102	104
April	103	103	111	106	104	102	108	124	110	110	101	98	101	97	105	104
May	104	102	107	104	105	102	107	116	112	108	99	100	108	96	104	105
June	104	104	109	106	105	103	109	121	119	120	98	102	104	104	106	106
July	105	104	109	106	105	103	109	123	120	121	106	101	104	97	107	106
August	107	104	111	109	106	103	109	139	120	121	101	107	105	108	108	106
September	108	102	112	106	106	106	108	132	107	127	106	100	106	113	108	107
October	108	104	113	107	107	104	107	127	102	117	106	103	106	114	108	...
November	107	103	117	106	108	107	105	125	100	120	101	106	109	111	108	...
December	108	107	117	113	108	108	109	134	109	108	109	109	107	122	109	...
1937—January	108	97	116	110	109	107	102	124	111	109	106	101	108	106	107	...
February	108	107	116	110	109	110	102	118	110	108	106	107	108	107	110	...
March	108	107	125	114	111	107	101	118	123	129	128	114	108	107	112	...

* For method of construction and earlier figures (1924-1936) see Supplement to *The Economist* of July 25, 1936.

r. Revised.

p. Provisional.

† Annual indices represent averages of monthly figures.

Business Developments Overseas

BRITISH EMPIRE

AUSTRALIA.—A cable from the National Bank of Australasia states that the economic position of the Commonwealth has strengthened. The outlook, it is said, has been improved by the continued high price level of basic commodities and by the improved prospects of rural production, particularly in the Eastern States. As far as the Stock Exchange is concerned, Government loans are strong, but other sections have failed to maintain peak levels. Both imports and exports have recently been running above last year's level.

SOUTH AFRICA.—The rumour that the United States Government was contemplating adjusting its buying price of gold, although unfounded, has served to emphasise the dependence of the gold mining industry upon the policy of the Central Banks. Since South Africa's prosperity is largely based upon the increased profitability of gold-mining, it is clear that the Union would be hard hit if the price of gold should fall. For the present, however, the boom continues and business activity shows a steadily rising trend. Total imports were £8,126,000 in March, against £6,911,000 in the same month of last year, while exports amounted to £9,754,000, compared with £10,089,000. The slight decline was in exports of gold bullion and specie.

CANADA.—In recent weeks business has been "marking time" and the Bureau of Statistics general economic index has shown a tendency to sag. Conditions are considerably better than at this time last year, but business is awaiting the stimulus which usually comes with the advent of Spring and the renewal of outdoor activities. The advance in wheat prices has stimulated the growers to make provision for increasing the acreage under this cereal. The newspaper industry has benefited from the announcement that prices would be raised by \$7.50 per ton for the first half of 1938. On the other hand, many manufacturers are apprehensive at the rise in costs and the possibility of labour troubles.

INDIA.—Imports in February, at 9.36 lakhs of rupees, showed a reduction of 3.23 lakhs compared with the previous month and one of 111 lakhs compared with February, 1936. At 19.06 lakhs, exports were smaller by 301 lakhs than in January, but were 366 lakhs in excess of last year's corresponding figure. Rainfall has been light in most parts of the country, and the condition of the crops is generally good. Meanwhile, the Calcutta wholesale price index shows a slowly rising tendency.

EUROPE

FRANCE.—France is slowly emerging from depression, but so far recovery has not gone very far. The official index of production (1929 = 100) has risen from 66.7 in August, 1936, to 73.8 last February, against 71.0 in the corresponding month a year ago. The improvement continued during March, and the number of persons in receipt of unemployment benefit declined from 410,219 to 388,920 during that month. At the end of March, 1936, the number in receipt of benefit was 465,127. The social legislation passed last summer is being applied over a steadily widening field of enterprise and appears to be hampering recovery. Interest rates remain high and new investment remains at a relatively low level. The official index of quotations for industrial securities fell from 273 (1913 = 100) on March 13th to 246 on April 17th, an indication of the prevailing uncertainty about the future. The upward trend of wholesale prices has been arrested, but this is due to the decline in quotations for imported materials, for domestic products continue to advance in price.

GERMANY.—Industrial activity showed a seasonal increase during the past month. The number of unemployed, as officially recorded, declined from 1,610,900 to 1,245,000 during March; a year ago the number of unemployed was 1,937,100. The metal industries continue to work at high pressure. Railway car loadings averaged 144,300 per day during the week ended April 3rd, against 131,500 during the corresponding week last year. Over the same period the output of coal in the Ruhr district rose from 336,600 tons per day to 411,700 tons, comparing the same two weeks. Money in circulation increased from Rm. 6,266 millions to Rm. 6,838 millions. Quotations for industrial securities and wholesale prices are scarcely changed on the month. There was a further improvement in foreign trade in March, when imports, at Rm. 408.5 millions, showed an increase of Rm. 61.5 millions, and exports, at Rm. 462.1 millions, one of Rm. 56.3 millions, over the previous month.

HOLLAND.—In contrast to France, Holland, which suspended the gold standard at the same time as the former country, is making rapid progress. Voluntary unemployment insurance statistics show a decline in the number without work, from 193,987 at the end of February, 1936, to 169,806 at the end of January and 151,606 at the end of February, 1937. Moreover, the index of industrial activity, based on the import surplus of raw materials, rose from 67.9 (1929 = 100) in February, 1936, to 93.8 in the corresponding month this year.

SWEDEN.—Industrial activity remains well above the level of a year ago. The index of production for February (1929 = 100) was 136, compared with 135 in January and 124 in February, 1936. Unemployment is substantially lower than a year ago. The value of imports rose from Kr. 115 millions in February, 1936, to Kr. 133 millions in February this year, while exports increased from Kr. 91 millions to Kr. 115 millions during this period.

DENMARK.—Business activity has continued to expand since the beginning of this year. The index of industrial production rose from 121 (1929 = 100) in February last year to 132 in January and 134 in February, 1937. The number of applicants for work declined from 145,627 at the end of February to 131,335 at the end of the past month, compared with 125,607 a year ago. The value of imports and exports in February was substantially higher than a year ago, the increase being most marked in the case of imports.

UNITED STATES OF AMERICA

Following a setback early this year, business activity continued to expand vigorously in February and March, despite labour difficulties. The Federal Reserve Board's index of industrial activity for February was only 2.5 per cent. below the average for 1929. Industrial production has thus practically recovered to the pre-depression level, a point passed by this country about eighteen months ago. A feature of recent developments is the rapid recovery of the capital equipment industries. The output of steel in March, at 5.3 million tons, compares with 3.4 millions a year ago and an average of 4.6 millions in 1929. Demand for steel has risen to such an extent that deliveries are falling behind-hand as in this country. The building industry is steadily gaining ground despite rising costs. The value of building contracts awarded in February, for example, was 22 per cent. higher than a year ago, residential contracts alone showing an increase of 91 per cent. Nevertheless, building activity is still considerably below the pre-depression level. Consumers' goods trades are also expanding. In foreign trade the upward trend continues; exports rose from \$179 millions in February, 1936, to \$229 millions in the corresponding month this year, and imports advanced from \$190 millions to \$260 millions during this period. Present indications point to a further increase in general business activity, but the rate of expansion may be expected to decline as an increasing number of industries are reaching the limit of capacity.

LATIN AMERICA

ARGENTINA.—Exports remain buoyant. Shipments of wheat in March, at 885,700 tons, broke all records. It is probable that the National Grain Board, in accordance with their warning of March 19th, may decide to recommend to the Government the restriction of wheat exports from May onwards in order to safeguard requirements for seed and home consumption. However, the new maize crop is now coming on the market and should help to make up for any restrictions in wheat shipments during the next few months. The ample supply of export bills has again brought the rate for "free" pesos down to the same level as the official selling rate, so that there are fresh rumours of a possible further lowering of the latter rate. The effect of the high level of exports is being felt increasingly in all parts of Argentina's economy, there having been a large increase in cheque clearings and a marked decline in liabilities in commercial failures. Retail and import trading is increasingly active.

URUGUAY.—The unqualified success of the conversion to a lower interest basis of the Internal Public Debt is regarded as an index of the improvement in Uruguay's economic position. Prices of pastoral and agricultural produce are remunerative, and foreign trade figures for 1936 showed a substantial balance in favour of the Republic.

BRAZIL.—The trade returns for January continued the improvement recorded in the latter part of 1936, and the coming cotton crop—which largely makes up for the steady decline in coffee exports—is expected to be favourable and above that of last season.

CHILE.—Continuation of the recovery in Chile is expected through the victory of the Right parties at the recent General Election, and foreign trade continues to show expansion, with increased shipments of copper and nitrate, so that the "export" exchange market for sterling and dollars is somewhat easier.

PARAGUAY.—Business shows expansion, with prospects favourable for the coming cotton crop, the latter being also the case in Peru.

THE FAR EAST

In Japan business remains on the up grade and overseas trade is steadily expanding. As in the United Kingdom, however, imports are tending to increase faster than exports. Thus, during the first quarter of the present year, the excess of imports, at 323 million yen, was 5 per cent. more than in the same period of 1936. Heavy imports of industrial raw materials were a feature of the March trade returns. The short loan market was very active in March, and a sudden increase in the movement of funds at the end of the month caused a sharp rise in short-term interest rates. The dissolution of the Diet at the end of March had little effect on the stock markets, as the Budget had already been passed. Commodity prices are rising. Meantime recovery in China is reflected in that country's foreign trade statistics. Imports into China were 109 million dollars last month, against 79 millions a year earlier. Exports totalled 73 million dollars, compared with 48 millions in March, 1936.

UNITED KINGDOM

(Population, mid 1935, 46,886,000; Area 95,030 sq. miles; 244,000 sq. kms.)

United Kingdom figures; otherwise Great Britain (G.B.)	Unit of Measurement	Monthly Average												1936					1937		
		1929	1930	1931	1932	1933	1934	1935	1936	Feb.	Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.			
PRODUCTION																					
1. Industr. Prod. B. of Trade (a)	1930 = 100	108.5	100.0	91.0	90.5	95.5	106.1	113.5	124.5	123.1	121.7	121.7	121.7	121.7	121.7	121.7	121.7	121.7			
2. Coal, G. B.	Mill. tons	21.4	20.3	18.3	17.4	17.2	18.4	18.6	19.0	19.6	20.0	18.8	20.0	19.2	20.6	19.5	19.8	20.9			
3. Electricity, public supply, G.B.	Mill. kw.-hrs.	858	910	951	1,020	1,130	1,288	1,464	1,685	1,824	1,753	1,544	1,860	2,010	2,180	2,172	1,944	2,074			
4. Pig iron	Thous. tons	632	516	314	298	345	497	535	641	585	634	651	670	643	671	651	604	680			
5. Steel ingots and castings	"	803	610	434	439	585	738	822	975	939	980	1,027	1,061	1,001	1,019	999	996	1,110			
6. Buildg. plans passed (f) Dwellg.	Thous. £s	3,688	3,897	3,374	3,907	5,192	5,799	6,536	6,255	6,391	5,991	5,945	6,035	6,411	5,396	4,476	5,300	...			
7. 146 towns, G.B. (Other...)	"	2,403	2,320	1,877	1,614	1,781	2,164	2,990	3,497	3,712	3,367	3,410	2,951	3,268	3,629	2,996	5,399	...			
8. New Orders, heavy elec. mach.	"	100	125	77	112	67	160	148	250	162	178	252	268	263	250	264	258	255			
9. Home	1929 = 100	100	67	50	31	44	60	62	96	67	66	90	93	90	96	105	118	125			
10. Foreign	"	100	93	58	59	56	107	104	167	113	120	165	174	168	167	175	189	188			
11. Total	"	100	93	58	59	56	107	104	167	113	120	165	174	168	167	175	189	188			
12. Shipbuilding: commenced (f)	Thous. gross tons	137	79	17	6	20	43	57	91	78	78	98	91	91	91	84	84	84			
13. " launched (f)...	"	127	123	42	16	11	38	42	71	65	65	71	93	93	93	59	59	59			
14. " on hand, end yr.	"	1,560	909	401	225	332	597	743	964	...	842	929	...	...	961	...	1,014	...			
14. Automobiles: priv. cars (b)...	Number	15,196	14,139	13,250	14,270	19,232	21,406	25,962	29,479	25,769	39,677	27,499	30,870	30,667	34,349	34,062	28,449	...			
15. " Com. vehicles (b)...	"	4,705	5,372	5,609	5,123	5,459	7,136	7,681	8,967	8,963	11,351	9,034	10,335	10,240	10,165	11,427	...	...			
16. Cotton delivered to mills, G.B.	Mill. lbs. daily av.	5,277	3,922	4,044	4,472	4,721	4,311	4,772	5,167	5,063	5,199	4,205	5,240	5,240	5,240	5,240	5,240	5,240			
17. Rayon: Output	Thous. lbs.	4,742	4,064	4,548	6,043	7,007	7,758	10,312	11,700	11,700	12,400	13,240	13,490	11,760	10,950	10,950	11,740	11,720			
18. " Quantitv excised ...	"	4,710	3,992	4,591	5,855	7,086	7,715	9,987	11,776	11,025	11,820	12,895	13,547	11,513	11,188	11,680	...	...			
19. Beer production (f)...	Thous. st. barrels	1,620	1,568	1,365	1,102	1,193	1,293	1,355	1,395	1,045	1,360	1,498	1,379	1,324	1,560	1,163	1,131	...			
20. Distilling: Drink (f)...	Thou. proof galls.	914	840	786	721	733	719	720	760	574	574	697	1,078	1,078	1,078	...	...	...			
21. " Industrial alcohol	"	1,205	1,393	1,438	1,834	2,484	2,816	3,172	3,595	3,435	3,435	3,670	3,959	3,959	3,959	...	...	...			
22. " Stocks, end year...	Mill. proof galls.	151.6	153.4	148.5	141.5	134.9	135.4	136.1	137.4	136.9	137.4	137.2	136.9	136.9	137.4	138.2	139.3	...			
TRADE AND TRANSPORT																					
Domestic Trade																					
23. Rly. traf. Merch. & Ivstg. G.B.	Thous. tons	9,780	8,890	7,602	6,605	6,875	7,660	7,661	...	7,817	8,316	8,371	8,900	8,832	8,279	8,098	...	...			
24. " Coal and coke, G. B.	"	15,933	14,368	13,360	12,861	12,727	13,384	13,447	...	14,998	14,436	12,965	13,830	14,142	14,883	14,474	14,474	14,883			
25. Automob.: priv. cars in use, G.B.	Thousands	893.8	967.7	979.7	1,018.4	1,084.9	1,184.5	1,347.5	1,498.8	1,314.1	1,340.3	1,614.8	1,528.6	1,530.2	1,554.7	1,447.4	1,460.4	1,489.6			
26. " Comcl. vehicles in use, G.B.	"	314.7	333.6	346.0	356.2	370.0	393.5	413.2	437.0	425.0	431.0	441.3	446.0	445.8	453.4	448.0	451.1	457.5			
27. Postal traffic receipts, daily	Thous. £s	133	135	134	133	135	137	140	147	135	141	147	151	155	199	148	146	149			
28. Retail trade, Gt. Brit.: Food	Avg. daily sales in 1933 = 100	...	...	...	102	100	103	111	120	116	117	118	120	123	142	119	123	...			
29. " Other merchandise	"	...	...	...	99	100	103	108	113	88	97	100	123	122	167	120	95	...			
30. " Total	"	...	...	...	101	100	103	109	116	102	108	109	121	123	154	119	110	...			
31. Advtg. expndtr. on brand. gds.	1935 = 100	...	...	76.1	79.2	84.6	90.4	100	104.6	102.4	120.3	96.3	130.3	129.7	94.9	88.1	100.2	...			
Foreign Trade																					
32. Retained imports, value: Food	Thous. £s	42,444	37,803	33,041	29,810	27,311	27,829	28,616	30,921	26,452	28,920	31,888	37,788	35,988	36,839	31,080	29,717	34,033			
33. " Raw materials	"	23,774	17,874	12,277	11,740	12,897	15,153	15,237	17,934	15,551	16,379	17,869	19,214	20,763	21,940	22,627	17,421	21,551			
34. " Manufactures	"	25,467	23,622	20,367	12,188	11,654	13,384	13,402	16,452	14,447	16,394	17,946	18,683	17,240	18,111	16,435	17,293	19,955			
35. " Total	"	68,218	55,677	45,408	41,550	39,098	41,213	42,063	47,375	41,000	45,317	49,853	56,997	58,203	59,779	47,515	46,914	45,486			
36. Volume: Food (a)...	Av. of 1930 = 100	98.9	100	108.1	104.1	102.2	102.6	101.5	104.9	101.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0			
37. " Raw materials (a)...	"	111.7	100	93.7	95.7	104.9	112.6	113.1	128.1	123.7	126.2	126.2	126.2	126.2	126.2	126.2	126.2	126.2			
38. " Manufactures (a)...	"	99.8	100	101.6	65.2	67.1	77.9	82.0	90.1	83.9	93.4	...	...	...	...	...	...	...			
39. " Total (a)...	"	102.4	100	102.6	90.3	91.7	96.9	97.9	105.3	100.6	103.5	...	...	...	...	...	...	...			
40. Domestic exports, value: Food	Thous. £s	4,555	3,944	2,898	2,625	2,314	2,538	2,636	2,966	2,464	2,949	2,960	3,619	3,823	3,404	2,990	3,120	2,908			
41. " Raw materials	"	6,575	5,313	3,920	3,634	3,832	4,021	4,400	4,278	4,086	4,062	4,265	4,766	4,568	4,940	5,091	4,901	5,264			
42. " Manufactures	"	47,899	36,745	24,398	23,031	23,475	25,403	27,411	28,410	27,563	28,630	28,820	32,157	28,872	30,323	29,585	29,737	34,125			
43. " Total	"	60,779	47,563	32,552	30,419	30,659	33,000	35,493	36,727	35,111	36,510	36,961	41,764	38,441	40,516	39,101	38,572	43,477			
44. Volume: Food (a)...	Av. of 1930 = 100	106.7	100	83.1	79.9	71.9	82.0	87.9	94.9	92.1	90.4	94.7	94.7	94.7	94.7	94.7	94.7	94.7			
45. " Raw materials (a)...	"	119.0	100	82.0	77.4	83.5	85.2	94.4	88.4	86.1	87.4	...	...	...	...	...	...	...			
46. " Manufactures (a)...	"	124.9	100	74.5	76.6	78.9	85.3	92.3	94.7	92.6	96.9	...	...	...	...	...	...	...			
47. " Total (a)...	"	122.0	100	76.5	76.8	78.4	84.4	91.3	93.1	90.5	94.7	...	...	...	...	...	...	...			
48. Shipping: Tonnage entered ...	Thous. net tons	5,225	5,310	5,023	4,947	4,536	5,223	5,302	5,616	4,697	5,205	5,981	6,002	5,627	5,534	4,869	4,821	5,767			
49. " Tonnage cleared	"	5,723	5,498	4,862	4,920	4,638	4,674	4,777	4,735	4,103	4,266	5,039	5,234	4,637	4,663	4,528	4,282	4,711			
50. " Tonnage laid up	"	365	1,593	1,969	1,711	1,240	878	436	212	...	...	...	...	...	...	...	...	...			
51. Freight rates, Economist Index	1929 = 100	100	81.7	82.2	77.9	75.1	76.4	76.8	87.3	80.5	79.8	89.0	94.1	99.8	113.8	120.4	119.3	122.0			
52. Cable and wireless traffic recpts.	Corresponding month 1929 = 100	100	87.3	73.9	72.3	70.5	72.5	73.5	74.4	73.3	76.0	70.7	75.9	80.5	96.4	85.8	84.6	96.0			
EMPLOYMENT AND WAGES																					
53. Insured pers. employed G.B.	Thousands	10,220	9,797	9,421	9,348	9,681	10,109	10,377	10,896	10,475	10,630	11,082	11,103	11,120	11,132	11,106	11,187	11,241			
54. Insured pers. unemployed	"	1,212	1,915	2,630	2,756	2,496	2,107	1,958	1,684	1,949	1,814	1,556	1,549	1,553	1,552	1,604	1,552	1,504			
55. Per cent. unemployed	"	10.9	15.8	21.1	21.9	19.8	16.1	15.3	13.0	15.3	14.2	11.9	11.9	11.9	11.9	12.3	11.9	11.9			
56. Regist'd at Exchanges, allages,	"	1,176	2,718	2,813	2,588	2,228	2,106	1,822	2,094	1,948	1,690	1,677	1,694	1,703	1,766	1,704	1,674	1,674			
57. " London	"	128	273	306	272	216	203	179	219	194	161	172	178	173	200	194	181	181			
58. " S.E. England	"	50	75	114	142	120	93	91	79	113	95	67	77	79	90	89	88	88			
59. " S.W.	"	69	91	129	157	147	127	114	94	120	106	82	90	93	108	100	99	99			
60. " Midlands	"	165	267	381	371	325	245	217	178	206	187	168	152	149	156	163	152	141			
61. " N.E. England	"	280	419	569	602	557	478	452	304	414	384	182	171	170	171	171	164	164			
62. " N.W.	"	285	522	627	562	517	461	439	374	422	400	347	341	342	338	334	320	311			
63. " Northern (c)...	"	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...			
64. " Scotland	"	156	244	358	378	364	331	314	277	317	300	263	255	258	265	271	267	262			
65. " Wales	"	116	158	196	228	219	208	206	198	214	215	184	185	178	174	174	172	161			
66. " N. Ireland	"	36	60	71	68	68	62	70	67	69	66	65	65	70	74	77	76	76			
67. Industr. disputes, No. days lost	"	676	361	527	541	87	78	160	154	212	195	166	148	156	195	306	84	22			
68. Wage rates, Min. of Labour (d)	1929 = 100	100	100	97.1	96	95.1	95.1	96.1	99.1	...	...	...	...	...	...	...	...				

	Unit of Measurement	Monthly Average										1936					1937		
		1929	1930	1931	1932	1933	1934	1935	1936	Feb.	Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
UNITED STATES (Population 1934: 126,450,000; Area: 7,839,432 sq. kms.)																			
PRODUCTION																			
1. Industrial production, F.R.B. (a)	1929=100	100	80.7	68.1	53.8	63.9	66.4	75.6	88.1	79.0	78.2	91.6	91.6	95.8	101.7	95.8	97.5	...	
2. Investment goods, F.R.B. (a)	"	100	72.6	48.2	27.6	41.2	46.5	63.2	82.4	65.0	67.6	87.6	90.0	92.9	97.6	92.4	...	...	
3. Consumption goods, F.R.B. (a)	"	100	86.8	85.2	75.9	84.2	83.4	87.6	94.5	88.1	87.6	87.6	96.0	100.3	107.1	100.5	...	...	
4. Coal	Million m. tons	46.0	40.6	33.4	27.2	29.0	31.4	31.6	36.5	43.4	30.8	37.2	43.1	41.4	44.2	49.9	40.9	50.2	
5. Electricity generated	Million kw. hrs.	8,113	7,995	7,644	6,842	7,111	7,590	8,283	9,461	8,599	8,904	9,721	10,176	9,790	10,528	9,866	9,000	...	
6. Steel	Million m. tons	4,389	3,426	2,133	1,128	1,913	2,139	2,830	3,973	3,012	3,306	4,228	4,618	4,407	4,503	4,213	4,496	5,313	
7. Index of machine tool orders	1929=100	100	46.0	26.0	12.6	17.4	29.7	55.5	87.7	71.9	67.6	76.0	76.6	94.4	165.4	128.5	105.9	...	
8. Building contracts awarded:																			
9. Residential	Million \$	159.6	91.8	67.6	23.3	20.8	20.7	39.9	66.8	31.2	55.2	80.7	79.7	68.4	65.5	78.4	63.0	...	
10. Other	"	319.6	285.1	190.1	83.8	131	107.9	114.1	155.2	112.8	143.8	153.6	148.1	139.8	134.5	164.4	125.3	...	
11. Private cars	Thousands	64	232	161	88	131	181	271	306	225	344	91	191	311	426	301	296	...	
12. Commercial vehicles	"	64	48	35	20	29	48	58	65	63	77	45	34	53	73	70	67	...	
13. Activity in textile industry	1929=100	100	79.1	81.7	72.2	84.3	79.3	90.4	97.4	88.7	87.0	104.3	99.1	105.2	122.6	107.8	109.6	...	
14. Stocks of raw materials	"	100	106.0	116.7	120.7	122.1	120.7	94.0	...	89.9	82.6	91.2	102.6	106.0	112.1	93.3	85.3	...	
15. Stocks of manufactures	"	100	102.5	65.0	86.7	85.9	90.9	86.7	...	87.6	86.6	84.2	84.2	85.0	88.4	90.0	90.0	...	
TRADE AND TRANSPORT																			
16. Index of Rly. car loadings	"	100	88.8	70.7	52.8	54.7	58.5	59.4	67.9	66.0	62.2	67.9	68.9	75.4	81.1	75.4	75.4	...	
17. Index of Dept. Store sales	"	100	91.9	82.9	62.2	60.3	67.6	71.2	79.2	74.8	75.7	79.3	81.1	84.7	82.9	83.8	85.3	...	
18. Retained imports	Million \$	362	260	174	110	119	136	170	202	189.6	194.3	218.3	213.2	200.4	239.8	228.7	260.3	...	
19. Domestic exports	"	430	315	198	131	137	175	187	201	179.4	192.4	217.5	261.9	223.3	228.6	217.9	229.0	...	
EMPLOYMENT AND WAGES																			
20. Factory employment, F.R.B.	1929=100	100	87.2	73.8	62.6	68.8	78.8	82.1	87.8	83.5	83.7	89.6	90.2	91.9	94.1	94.4	95.1	...	
21. Pay rolls, F.R.B.	"	100	81.1	61.8	42.6	45.3	57.7	65.4	75.5	67.6	71.1	76.5	81.4	82.9	87.1	83.0	87.6	...	
22. Hourly earnings, N.I.C.B.	"	100	100	96	84	83	99	102	...	...	...	105	...	...	...	...	...	...	
23. Av. hours of work, N.I.C.B.	Number	48.3	43.9	40.4	34.8	36.4	34.7	37.2	...	38.2	38.2	40.6	41.2	41.3	41.8	41.0	41.4	...	
24. Number unemployed, A.F.L.	Thousands	1,864	4,770	8,738	13,182	13,723	12,364	12,208	...	12,570	12,183	...	...	...	...	...	...	...	
PRICES																			
25. Cost of living, N.I.C.B.	1929=100	100	96.2	87.2	77.9	74.9	79.4	82.6	84.8	83.5	83.2	85.9	85.7	85.8	86.1	86.9	87.2	...	
26. Wholesale prices, D. of Lab.	"	100	90.7	76.6	68.0	69.3	78.7	83.9	84.8	84.4	83.5	85.6	85.5	86.5	88.4	90.1	90.6	...	
27. " raw materials	"	100	86.5	67.3	56.5	57.9	70.4	79.1	82.0	81.2	79.4	83.9	84.2	85.3	87.8	90.4	90.6	...	
28. " semi-manufactures "	"	100	87.2	73.5	63.2	61.4	77.6	78.4	80.8	79.4	79.2	80.6	80.1	83.7	87.6	90.9	91.1	...	
29. " Finished goods "	"	100	93.1	81.5	74.4	74.6	82.8	87.0	86.8	87.1	86.0	87.1	86.8	87.3	88.5	89.8	90.4	...	
30. " Farm products "	"	100	84.1	61.8	45.9	49.0	62.7	75.1	77.2	75.8	72.9	80.1	80.1	81.1	84.4	87.0	87.1	...	
30. 35Index, securiti's, Stand. Stat.	"	100	74.2	45.9	24.4	35.0	42.9	48.0	67.3	64.1	65.8	68.7	72.5	76.2	77.5	80.1	80.3	...	
FINANCE																			
31. Total Res. Bank credit	Million \$	1,739	1,398	1,853	2,171	2,674	2,470	2,486	2,500	2,482	2,474	2,473	2,476	2,453	2,500	2,497	2,485	...	
32. Gold stock	"	3,900	4,225	4,051	4,045	4,012	8,238	10,125	11,258	10,167	10,189	10,845	11,045	11,184	11,258	11,358	11,436	...	
33. Money in circulation	"	4,578	4,603	5,380	5,388	5,519	5,538	5,882	6,543	5,816	5,577	6,287	6,351	6,466	6,543	6,349	6,399	...	
34. Member Bank Res. Balances	"	2,355	2,471	1,961	2,509	2,729	4,096	5,587	6,606	5,784	5,087	6,357	6,789	6,788	6,788	6,781	6,695	...	
35. " Excess Reserves	"	-73	96	-33	576	859	1,814	2,844	1,984	2,986	2,305	1,840	2,175	2,236	1,984	2,152	2,078	...	
36. Member banks in 101 towns:																			
37. " loans and investments	"	19,112	18,660	15,985	14,965	11,383	11,419	13,888	15,571	21,006	21,445	22,682	22,517	22,401	22,931	22,627	22,675	...	
38. " deposits: Demand	"	13,070	13,654	11,453	10,527	4,790	4,781	4,911	5,067	14,080	13,747	15,116	15,340	15,464	15,157	15,493	15,501	15,126	
39. " Time	"	26,901	23,113	17,119	12,819	13,288	15,701	18,666	23,238	4,900	4,921	5,063	5,065	5,037	5,067	5,077	5,167	5,144	
39. Bank debits outside N. Y. City	"	7.61	2.94	1.74	2.05	1.16	1.0	0.76	0.91	17,866	17,866	17,592	16,042	18,475	23,238	20,383	17,620	...	
40. Call money	%	3.50	3.42	3.46	3.82	4.35	4.12	3.78	3.87	3.80	4.09	3.83	3.56	3.60	3.60	3.60	3.70	3.87	
41. Yield on Govt. bonds	%	3.60	3.28	3.31	3.66	3.31	3.10	2.69	2.47	2.62	2.54	2.41	2.42	2.29	2.27	2.29	2.31	...	
42. Capital issues, C.F. Chronicle	Million \$	595	848	260	99	59	115	123	166	107	127	179	189	156	266	249	168	185	
FRANCE (Population 1936: 41,906,000; Area: 550,986 sq. kms.)																			
PRODUCTION																			
43. Industrial production S.G.F. (b)	1929=100	100	100.0	89.2	69.1	77.0	71.2	67.6	70.5	71.2	72.7	68.3	70.5	71.2	71.9	72.7	74.1	...	
44. Coal	Thous. met. tons	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,855	3,956	3,484	4,165	3,436	3,313	3,623	3,710	...	
45. Electricity	S.G.F. (a)	100	99.2	93.3	88.2	96.7	98.3	101.7	104.2	106.7	107.6	98.4	100.9	105.9	107.6	105.9	...	...	
46. Steel	Thous. met. tons	808	787	652	470	544	512	522	559	538	575	545	627	579	591	607	624	...	
47. Building activity	S.G.F. (a)	1929=100	111.4	101.6	81.3	74.0	66.7	55.3	52.0	56.9	57.7	47.2	46.4	49.1	47.2	50.4	52.8	...	
TRADE AND TRANSPORT																			
48. Rly. car loadings, daily	Thous. cars.	65.1	65.4	53.9	47.3	45.2	42.5	40.1	40.9	41.1	42.3	40.3	46.3	46.3	43.2	40.1	42.5	...	
49. Imports	Mill. frs.	4,952	4,376	3,517	2,484	2,369	1,925	1,745	2,117	2,051	1,954	1,882	2,247	2,707	3,013	3,319	3,668	...	
50. Exports	"	4,178	3,750	2,536	1,642	1,839	1,487	1,289	1,288	1,220	1,240	1,190	1,460	1,720	1,637	1,773	1,695	...	
EMPLOYMENT AND WAGES																			
51. Unemployed in receipt of benefit	Thousands	0.9	2.5	56.1	273.4	276.0	345.0	426.9	432.1	487.4	465.1	408.6	406.6	407.8	413.5	426.1	410.2	388.9	
52. Wage rates, Paris region	1929=100	100	106	105	100	102	102	101	...	...	101	124	...	...	...	...	...	...	
PRICES																			
53. Wholesale, index of S.G.F.	"	100	88.4	80.0	68.2	63.6	60.0	54.0	65.5	59.3	60.0	67.0	67.0	75.1	78.5	82.8	85.0	88.4	
54. Cost of living, Paris, "	"	100	104.5	102.3	94.6	93.5	92.8	86.9	91.1	87.4	87.4	96.6	96.6	75.1	78.5	82.8	85.0	88.4	
55. Industrial securities	"	100	84.6	58.1	47.0	44.8	35.4	36.3	33.4	38.7	37.3	28.0	34.9	38.3	40.6	52.0	51.6	51.2	
FINANCE																			
56. Govt. revenue: impôts indirects	Mill. frs.	35,496	33,912	33,048	29,980	28,560	26,240	26,244	26,670	4,514	6,582	19,711	22,340	24,361	26,870	2,876	5,193	...	
57. Impôts sur les revenus	"	10,592	10,716	10,068	7,428	6,348	5,904	5,088	5,675	583	762	3,045	3,807	4,613	5,705	272	545	...	
58. Bank of France: Gold	"	41,668	53,578	68,883	83,017	77,098	82,124	69,296	60,359	67,789	65,587	50,111	64,359	60,359	57,359	57,359	57,359	57,359	
59. " Notes in circulation	"	68,571	76,436	85,725	85,028	82,613	83,412	81,150	89,342	27,693	83,197	83,751	87,198	86,651	89,342	87,688	87,688	87,688	
60. Commercial bank deposits	"	34,065	36,881	38,245	37,759	32,635	30,943	27,553	...	27,063	27,243	25,137	27,549	28,015	28,484	29,305	...	...	
61. Bank clearings	"	42,705	46,333	38,377	27,700	31,545	27,012	28,225	24,244	24,685	27,062	21,816	26,159	23,285	25,585	24,291	24,095	30,183	
62. Interest rate: Bank rate	%	3.50	2.71	2.12	2.50	2.50	2.50	3.70	4.00	3.50	5	2	2	2	2	4	4	...	
63. " Market discount	%	3.90	2.26	1.55	1.26	1.90	2.09	3.48	4.00	3.63	5	3.48	2.45	2.11	2.13	4.00	4.13	4.13	
64. " 3% Rentee	%	3.96	3.42	3.46	3.82	4.35	4.12	3.78	3.87	3.80	4.09	3.83	3.56	3.60	3.60	3.60	3.70	3.87	
65. Capital issues	Mill. frs.	1,569	2,231	1,899	1,214	868	806	615	326	85	745	242	502	179	525	209	2,429	...	
GERMANY (Population 1934: 66,382,000; Area: 470,714 sq. kms.)																			
PRODUCTION																			
66. Industrial production, I.K.	1929=100	100	85.9	67.6	53.3	60.7	79.8	94.0	106.3	89.6	100.0	112.6	112.2	113.7	112.1	105.6	107.0	...	
6																			

(a) Adjusted for seasonal variations.

(b) Partly adjusted for seasonal variations

(c) End of November

(d) Warrant Agent

EUROPEAN COUNTRIES

(Bi-monthly)

	Unit of Measurement	Monthly Average						1936												1937		
		1929	1930	1931	1932	1933	1934	1935	1936	Feb.	Mar.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.				
AUSTRIA (Population 1935: 6,786,000; Area: 84,000 sq. kms.)																						
1. Industrial production (a).....	1929=100	100-0	81-0	69-0	60-6	62-8	68-7	77-8	81-0	84-0	78-0	78-0	81-0	82-0	81-0	87-0	87-0	87-0	87-0	87-0		
2. Retained imports.....	Mill. schilling	271-88	224-33	180-11	115-20	95-68	96-07	100-52	103-93	94-77	109-93	104-33	116-17	118-38	129-08	104-63	115-66	115-66	115-66	115-66		
3. Domestic exports.....	"	182-38	154-28	107-59	63-69	64-56	71-42	74-58	79-38	70-61	86-66	84-56	84-72	84-15	93-26	72-00	90-23	90-23	90-23	90-23		
4. Applicants for work.....	Thous.	129-1	242-6	300-2	377-9	405-7	370-2	348-7	349-7	415-8	392-2	304-0	317-2	341-0	381-9	407-5	398-4	398-4	398-4	398-4		
5. Wholesale prices.....	1929=100	100-0	90-0	83-9	86-2	83-1	84-6	84-4	83-9	82-6	82-5	84-2	85-3	85-1	85-6	85-6	85-6	85-6	85-6	85-6		
6. Cost of living.....	"	100-0	100-0	95-5	97-3	94-8	94-5	94-4	94-4	94-5	94-1	94-5	94-5	94-8	94-6	94-3	94-3	94-3	94-3	94-3		
7. Price of industrial securities.....	"	100-0	84-0	64-0	54-5	45-1	49-4	65-3	81-8	76-8	77-7	82-1	87-0	92-8	94-3	96-3	102-1	102-2	102-2	102-2		
8. Notes in circulation.....	Mill. schilling	1,094	1,090	1,183	914	952	964	976	944	931	929	944	932	915	944	895	893	891	891	891		
BELGIUM (Population 1934: 8,276,000; Area: 30,000 sq. kms.)																						
9. Industrial production.....	1929=100	100-0	88-8	81-1	69-1	71-4	72-3	83-0	87-1	80-9	80-9	78-4	85-5	89-0	86-4	86-8	86-8	86-8	86-8	86-8		
10. Retained imports.....	Mill. francs	2,961	2,581	1,979	1,347	1,235	1,142	1,426	1,758	1,658	1,756	1,856	1,928	2,128	2,258	2,087	2,153	2,153	2,153	2,153		
11. Domestic exports.....	"	2,649	2,172	1,922	1,234	1,169	1,128	1,317	1,644	1,462	1,561	1,702	1,752	1,846	2,137	1,787	1,936	1,936	1,936	1,936		
12. Unemployment.....	Thous.	27-3	74-2	201-1	336-7	338-0	349-1	284-2	213-7	268-1	232-5	184-9	175-6	207-2	224-2	229-4	229-4	229-4	229-4	229-4		
13. Wholesale prices.....	1929=100	100-0	87-4	73-6	62-5	58-9	55-6	63-1	69-1	68-4	67-9	69-3	70-7	72-3	74-9	77-3	79-3	79-3	79-3	79-3		
14. Cost of living.....	"	100-0	103-6	93-0	83-6	82-6	79-4	79-9	84-7	85-4	84-1	85-3	86-7	88-0	88-2	89-2	89-2	89-2	89-2	89-2		
15. Price of industrial securities.....	"	100-0	88-2	49-5	37-4	36-4	30-8	37-4	48-5	50-5	47-7	48-6	52-3	54-2	60-8	61-8	68-0	68-0	68-0	68-0		
16. Notes in circulation.....	Mill. francs	13,425	16,419	18,270	18,135	17,093	17,650	20,583	22,702	20,362	20,817	22,531	22,331	22,230	22,702	22,398	22,387	22,022	22,022	22,022		
CZECHOSLOVAKIA (Population 1935: 15,158,000; Area: 140,000 sq. kms.)																						
17. Retained imports.....	Mill. kr.	1,663-5	1,309-4	980-3	623-9	485-9	531-8	561-5	658-6	545-4	585-8	611-0	789-7	869-9	1,015-5	699-5	782-0	782-0	782-0	782-0		
18. Domestic exports.....	"	1,708-1	1,456-0	1,093-2	601-9	487-9	608-7	618-2	687-9	600-5	631-0	710-1	768-2	863-7	1,072-8	807-8	876-4	876-4	876-4	876-4		
19. Registered unemployed.....	Thousands	41-7	105-4	291-3	554-0	738-3	677-0	686-3	622-7	860-2	797-8	479-3	441-7	510-2	580-7	649-2	676-4	676-4	676-4	676-4		
20. Wholesale prices.....	1929=100	100-0	88-8	80-6	74-5	72-2	74-0	72-2	77-4	77-3	77-0	77-1	78-2	79-1	80-7	81-5	82-6	82-6	82-6	82-6		
21. Cost of living.....	"	100-0	97-8	93-4	91-7	90-7	89-6	91-3	93-3	92-8	92-7	92-1	92-4	92-2	92-3	93-2	93-2	93-2	93-2	93-2		
22. Price of industrial securities.....	"	100-0	81-8	65-0	51-7	56-6	60-1	65-6	86-4	80-4	82-7	91-9	93-8	98-0	108-0	113-9	115-7	125-7	125-7	125-7		
23. Notes in circulation.....	Million kr.	8,230	7,824	7,679	6,755	6,334	6,017	6,137	6,972	5,562	5,770	6,204	6,120	6,130	6,972	6,281	6,253	6,425	6,425	6,425		
DENMARK (Population 1935: 3,684,000; Area: 43,000 sq. kms.)																						
24. Industrial production (b).....	1929=100	100-0	108-9	100-0	91-0	105-1	117-0	125-0	125-0	121-0	125-0	134-0	133-0	133-0	132-0	132-0	134-0	134-0	134-0	134-0		
25. Retained imports.....	Mill. kr.	142-91	138-03	117-48	91-97	102-08	108-89	107-22	119-26	94-81	93-63	148-99	140-40	134-70	135-67	134-69	144-30	144-30	144-30	144-30		
26. Domestic exports.....	"	134-63	126-97	104-97	90-53	96-90	97-96	101-12	110-53	108-54	106-80	115-93	124-70	108-80	110-00	111-80	113-02	113-02	113-02	113-02		
27. Applicants for work.....	Thousands	44-6	40-6	59-4	126-0	121-1	97-6	92-4	93-3	139-7	125-6	64-9	80-5	96-5	141-9	156-2	145-6	145-6	145-6	145-6		
28. Wholesale prices.....	1929=100	100-0	86-4	75-8	78-0	83-3	90-2	92-4	97-7	95-5	95-5	98-8	100-1	101-5	103-0	103-8	106-1	106-1	106-1	106-1		
29. Cost of living.....	"	100-0	94-6	89-3	89-3	92-9	96-4	99-1	100-4	100-0	100-0	100-9	100-9	100-9	100-9	100-9	100-9	100-9	100-9	100-9		
30. Price of industrial securities.....	"	100-0	94-3	85-4	74-8	83-1	96-2	98-7	105-7	101-6	102-5	106-9	107-0	110-2	109-3	110-6	108-7	109-3	109-3	109-3		
31. Notes in circulation.....	Mill. kr.	367	360	346	332	375	386	384	399	375	371	377	407	385	399	374	375	375	375	375		
FINLAND (Population 1934: 3,558,000; Area: 388,000 sq. kms.)																						
32. Industrial production (a).....	1929=100	100-0	90-8	80-0	83-3	95-8	116-7	125-0	133-3	130-8	128-3	139-2	138-3	134-2	141-7	141-7	141-7	141-7	141-7	141-7		
33. Retained imports.....	Million mks.	583-5	437-3	288-7	291-9	327-3	398-0	445-4	528-6	370-9	394-0	601-0	616-6	637-6	573-6	525-3	504-8	504-8	504-8	504-8		
34. Domestic exports.....	"	535-8	450-3	371-4	286-0	441-5	518-8	520-0	601-3	360-5	399-8	712-4	794-3	682-2	590-8	484-8	583-5	583-5	583-5	583-5		
35. Registered unemployed.....	Thousands	3-906	7-993	11-522	17-581	17-139	10-011	7-163	4-796	8-257	6-687	3-086	4-594	5-348	4-398	6-805	5-383	5-383	5-383	5-383		
36. Wholesale prices.....	1929=100	100-0	91-8	85-7	91-8	90-8	91-8	91-8	93-4	92-9	92-9	94-9	94-9	95-9	96-9	100-0	103-1	103-1	103-1	103-1		
37. Cost of living.....	"	100-0	92-2	84-8	83-7	81-7	80-2	81-4	81-5	81-4	81-4	82-0	82-3	82-7	83-1	83-3	83-3	83-3	83-3	83-3		
38. Notes in circulation.....	Mill. markka	1,361	1,279	1,293	1,085	1,184	1,277	1,381	1,630	1,445	1,520	1,551	1,561	1,565	1,630	1,600	1,757	1,757	1,757	1,757		
HOLLAND (Population 1935: 8,474,000; Area: 34,000 sq. kms.)																						
39. Industrial production.....	1929=100	100-0	91-4	79-0	62-3	69-1	69-8	66-3	71-9	67-9	69-8	69-1	74-1	79-6	91-4	92-0	93-8	93-8	93-8	93-8		
40. Retained imports.....	Mill. gulden	229-38	201-52	157-73	108-29	100-73	86-52	77-99	84-71	74-17	79-29	81-85	92-39	100-57	114-21	105-73	105-74	105-74	105-74	105-74		
41. Domestic exports.....	"	165-79	143-24	109-32	70-51	60-49	59-52	56-28	62-18	50-40	54-94	71-80	75-38	77-39	72-73	72-73	79-16	79-16	79-16	79-16		
42. Unemployed registered.....	Thousands	122-9	143-24	138-2	271-8	322-9	332-8	384-7	414-5	465-5	429-0	390-1	394-4	419-8	455-2	468-2	468-2	468-2	468-2	468-2		
43. Index of wages (hrly. earnings).....	1929=100	100-0	102-100	100-0	93-8	89-7	83-2	81-7	64-0	62-2	61-7	62-8	68-8	69-7	71-2	72-3	74-2	74-2	74-2	74-2		
44. Wholesale prices.....	"	100-0	89-8	76-5	64-0	63-8	61-7	64-0	61-7	62-2	61-7	62-8	68-8	69-7	71-2	72-3	74-2	74-2	74-2	74-2		
45. Cost of living.....	"	100-0	85-8	90-0	83-8	83-0	83-4	81-1	78-6	78-1	78-1	78-5	79-4	79-7	79-5	79-9	79-9	79-9	79-9	79-9		
46. Price of industrial securities.....	"	100-0	70-9	41-9	26-2	29-9	30-8	28-0	36-3	33-9	33-1	33-0	43-4	50-0	51-8	60-2	64-2	64-2	64-2	64-2		
47. Notes in circulation.....	Mill. gulden	862	847	1,025	963	913	913	810	793	751	782	774	762	807	793	768	775	811	811	811		
ITALY (Population 1935: 43,009,000; Area: 310,000 sq. kms.)																						
48. Industrial production.....	1929=100	100-0	91-9	77-6	66-9	73-7	80-9	91-8	...	...	...	...	...	...	...	...	...	...	...	...		
49. Retained imports.....	Million lire	1,805-6	1,445-6	970-3	689-0	619-3	639-6	649-2	...	427-4	...	...	...	...	...	885-3	905-6	905-6	905-6	905-6		
50. Domestic exports.....	"	1,269-7	1,009-9	850-8	567-7	499-2	458-3	436-5	...	200-7	...	...	...	...	...	508-5	587-2	587-2	587-2	587-2		
51. Wholly unemployed.....	Thousands	300-8	425-4	734-5	1,008-4	1,019-0	963-7	...	...	...	...	...	...	...	...	...	...	...	...	...		
52. Wholesale prices.....	1929=100	100-0	89-5	78-1	73-0	66-5	65-0	71-3	79-7	78-1	79-0	80-6	81-5	82-8	84-1	85-1	85-1	85-1	85-1	85-1		
53. Cost of living.....	"	100-0	96-6	87-2	83-1	79-6	75-5	76-6	82-6	80-9	81-0	82-6	84-3	84-5	85-0	85-4	85-4	85-4	85-4	85-4		
54. Notes in circulation.....	Million lire	16,774	15,980	14,295	13,672	13,243	13,145	15,456	...	...	14,490	...	...	...	...	15,678	15,678	15,678	15,678	15,678		
NORWAY (Population 1935: 2,884,000; Area: 323,000 sq. kms.)																						
55. Industrial Production.....	1929=100	100-0	101-0	78-9	92-7	93-8	97-7	105-1	115-2	116-6	111-4	122-5	121-1	124-2	119-8	118-1	118-1	118-1	118-1	118-1		
56. Retained imports.....	Million kroner	88-61	87-98	71-20	56-89	54-76	60-74	67-82	76-01	70-09	73-25	77-29	86-19	94-01	91-65	91-00	99-61	99-61	99-61	99-61		
57. Domestic exports.....	"	61-89	56-23	38-31	46-74	45-82	47-50	49-80	56-21	50-64	55-52	60-33	64-17	68-15	73-71	62-60	65-05	65-05	65-05	65-05		
58. Unemployed registered.....	Number	19,089	19,523	27,479	32,750	35,591	35,121	36,383	42,643	46,293	39,999	28,622	31,332	35,119	36,780	35,435						

(a) Adjusted for seasonal variations

(b) Partly adjusted for seasonal variations

(c) Monthly average for 1936 and figures for October 1936 provisional. (d) Excluding Italy and Spain from 1936

(d) Excluding Italy and Spain from 1936. (e) Annual figures relate to the end of each year.

GROUP I.—MONTHLY TABLE

		GROUP II.—BI-MONTHLY TABLE.																	
RUBBER																			
1. Production: Ceylon	Thous. tons	6-69	6-30	5-19	4-10	5-32	6-59	4-52	4-14	4-2	3-7	5-37	5-60	4-96	4-37	4-5	5-6	...	
2. " D. E. Indies	"	21-22	20-18	21-40	17-58	23-51	31-60	23-54	25-81	27-99	19-40	21-84	28-78	30-48	27-38	27-12	28-76	...	
3. " British Malaya	"	38-05	36-80	35-20	33-80	37-10	38-90	34-71	29-48	19-69	34-60	34-16	33-59	30-55	29-08	24-75	24-14	...	
4. " World	"	72-20	68-90	66-60	59-05	71-03	84-93	72-68	71-36	64-02	69-25	72-31	81-78	78-36	77-08	71-52	70-42	...	
5. " Quota of restricting countries	% of est. cap'ty	...	...	...	...	...	87-14	67-50	62-50	60-00	60-00	65-00	65-00	65-00	65-00	75-00	75-00	75-00	
6. Consumption: U.K.	Thous. tons	6-02	6-38	6-38	5-50	6-63	9-18	8-29	6-59	6-35	8-09	4-24	7-25	7-10	5-39	7-16	7-08	...	
7. " U.S.A.	"	38-95	31-33	29-58	28-38	34-33	38-75	41-04	47-79	36-75	42-70	46-33	49-51	50-30	43-63	48-74	50-28	...	
8. " World	"	67-12	59-59	57-05	57-70	68-73	78-78	78-58	85-07	79-96	79-38	82-29	91-60	88-74	92-36	90-41	92-99	...	
9. " Reelnd in U.S.A.	"	18-08	12-79	10-25	6-46	7-08	8-40	9-43	10-64	7-37	8-77	11-17	12-61	12-03	12-98	13-37	13-49	...	
10. Stocks: U.K. and year	"	73-2	118-6	127-1	92-7	86-5	134-9	164-3	78-5	157-0	117-7	104-0	96-6	88-8	78-5	71-1	63-8	...	
11. " U.S.A.	"	118-6	201-0	322-0	379-0	365-0	455-0	303-0	218-8	282-9	276-8	228-5	219-6	212-5	218-8	201-9	193-9	...	
12. " World	"	232-7	366-3	504-3	508-2	499-4	555-0	500-3	326-7	484-6	458-7	361-2	342-6	330-0	326-7	313-3	303-5	...	
13. Price: London, std. smt. sheet	pence per lb.	10-25	5-91	3-13	2-34	3-25	6-22	6-00	7-75	7-28	7-44	7-69	7-91	8-59	9-69	10-81	10-62	11-25	
RAYON																			
(i) Continuous Filament																			
14. Production: France	Mill. lb.	3-1	3-3	3-7	4-3	4-8	4-8	4-4	3-5	4-0	4-0	2-7	3-5	3-5	3-5	...	...	...	
15. " Germany	"	4-9	4-9	5-2	4-6	5-2	6-1	8-7	9-3	9-3	9-3	9-7	9-7	9-7	9-7	...	...	...	
16. " Italy	"	5-9	5-5	6-4	5-9	5-9	7-0	7-2	7-3	7-1	7-1	7-5	7-5	7-5	7-5	...	...	...	
17. " Japan	"	2-1	3-0	4-0	6-3	8-2	13-0	18-3	22-9	20-5	22-1	24-2	23-8	24-5	25-0	25-3	25-6	...	
18. " U.K.	"	4-4	4-2	4-5	5-7	6-9	7-5	9-3	9-7	9-8	9-9	10-4	10-9	9-7	8-2	9-5	9-2	8-6	
19. " U.S.A.	"	10-1	10-6	12-6	11-2	17-8	17-7	21-5	23-2	22-9	22-9	23-7	24-0	24-0	24-0	24-5	24-5	24-5	
20. " World	"	36-0	37-0	41-8	44-0	55-2	63-2	77-8	85-2	83-0	83-0	86-3	88-3	88-3	88-3	...	...	...	
21. Price: Viscose, std. grade, per lb.	pence	...	...	78-0	77-0	72-0	59-0	55-5	55-5	55-5	55-5	55-5	55-5	55-5	55-5	55-5	55-5	55-5	
(ii) Staple Fibre																			
22. Production: France	Thous. lb.	...	...	...	...	0-2	0-4	0-7	1-0	1-2	1-2	0-7	1-0	1-0	1-0	...	...	...	
23. " Germany	"	0-3	0-5	0-5	0-6	0-8	1-4	2-7	6-4	4-0	4-0	7-3	8-7	8-7	8-7	12-0	12-0	12-0	
24. " Italy	"	0-1	0-1	0-1	0-8	1-0	1-8	5-5	8-3	8-0	8-0	8-3	8-3	8-3	8-3	...	...	...	
25. " Japan	"	...	...	...	0-1	0-1	0-4	1-1	3-3	2-0	2-0	3-7	5-0	5-0	5-0	...	...	...	
26. " U.K.	"	0-2	0-1	0-1	0-2	0-2	0-3	0-8	2-4	1-9	2-5	2-8	2-6	2-1	2-0	2-3	2-5	2-5	
27. " U.S.A.	"	0-0	0-0	0-1	0-1	0-2	0-2	0-5	1-0	0-7	0-7	1-2	1-3	1-3	1-3	...	...	...	
28. " World	"	0-7	0-6	0-8	1-8	2-5	4-5	11-4	22-6	17-7	17-7	24-1	26-8	26-8	26-8	...	...	...	
29. Price: Viscose, std. grade, per lb.	pence	...	...	...	...	...	...	15-5	11-0	11-0	11-0	11-0	11-0	11-0	11-0	11-0	11-0	11-0	
WOOL																			
30. Stocks: Australia, S. Africa, N. Zealand, June 30	Million lbs.	35	68	101	147	74	114	94	47	...	...	...	...	...	...	...	...	...	
31. Price: Weekly W. Chart	1929-100	100	84-7	49-3	48-6	60-4	68-1	62-1	78-4	75-0	76-7	77-6	79-3	87-9	92-2	...	95-7	101-7	
PIG IRON																			
32. Production: France	Th. metric tons	864	836	683	461	527	513	482	520	500	543	492	551	552	558	590	574	...	
33. " Germany	"	1,103	908	505	323	439	728	1,045	1,275	1,173	1,251	1,352	1,379	1,257	1,235	1,292	1,191	...	
34. " U.K.	"	643	524	318	309	350	506	544	651	594	644	661	681	653	682	661	613	691	
35. " U.S.A.	"	3,580	2,659	1,547	735	1,119	1,384	1,779	2,591	1,853	2,073	2,774	3,040	2,995	3,165	3,283	3,043	3,515	
36. " U.S.S.R.	"	362	417	405	513	597	867	1,193	1,193	1,109	1,252	1,119	1,224	1,184	1,271	1,158	1,010	...	
37. " All principal countries	"	7,974	6,454	4,480	3,170	3,959	5,026	5,883	7,228	6,190	6,774	7,477	7,944	7,734	8,031	8,073	...	...	
TEA																			
38. Exports: Ceylon	Million lbs.	21-0	20-2	20-3	21-1	18-0	18-2	17-7	18-2	16-8	22-4	14-7	14-3	14-8	13-4	13-0	13-3	...	
39. " Dutch East Indies	"	13-3	13-2	14-4	14-5	13-2	11-8	12-1	12-8	13-7	13-2	10-3	8-8	12-0	12-1	11-1	10-9	...	
40. " British India	"	32-0	30-6	28-8	30-8	27-3	28-0	27-4	26-2	17-6	10-2	49-2	43-7	42-3	26-1	20-6	...	...	
41. " World	"	80-6	74-7	75-3	77-7	70-7	71-9	70-0	...	...	...	94-0	85-7	81-9	69-7	...	...	...	
42. " Quota of Restricting countries	% of std. quant'y	...	...	...	...	85-0	87-5	82-5	82-5	61-7	56-5	82-5	82-5	82-5	82-5	82-5	82-5	82-5	
43. Consumption: U.K.	Mill. lbs.	35-4	36-6	38-5	37-9	36-5	36-0	32-8	36-8	82-5	82-5	40-5	37-7	37-6	38-6	39-2	44-3	...	
44. " World	"	76-7	75-2	75-1	74-2	72-2	71-2	72-8	70-6	70-6	70-1	228-4	233-8	243-0	242-2	242-6	241-6	...	
45. Stocks: U.K. and Holland (c)	"	281-9	294-8	278-9	315-8	295-7	309-4	270-3	211-2	...	...	...	...	...	...	...	...	...	
46. Price: Av. London auctions	pence per lb.	16-25	15-23	12-24	9-45	11-78	13-27	12-90	13-07	...	...	...	...	...	...	...	...	...	

CROPS (Season ended in Year shown)																	
Commodity	1930	1931	1932	1933	1934	1935	1936	1937 (a)	Commodity	1930	1931	1932	1933	1934	1935	1936	1937 (a)
Cotton (thous. bales)									Wool (mill. lbs.)								
1. Brazil	564	471	575	438	958	1,309	1,718	1,800	12. Argentina	353	361	378	388	385	370	350	375
2. Egypt	1,697	1,655	1,271	991	1,715	1,511	1,707	1,889	13. Australia	938	912	1,007	1,063	996	1,015	992	285
3. India	5,243	5,226	4,007	4,656	5,108	4,858	5,728	5,850	14. S. Africa	309	302	314	330	294	222	251	293
4. U.S.A.	16,066	14,918	18,163	13,914	14,929	10,638	11,727	13,507	15. N. Zealand	273	271	283	288	301	278	317	408
5. World	28,474	27,674	29,102	25,345	28,361	25,490	28,251	32,728	16. U.K.	112	111	113	119	120	115	109	146
Wheat (mill. bushels)									17. U.S.A.	400	435	464	441	460	451	453	445
6. Argentina	163	232	220	241	286	241	141	250	18. World	3,915	3,847	3,846	3,863	3,745	3,691	3,668	...
7. Australia	127	214	191	214	277	133	143	134	Sugar (thous. tons)								
8. Canada	305	421	321	443	282	276	277	234	19. Cuba	4,670	3,163	2,639	2,020	2,303	2,570	2,565	2,855
9. U.K.	50	42	38	44	28	70	65	53	20. Java	3,062	3,121	2,957	2,715	1,483	692	555	901
10. U.S.A.	823	886	937	757	552	526	626	827	21. U.K.	216	479	284	373	549	694	549	544
11. World	3,465	3,744	3,709	3,744	3,869	3,590	3,421	3,349	22. World	28,098	27,720	27,842	27,158	26,949	26,949	26,949	27,311

(a) Figures for 1936, and in the case of crops for 1936-37, are provisional. (b) Figures for 1934 and 1935 are subject to revision. (c) End of year. (d) End of season.

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LONDON

THE ECONOMIST

Letter from the Right Honourable Sir George T. Broadbridge, Lord Mayor of London

THE MANSION HOUSE,
LONDON, E.C.4

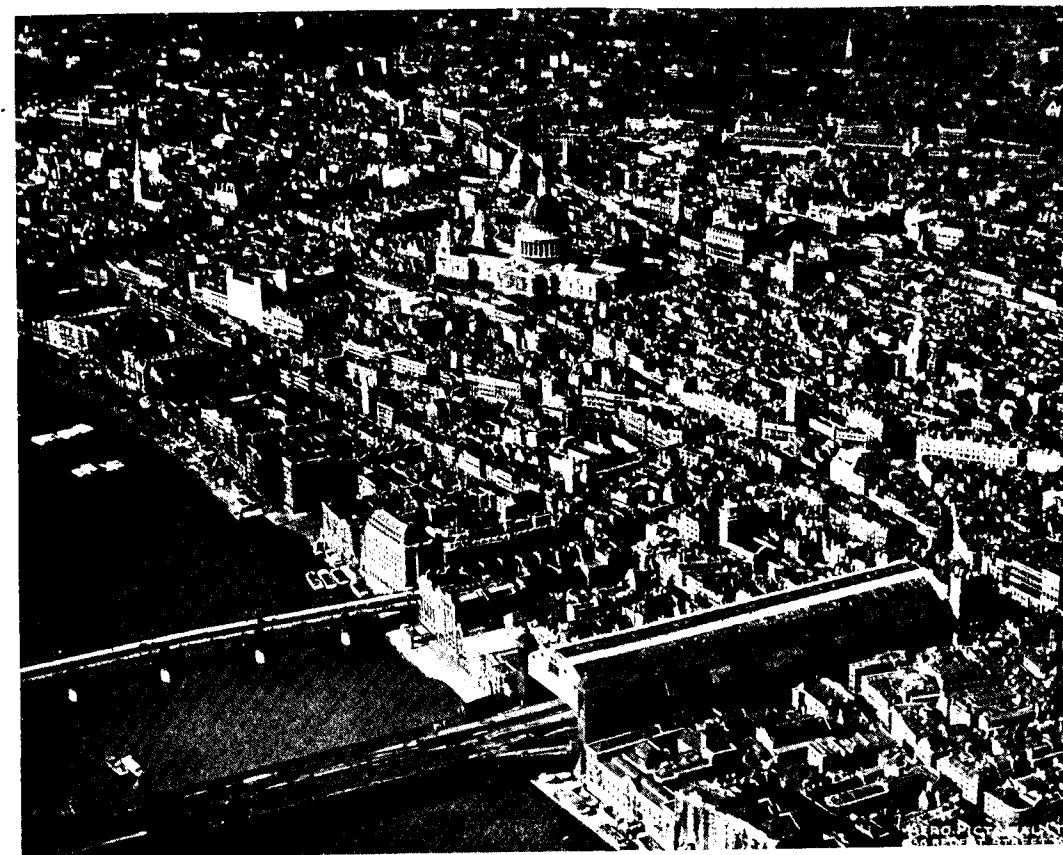
March 10th, 1937.

I understand that "The Economist" will publish a special number to commemorate the Coronation of His Majesty King George VI, and that this will include a special survey of London, the heart of the Empire. For nearly a century, "The Economist" has been closely identified with the growth of the City of London. When "The Economist" first appeared in 1843, London was on the threshold of the period of the most rapid growth in its history. Today, it has far overspread the boundaries of a century ago, and Greater London of 1937, with its population of eight-and-a-half millions, is the largest and most influential of all the world's urban areas.

Within the famous square mile of the City itself, the changes of the last century have been profound and progressive. In 1843, the great joint stock banking institutions had yet to make their appearance. The modern company had still more than twenty years to wait before receiving the first of its great legal charters. Insurance, as we know it today, was still in its infancy. Nevertheless, the foundations of our modern commercial, industrial, and financial organisations were being well and truly laid. In the deliberations of the time, "The Economist" played a constructive and helpful part. By its critical yet constructive analysis of the forces which were shaping London's future, it may claim to have played no unworthy part in shaping the events of a crowded century.

The present review will, I am sure, be an authentic and valuable record of what London is and stands for in our present-day world.


Lord Mayor.



LONDON

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London Through the Ages

WHAT do we visualise when we speak of London? A vast agglomeration of human beings and their habitations? A great blotch on the map? An amorphous, characterless, mindless growth? Or an entity, immensely great, rich and powerful, tirelessly active, absorbing, distributing, controlling and directing currents of activity throughout the world?

Undoubtedly the vast bulk of London makes the first and overwhelming impression on any provincial and foreign visitor. Eight and a half million souls dwell in close juxtaposition, within a radius of fifteen miles from Charing Cross, in contact with another million, more loosely distributed but within the bounds of "Transport London." This spread of nine and a half million people is itself of enormous import, a fact which becomes even more significant when we envisage what such a figure represents in housing, food, clothing, recreation, and transport. London, however, implies much more than all this. It is a living entity, not merely an accumulation. The movement of London is the second most striking fact that impresses our visitors. We may obtain some conception of dynamic London by visualising the network of roads, rail and tubes along which the lifeblood of the city surges, in daily ebb and flow, from a centre which is the goal for the breadwinner and the focussing point of all cultural and educational interest.

How can we account for modern London? Its immense expansion and relative prosperity may be accredited first to favourable geographical circumstances, varying in their influence with the various stages in the city's development. Three major factors have remained dominant, however, throughout the 2,000 years of its history: the jutting promontory of Kent, almost joined to the Continent; the Thames estuary opening wide to the Rhine and Elbe mouths, to the Baltic and Scandinavia; the sudden narrowing of the estuary above the Woolwich marshes to make the crossing place which brought land and sea traffic together at the bridge and created the port and market. Historical events have been affected by geographical circumstances during many centuries. The site of the Roman settlement was fixed by the Thames crossing, at a point where the gravel terraces, remnants of a pre-Thames alluvial plain, first approach the river. The fifty-foot terrace, to which most of the early expansion of London was confined—and which still carries all the more eligible parts of central London—is cut into the impervious blue London Clay, which forms a firm foundation for great modern buildings and is the medium in which the underground railways burrow. Covered with varying depths of drift

gravels and blanketed by a few feet of fertile brick earth, this terrace overhanging the Thames was divided into small hills by streams descending from the Northern Heights of Hampstead and Highgate, or generating in the multitudinous springs of the covering gravels. It offered firm ground, a defensible and habitable site above the "fishful river," with cultivable soil, plentiful water and building and pottery material to hand. To north and south, limiting the Thames valley and avoiding the marshes and the forests of Middlesex and the Weald, ran the dry and more open ways across the Chalk Downs and the Chilterns. Land and water communications, linking the Kentish and Hampshire ports with Camolodunum and Verulamium and the frontier beyond, met at the crossing. Here, at the point of route control, rose market and port. The natural tidal creeks of Walbrook and Fleet carried small craft in the heart of London.

After the departure of the Romans, the history of London for 200 years is a blank. But London re-emerges with sufficient life and energy to make one sceptical of the possibility that it lay completely derelict and dead during the early Saxon occupation. Port and mart were once more established at the crossing. Throughout the Middle Ages and beyond, the small havens of Queenhithe and Billingsgate, supplemented later by suffrage wharves, catered with increasing difficulty for the rapidly growing trade, which developed in the hands of foreign merchants—Florentines, Lombards, and Hansards. In the mid-sixteenth century, the English merchants, converted to the idea of joint-stock trading, assumed control. The Cheap, or market, was in close contact with the port. It is recalled by many street-names to-day—Fish Street and Bread Street, Friday Street and Poultry. Around and about it lay the houses of the craftsmen and merchants.

Nothing is more striking in the life of the Port of London than its vitality, stability and recuperative power. These characteristics it owes in part to its unique natural facilities, particularly that of deep-water tidal transport to the heart of the city, and to the wealth, experience and prestige of its merchants. At a later stage of British development, neither the concentration of industry on the coalfields, nor the increase in size of vessels resulting from the enlarged capacity of the Suez Canal, was able to deprive the port of its premier position. Competition played its part in a period of rising prosperity, and at the beginning of the nineteenth century London carried two-thirds of the trade of the country. That century was a period of extensive and expensive dock construction, and of confusion between different authorities, to which, early in the twentieth century,

the establishment of the Port of London Authority put an end. To-day, the tidal Thames is the longest deep-water channel in the world, and London has more traffic than the next two ports of Britain together.

As a Mart, London combines the innumerable activities associated with entrepôt trade with those of an immense local market. And alone of all the great metropolitan cities, London combines, with Port and Mart, the seat of the Court and of the Government. Edward the Confessor selected Westminster for the site of his great Abbey "for that it was near unto the famous and wealthy City of London . . . with the principal river running hard by, bringing in from all parts of the world great variety of wares; and merchandise of all sorts to the City adjoining." So at Westminster arose, in succession, an Abbey in the marshes, the Court of Whitehall, the Houses of Parliament, and, particularly in the last thirty years, the offices of a great bureaucracy. And as the line between politics and economics has tended increasingly to merge, the commercial interests of the City have come nearer to Westminster, to maintain vital contact with Parliament, Whitehall and the Dominion Offices.

All this great expansion is a measure of London's prosperity and of her capacity to order her life. The history of the undertakings necessitated by London's domestic economy—lighting, feeding, sewerage, water-supply, transport and education—is of epic dimensions. The smoothness with which the gigantic machinery runs, and the enterprise and integrity of the various bodies who are responsible for its operations, are matters for legitimate civic pride. But there is another side to the picture. As we show in a later article, Greater London has had an unprecedented post-War growth, due partly to natural increase of population, partly to influx from less prosperous areas outside, and partly to migration from the inner to the outer areas of Greater London. Nearly a million persons have been added to the outer zone, even since 1931. This expansion has secured the more convenient housing of "young" families, moving from the overcrowded interior. It has also made possible the setting up of factories constructed on modern and hygienic principles and situated on convenient lines of communication. It has meant also a rapid expansion and improvement of transport facilities, by road, rail and water. But where will it all end? Will flat building check the outward movement? Is it too late to preserve London's once beautiful country-side from the builder? And if the tide ebbs, what will be the fate of the spawn of small houses that is spreading along London's outer lines of communication?

The Growth of Population

THE streets of London, though never paved with gold, have always been crowded with people. Within the City boundaries set up by the Roman walls there were in Saxon times perhaps 10,000 people; and when "the best men of London" went to swear fealty to William the Conqueror at Berkhamstead they represented some 20,000 souls.

William and his successors brought order, trade and Continental connections; and within the City walls the population rose in three centuries to about 40,000. In 1400, London's population was three times as large as those of York and Bristol, and four times those of Plymouth and Coventry. When Henry VII began the work of Tudor reconstruction, London still lay within its city walls, and housed some 50,000 people. In the England of the enclosures, the Reformation and expanding industry and commerce, London, already the focus of law and culture, became the centre of business life. Men and materials, food, clothing and fuel were drawn from as far afield as the Dee, the Severn, the Great Ouse and the Tyne; the population grew apace; and the City began to burst its bounds.

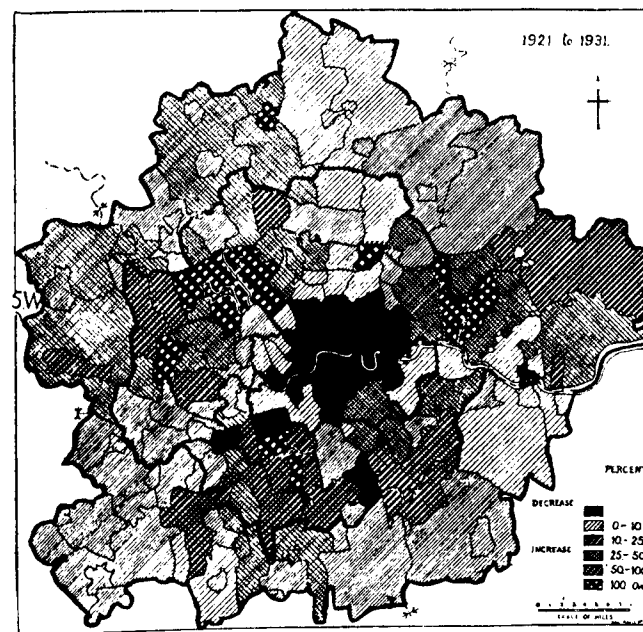
A seventeenth-century writer protested "how happy were cities if they had no suburbs." Elizabeth and James I unsuccessfully endeavoured by proclamation simultaneously to prevent

overcrowding inside the walls and new building outside. St. Giles ceased to be a village in open fields; Holborn and Bloomsbury were no longer distant resorts for convalescents; London sprawled out over the open spaces of Moorfields, Finsbury and Mile End. The population, which exceeded 100,000 before the Spanish Armada sailed, by 1660 was nearing the half-million mark. After the Plague and the Fire the "best people" moved through the fields to the West End, and London, for the first time, began to leave the river.

These figures of early population are, of course, little more than well-intentioned guesses, based on returns to poll tax and on bills of mortality. The new London without the City, a chaos of sprawling parishes, was even more difficult to enumerate, and the task defied even the wit of Sir William Petty and Gregory King. In the days of Swift, Defoe, Addison and Steele there were probably close upon 700,000 people in and around the capital. In 1821, when the Industrial Revolution and the march of medicine had doubled the population of Britain in a hundred years, and raised it by over 33 per cent. in twenty, the people of London numbered nearly a million and a half, and only 124,000 still lived in the City. The Outer Ring which had begun to spread round Tudor London was now

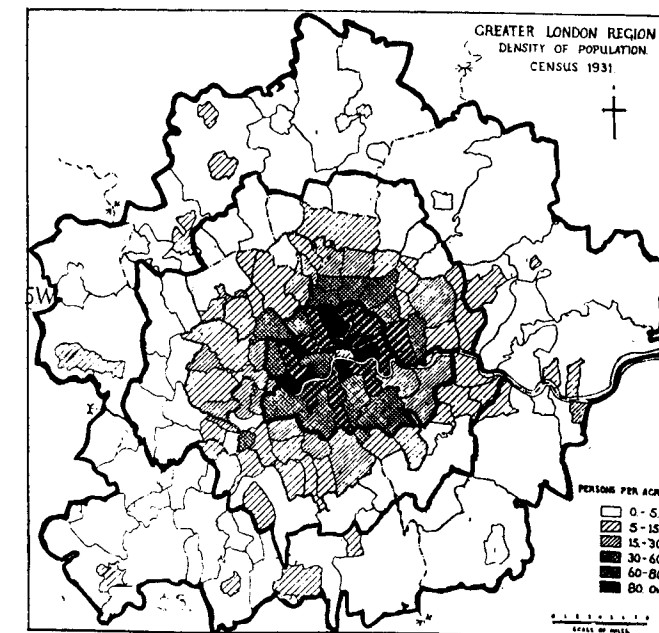
being swollen by a further march outwards, into Essex, Hertfordshire, Kent, Middlesex and Surrey. By 1901, over 6½ million people were living in London. The population of the City itself had fallen to 26,923; but the population of the County area (marked out in 1888) had risen from 831,181 in 1801 to 4,509,618, and that of the outer suburbs from 155,334 to 2,044,864. Each successive incursion of new inhabitants, in fact, has been accompanied by depopulation of the immediate urban centre. As the present County grew in the 19th century, the City declined in numbers; as the Outer Ring has grown since 1901, so the population of the County itself has fallen.

Between 1901 and 1935, the population of Greater London rose from 6,581,402 to 8,203,942. The total now represents one-fifth of Britain's population, compared with one-sixth in 1901, one-tenth in 1801, and probably the same proportion in 1701. During the years between 1901 and 1925, however, the number in the City fell from 26,923 to 9,760; and in the County area (from Hampstead and Hackney to Wandsworth and Lewisham, and from Hammersmith to Woolwich) declined from 4,536,267 to 4,185,200. The population of Outer London was nearly doubled in the same period; for it increased from 2,045,135 to 3,806,939.



The local government areas of Greater London, showing decreases (black) and increases (hatched) of population between 1921 and 1931.

The local government areas of Greater London, showing relative density of population in 1931.





Some of London's "gainfully occupied" crossing London Bridge.

Outer London, indeed, is now growing at a rate unparalleled in the rest of Britain. In a single decade, between 1921 and 1931, its population increased by 27.1 per cent. A chart on page 3, reproduced from the Second Report of the Greater London Regional Planning Committee, shows the extent and effect of the movement of population during those eventful ten years. In the two years 1932 to 1934, Outer London increased by 226,000; in the same period the increase in the rest of England and Wales was only 40,000. The greater part of the increase has been due to immigration outwards from the County, where the exodus considerably outweighs the declining rate of natural increase. Of the 28 Metropolitan Boroughs, 19 declined in population between 1901 and 1931. In the decade 1921 to 1931 only Greenwich, Woolwich, Lewisham, Wandsworth, Hammersmith, Kensington, Paddington and Hampstead showed slight increases in numbers; and decreases, due to migration, of over 10 per cent. occurred in Poplar, Stepney, Finsbury, Shoreditch, Bethnal Green, Bermondsey, Southwark, Camberwell and Deptford—the innermost boroughs. Between 1921 and 1933 the density of population in the County fell from 50.9 persons per acre to 58.7. In the Outer Ring it rose from 8.1 to 10.3.

Not all the increase in Outer London, however, has been due to immigration from the congested county, which still has between 100 and 150 persons per acre in seven boroughs. London has always been a great centre of commerce and the professions; but now, as another article on page 41 of this Supplement

shows, it is becoming a centre of manufacturing industry, and workers are flowing in from the provinces at an ever increasing rate. Between 1929 and 1935 the number of insured workers in Greater London rose from 2,214,430 to 2,466,310, an increase of 11.4 per cent.; while reliable estimates suggest that the number of insured persons residing in the County actually fell during that period.

Two population movements, one outwards and one inwards, meet in Outer London. The City has been deserted except for the transaction of business. The outer rings of Stuart and Victorian times are uneasily congested. Workers brought to London by the new industries in the west and north-west meet those moving out from central London. Between 1921 and 1931 increases of over 100 per cent. were recorded in the populations of Hayes, Harrow, Wembley, Dagenham and Romford.

For all this growth, industry is not yet all-important to London; but London is important to industry. Of our 25 aircraft manufacturing firms, 12 are in or near London; many of the most important electrical firms are in the London area; and the only factories making large-scale cold storage equipment are situated in London. Outer London is sprinkled with a wide range of light luxury industries, including motor cars, gramophones and wireless sets. The most notable change in British factory and non-factory trades alike, between 1924 and 1930, was the increased importance of London. During these same years, Electrical Engineering, Motor

and Cycle Manufacture, the Furniture and Hardware Trades, and the Glass and Building Materials Trades—all expanded in employment by more than 20 per cent. in London, and Aircraft Manufacture by more than 100 per cent.

Nevertheless, London still lives largely by trade and distribution. In 1931 the number employed in the distributive trades was 1,169,700, against 1,176,910 in production—this latter figure, however, including non-factory trade, such as building and public utility undertakings. Nearly equal numbers of London's 2,346,610 insured workers were thus engaged in these two great branches of work. The proportion was very different in the rest of Great Britain, where *two-thirds* of the insured were occupied in productive enterprise. The high share of distribution in London, of transport, Government, hotels, commerce and finance, is thus outstanding. But industry is growing fast. Will this go on? Will the inward and outward flow of population continue to congest Outer London? Or will migration be checked by a falling rate of natural increase, both within and without? Will industrialisation continue to lure men and women to the enlarged metropolis, or will a national policy of industrial location seek to stem the tide? It seems certain that, in the absence of any form of Governmental responsibility, the problem of catering for 10 million people will tax even the greatest transport organisation in the world. But time brings its own revenges; and a future fall in national population, if it did not solve London's greatest problem, might at least prevent it from becoming wholly insoluble.

BACK TO WORK:

The Londoner in History

PARIS has its *apache*, Madrid its *chulo* and London its Cockney. In each term there is some depreciatory element. In Paris there is the rival claim of the *boulevardier*, and the more generic *Parisien*, each with its different connotation. The problem is even less simple in London. London and Cockney are not synonymous; "Piccadilly Lounger" is an ancient insult for lack of an English equivalent of *flâneur*; clubman, though in the running, is too restricted. We must work by exploration. "Born within sound of Bow Bells" is the certificate of the true Cockney; or alternatively "one who has never lived out of London and who has got all his ideas from it," as Hazlitt put it.

But merely "born in London" confers no psychological formula. The world of literature is pleased to divide the history of London into sovereign territories: Chaucer's London, Shakespeare's London, Milton's London, Dryden's London, Johnson's London, Dickens's London, Oscar Wilde's London. And yet how remarkably few of these literary sovereigns were London Born. Of this galaxy only Chaucer and Milton; Chaucer, of whom legend says that he was fined for beating a Franciscan friar in Fleet Street, and truthful fact records that he lived in the house over Aldgate near that "well of English undefiled," as a poet waggishly called it, Aldgate Pump. Milton was born in Bread Street, Cheapside, where legend has again been busy with a vision of Shakespeare staggering from the Mermaid Tavern to transfer his genius to the beautiful golden-haired child.

In visual record London has been luckier. Three great artists, three great perpetrators of the London scene, have been Londoners: Hogarth, keen-eyed observer and moralist, fixing for ever Covent Garden in the morning, Gin Lane, the stews and taverns; Rowlandson, the Rabelaisian recorder of men and women, horses, dogs and drabs; and Cruickshank, the myriad-fingered social chronicler, temperance reformer, embodiment of the world of Dickens, as Rowlandson was of the world of Fielding and Smollett. Turner, dreamer of Venetian sunset glories, he too was a Londoner.

There are some strange anomalies in the records of London. Shakespeare was no Londoner; Ben Jonson was. Spenser was a true son of London, "that to me gave this life's first native source." He called in memorable music on London's river, "Sweet Thames, run softly, till I end my song," but brought his magic of "The Faerie Queen" from the bogs of Ireland. Milton was a Londoner, making his "gaudy day" the supreme delight of wandering in the London bookshops. Dryden, the god of Wills's Coffee House and ruler of Grub Street, was

from Northampton. Keats was a Londoner, Shelley was not. Browning was; Tennyson was not. It is not sufficient to have loved London to be a Londoner. Dr Johnson, patron saint of Fleet Street, was from Lichfield; Dickens, immortal author of "Sketches by Boz," was from Plymouth; and from far Cockermouth came Wordsworth, supreme certifier of London's beauty seen from Westminster Bridge.

This city now doth, like a garment, wear The beauty of the morning; silent, bare, Ships, towers, domes, theatres, and temples lie Open unto the fields, and to the sky.

No Londoner born has ever sung with so much fervour a tune so acceptable to London pride.

No tourist, illustrious though he may be, can be called Londoner, by any stretch of politeness. There is, nevertheless, a hierarchy of Londoners. There is the Londoner of birthright. Supreme among them is Charles Lamb, soaking himself in the world of London, proudly signing himself, as few have dared to do, "A Londoner." "I was born under the shadow of St. Dunstan's steeple, just where the conflux of the eastern and western inhabitants of this twofold city meet and jostle in friendly opposition at Temple Bar"; so he writes to that country bumpkin Wordsworth. He praises his own milieu, "the crowds, the very dirt and mud, the sun shining upon houses and pavements, the fruit shops, the old book-stalls, parsons cheapening books, coffee houses, steams of soups from kitchens, the pantomimes. . . . Have I not enough, without your mountains?"

And Lamb could bring a catch to the throat with a city image, "Mixed among her noise, her crowds, her beloved smoke, what have I been doing all my life if I have not lent out my heart with usury to such scenes?" There is the Londoner by immigration: Charles Dickens, with his vast tribute to London, his evocation of the Hackney Cab, the London Fog, Seven Dials, Night Walks in London. There are Honorary Cockneys: Leigh Hunt and Hazlitt, accepting the insults of Scotland against the Cockney school of poetry. There is the Honorary Londoner superlative, never a Cockney, but a true Londoner—Dr Johnson—who felt that "No place cured a man's vanity or arrogance so well as London." Did not Hazlitt say "Your true Cockney is your only true leveller"? The Doctor declared that "The full tide of human life was to be seen at Charing Cross"; and paid her the highest tribute of all, "Sir, when a man is tired of London, he is tired of life; for there is in London all that life can afford."

The Londoner as an individual is a selfish man, a Haroun al Raschid, moving in the great city as if in his private harem. The Londoner in the mass, the London crowd, the London mob watching, at Coronation or at cricket, is part of the vast panorama and pageant of London history. He watched, in Elizabeth's time, the shoals of litigants streaming from the country to swell the purgatory of the Law Courts. On an earlier Shrove Tuesday he sacked, in a band of apprentices, the stews run by Bishops of Winchester, or owned

QUEEN ANNE'S GATE



by Sir William Walworth, London's Lord Mayor and slayer of Watt Tyler. He lounged in Duke Humphrey's Walk in old St. Paul's, picking his teeth to pretend that he had dined. He listened at Blackfriars to the watermen's witty cursing, as he listened later to the hackney coachman, to the cabby, to the taxi-driver. He joined the crowds at Bartholomew Fair: thronged old London Bridge: filled the galleries of Queen Anne's theatres, after being the butt and cuckold of Restoration comedy. He bought cow-heel and tripe, sausages, puddings, eels, baked potatoes, ice cream, chestnuts, hot drinks, brooms, cherries, lavender and a thousand objects from street vendors. He reeled and stank in Gin Alley; ate his cut from the joint in "ordinaries"; took his meals in horse-boxes of coffee-shops or, as navvy, carved his bread and cheese in an excavation in the road; or he made holiday with tea, shrimps and watercresses at Greenwich.

There has always been a world in London for the Londoner to enjoy, and happily this world has been preserved for us by pious and witty pens. Dekker, who built up the world of 'prentices in "The Shoemakers Holiday," gave, in his "Gull's Hornbook," a satirical handbook for the Elizabethan fop and loungee in tavern and theatre, telling us more of the Elizabethan stage than we learn from any other single source. The comedy of the Restoration, with Etherege, Wycherley, Sedley and Congreve, revealed the pleasure gardens. Hyde Park, Spring Gardens, St. James's Park, where young men and women lost themselves in the mazy paths till midnight; and Mulberry Gardens, which Evelyn in 1654



described as "now ye only place of refreshment about ye towne for persons of ye best quality to be exceedingly cheated at." The "Tatler" and "Spectator" of Addison and Steele give us the taverns, the coffee-houses, the chocolate houses, where from the middle of the seventeenth century good London company would meet to take coffee, read the newspapers and talk wit, morality, poetry, politics, scholarship or commerce, in anticipation of the later clubs, the Calf's Head, the Kit-Cat, White's, and finally the august Athenaeum. The Mermaid Tavern and The Devil were Shakespeare's and Ben Jonson's haunts; Wills's Coffee House

was Dryden's (where a pinch from his snuff-box conferred wit on a dullard). Button's was Addison's, and the Cheshire Cheese Dr Johnson's reputed home.

These were all intellectual gatherings. But the Londoner takes his ease less strenuously, and London has had an unbroken succession of pleasure spots, sometimes indistinguishable from plague spots: the gaiety of Paris Garden, Vauxhall and Cremorne Gardens, the plebeian Bull and Bush, the hearty Eel Pie House in Highbury with its wrestling, dog-fighting and rat-killing, the floating "Folly" or gambling hell outside Somerset House. It had its early night clubs in Mrs Cornelys' eighteenth century assemblies, its Almack's, its Pantheon, Egyptian Halls, panoramas and circuses, its bagnios, its brothels—the "White House" in Soho Square in the eighteenth century, whose "Painted Chamber," "Grotto," "Coal Hole" and "Skeleton Room" rivalled the most lavish of Parisian palaces of lechery. There must not be forgotten the forerunners of the music-hall, where Londoners assembled to eat, to drink and to listen to song, in the "Cider Cellar" in Maiden Lane (the "Back Kitchen" of "Pendennis") or "Evans's" in Covent Garden (the original of Thackeray's "Cave of Harmony").

In all these the Londoner, from the fourteenth century to the twentieth, from Chaucer's time to Max Beerbohm's, from Lydgate's to W. W. Jacobs's, the Londoner, indefinable but recognisable, has disported himself, silently and vociferously endorsing the great poem written by no Londoner, but by Boswell's countryman, William Dunbar:

London; thou art of townes *A per se*.
Sovereign of Cities, semel' est in sight.
Emperesse of townes, exalt in honour,
Sweet paradise, precelling in pleasure,
London, thou art the Flower of Cities all.



Londoners—
familiar to all
Londoners

Government by Anomaly

"NOBODY," said Mr Britling, "planned the confounded constitution; it came about." In 1885, the English system of local government was described as "a chaos of areas, a chaos of franchises, a chaos of authorities and a chaos of rates." This is an apt description of London's government in 1937.

What do we mean when we speak of London? Do we refer to the square mile represented by the Mayor and Commonalty and Citizens of the City of London? Or to the 117 square miles of the County of London administered by the London County Council? Or the area known as Greater London, made up of the City and Metropolitan Police Districts, which covers 693 square miles and stretches from Cheshunt in the North to Coulsdon in the South, and from Dagenham in the East to the western boundaries of Middlesex? This is the area included in the Registrar-General's returns. But it is dwarfed in turn (as can be seen by a glance at the map printed on p. 3 of the cover) by the gargantuan area of the London Passenger Transport Board, with its 1,986 square miles. It is small, also, by comparison with the 1,841 square miles of the London and Home Counties Joint Electricity Authority.

In all, from 15 to 25 different "Londons," with varying areas, may be enumerated. If, however, we confine our inquiries to Greater London, as defined above, we discover, at the outset, that it is governed not by a single local authority but by the councils of six counties, three county boroughs, 28 metropolitan boroughs, 28 municipal boroughs, 39 urban districts, 4 rural districts, 6 parishes and the City Corporation—that is, by 116 local authorities altogether. In no sense are their boundaries "natural"; not one elector in a thousand knows when he passes from one borough into another. County review orders, which were originally intended to simplify local areas and adapt them for more economic administration, have made confusion worse confounded, because their provisions do not apply to other statutory areas. Thus the boundaries of Greater London, originally drawn to include the whole of every parish within 15 miles of Charing Cross, now cross 14 local government areas.

Similar anomalies arise in connection with other services. The borough of Beckenham, for example, was authorised by Act of Parliament to supply electricity in the borough as it existed before 1934. In that year part of its area was transferred to Bromley, but it continues to supply electricity to consumers who now reside in another local government district. Postal boundaries, again, do not follow those of local government. Not even all the County of London is in the London Postal Area. Residents in Lewisham vote for the L.C.C. and have



LONDON'S OWN PARLIAMENT:

The County Hall

"Bromley, Kent," as their postal address.

The County Council stands as the natural head of the 116 London authorities. Its area, which it inherited from the Metropolitan Board of Works on the L.C.C.'s foundation in 1888, dates back to 1855. Its resident population is actually smaller than that of the surrounding area of Greater London. For the last thirty or forty years the central government has not, apparently, been friendly to the principle of extension of the L.C.C.'s *imperium in imperio*. The setting up of the Metropolitan Borough Councils in 1899, and the policy of granting charters to outlying districts rather than extending the L.C.C.'s area, seem to support this construction.

Residents in other large cities such as Birmingham and Manchester (and also in Croydon and East and West Ham) have only one local authority which is responsible for public services. The resident in the London County area has both county and borough council to vote and pay for; and he may be quite justifiably at a loss to explain the division of duties between them. The Council administers hospitals, nursery schools and education generally, but the borough councils are notified of births, deaths and marriages and maintain maternity and child welfare clinics, day nurseries, dispensaries and mortuaries. Both authorities alike can clear slums, provide housing, museums, parks, swimming baths, bridges and street improvements. Both make by-laws. Not merely is there no attempt at centralised planning, as provided in the New York constitution, but day-to-day duties are not adequately co-ordinated. Neither the Council nor the standing committee of the Metropolitan Borough Councils has powers of compulsion or co-ordination.

Outside the County area, in the

portions of the five counties of Surrey, Kent, Essex, Middlesex and Hertfordshire within the Greater London area, confusion is even worse. Each is an education authority—as is every county and municipal borough and every urban district with a population over 20,000, which cared to exercise its power before the number was stabilised in 1931. Thus there are some 33 education authorities in the area. Each county council is a drainage authority. A Greater London Drainage Scheme has been planned by the Minister of Health with the co-operation of the L.C.C. The separate county councils, however, have preferred either to remain inactive or to proceed with schemes suitable for their own areas rather than for the needs of London as a whole.

The Local Government Act, 1929, provided that county councils should review their local government boundaries and make such suggestions to the Ministry of Health, for the adjustment and amalgamation of districts, as they considered desirable in the interests of local government. Far-reaching reforms, however, have not yet been attempted under this measure. On the other hand, the creation of special boards, with special duties and special areas, has proceeded apace. Five such boards existed before the war: the Metropolitan Water Board, the Port of London Authority, the Thames Conservancy Board, the Lee Conservancy Board—each with a different area, extending beyond the County of London—and the Insurance Committee for the County of London, which administers part of the national health insurance scheme. Since the war six more authorities of this type have been created. The London and Home Counties Joint Electricity Authority exercises a co-ordinating influence over London's 76 electricity distributors.



WESTMINSTER

The Abbey and the Mother of Parliaments.

The London and Home Counties Traffic Advisory Committee is equipped only with advisory powers. The Greater London Regional Planning Committee has become largely defunct, after the withdrawal of L.C.C. support. The Lee Conservancy Catchment Board supervises surface drainage in the Lee Valley. The London Passenger Transport Board provides the services which its name implies; and the Metropolitan Traffic Commissioner regulates both passenger and goods transit.

The tale of London's governing authorities is even yet incomplete. Mention must be made of certain special committees, which advise on subjects ranging from atmospheric pollution to parks and gardens, and from the education and employment of children to old-age pensions. Again, the Rating and Valuation Act, 1925, does not apply to London, which has 29 unco-ordinated assessment committees. Owing to peculiarities in the London Building

Acts, London's 44 district surveyors are not local government employees; they support themselves and their offices from fees received. Consequently, no building statistics can be obtained from the London area. Finally, there are 870 justices of the peace who, through a standing joint committee, still exercise various duties.

That the public services suffer from this confusion can hardly be denied. A resident in any one of many lesser cities of Great Britain, who has become accustomed to the idea that water, transport, gas and electricity supplies are proper fields for municipal enterprise, will find, on moving to London, that only in the case of water is there any semblance of municipal control. Even so, two boroughs and several companies supply water in the Greater London Area, in addition to the Metropolitan Water Board. Gas is provided by five companies. Electricity is supplied by 38 local authorities and the same number of companies. There are

a dozen or more different methods of charging; prices vary widely in adjacent areas. Direct current is supplied in some and alternating current in other areas, and there is no uniform voltage.

Obviously, the counterpart of these anomalies in areas, authorities and charges is a chaotic body of legislation regulating London's Government. The Manchester Municipal Code and the New York Charter have no parallel in Greater London. The L.C.C. has started to codify its powers and consolidate its private legislation. For the rest, the law is scattered in general and private acts, charters and governmental orders. Water and transport boards, gas and electricity companies, each have their own series of acts. There are something like two hundred separate authorities with powers to make by-laws. Truly, we live in no mean city. Visitors from abroad find much to admire in Britain's metropolis, but it were well that they should not imitate our anomalies.

Public Finance

LOCAL electors are proverbially accused of apathy towards the government of their town, but if any interest will draw them to the polling booths, it is local finance. "It's your money we want," placarded over London in 1907, drew the unusually high proportion of 55.5 per cent. of the electors to the poll. In those days rates still inherited opprobrium from their association with the Poor Law. The connection was not unnatural, for it was the Poor Relief Act, frequently referred to as the Statute of Elizabeth, which in 1601 founded the system of imposing a tax on local property, deemed to be the best index of ability to pay. To-day, the electorate will no longer respond to an appeal to keep down the rates; for property owners increasingly realise that in a well-ordered area rates give good value for money, and that by judicious expenditure a progressive council attracts more money to its town.

But it is not improbable that local monetary problems, in a new form, will soon again excite the passion of electors.

A glance at the back of the demand note suffices to show the variety of London's public services. The Londoner has an infinite supply of water on tap for 4½d. in the £ of rateable value, per week; the weekly cost of removing drainage and refuse is 2½d. and the charge for the use of municipal parks, libraries, museums and art galleries is less than 1d. The total annual outlay of the London County Council, the City and 28 Metropolitan Boroughs, the Metropolitan Police and Water Board, amounts to £61 millions in the County of London alone, which contains only 4,185,200 of the 8,474,900 inhabitants of Greater London. To this figure of gross expenditure must be added the capital outlay of these various authorities which at March 31, 1935, had a total net debt of £152,945,007 (equal to 257 per cent.

of the rateable value) on which interest amounts to £5,375,961 and repayment to £4,163,136 a year. The table on p. 9 shows how the expenditure and debt of London local authorities—unfortunately information is only collected for the County area—have increased. Owing to the difficulty, if not impossibility, of devising an index to allow for alterations in the cost of local government, the figures have not been corrected to allow for price changes.

How is this enormous bill met? Capital outlay is largely met by borrowing; some 71.1 per cent. of the debt of the London County Council, and 94.1 per cent. of that of the Metropolitan Water Board, is in stocks and bonds. No attempt has been made to meet housing expenditure from revenue as did the Vienna City Council. Revenue is derived from three sources: payments for services rendered, such as rents, hospital and fire brigade charges, and licence fees; grants from the

National Exchequer; and rates, which still bear the brunt (about 47 per cent.) of local expenditure.

For several reasons, rates may be destined again to become an arena of local controversy. Originally imposed as a tax with the intention of making people contribute according to their means, they were transformed (in the opinion of Victorian politicians) into a tax according to benefit received. But by the de-rating provisions of the local

ADMINISTRATIVE COUNTY OF LONDON EXPENDITURE AND DEBT OF LOCAL AUTHORITIES.

Year (ending March 31)	Population (Estimated resident in July)	Expendi- ture	Debt (net)	Rateable Value
1891	4,223,720	£ 33,700,829	£ 33,004,612	
1901	4,536,201	49,910,028	39,643,618	
1911	4,521,301	27,841,063	110,770,419	44,541,444
1921	4,514,405	47,426,908	103,148,284	48,388,813
		(1920)	(1920)	
1931	4,363,800	65,701,326	156,527,927	159,271,555
Latest figures	4,185,200 (1935)	161,044,294 (1933-34)	152,945,007 (1935)	160,456,011 (1936)

* Not available. † After de-rating. ‡ This reduction is more than accounted for by the transfer of tramways to the London Passenger Transport Board.

Government Act, 1929, agriculture was excluded from all local taxation and property used for industrial or transport purposes paid at a quarter rate: it was hoped thereby to reduce manufacturing and transport costs and improve our position in international markets. From the point of view of local taxation, the result is unsatisfactory. The burden of financing public services falls more heavily on residences and on business premises, particularly shops, which probably receive less benefit from local services than any other section of the community. Such property in highly-assessed districts tends more readily to become unoccupied. There is consequently an agitation both to make empty premises pay a share of rates and to raise an additional rate from site values, irrespective of the use to which the sites are put.

Exchequer grants, despite the consolidation under the Local Government Act, 1929, remain of two kinds, the *ad hoc* grants for special services such as education, police and roads, and the general exchequer grant, originally equivalent to losses through de-rating and the discontinued grants, plus an additional sum to provide for expansion of local services. This latter grant is becoming increasingly distributed according to a weighted population formula, which makes special allowance for unemployment, sparsity of population and number of children. It is unlikely, therefore, to be generous to London, which may be compelled to raise an increasing proportion of its expenditure locally. Meanwhile, the need for reform of the rating system is becoming progressively more acute.

Financial policy and the disbursement of public funds are controlled by the finance committees of the various London authorities. This is an excellent system so long as the ratepayer has a measure of control. Although borrowing requires the sanction of a superior authority, the only organ controlling the major London authorities is Parlia-

ment itself. But Parliament is quite unsuited for the task of deciding, for example, whether London's underground transport facilities ought to be extended in preference to improvements of roads and bridges. Although a finance committee may be sufficient to control the expenditure of a single authority, its policy must be co-ordinated with that of others. What London needs possibly even more than a reform of the rating system is a city planning commission such as New York has provided in its new charter. The

duty of such a commission would be to co-ordinate capital expenditure and obviate competition between various authorities for the available labour and capital resources. It might achieve this end, to the common good, by spreading over a longer period the large programmes of public works which are now being simultaneously undertaken by the London and Middlesex County Councils, by the Water Board and by the Passenger Transport Board. Such a reform is long overdue, but it is as yet, unfortunately, hardly on the horizon.

EXPENDITURE OF LONDON LOCAL AUTHORITIES 1933-34

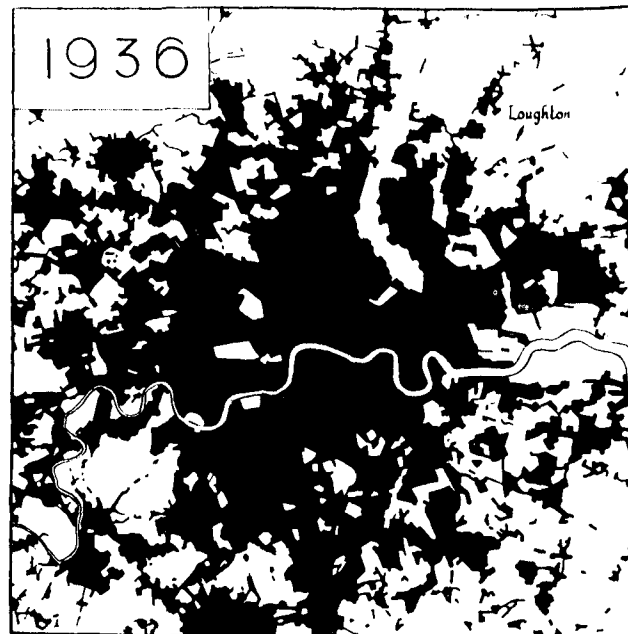
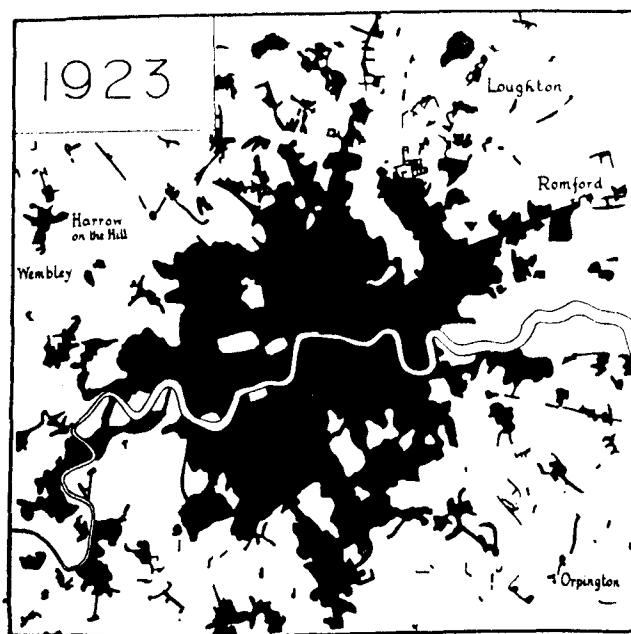
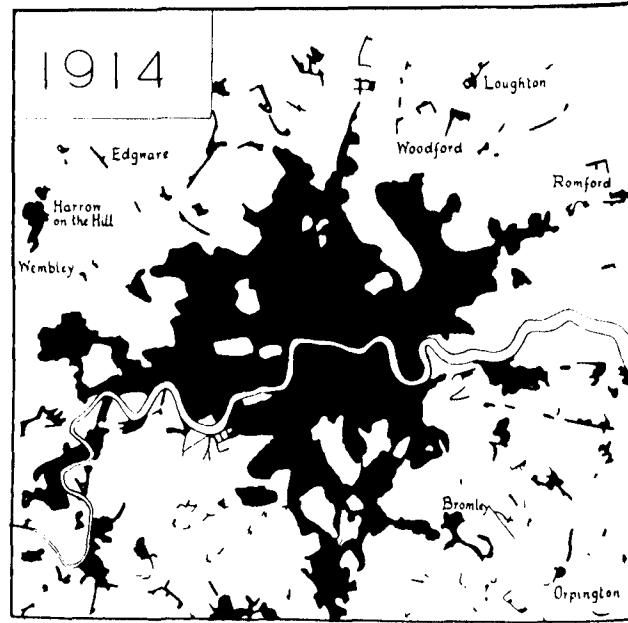
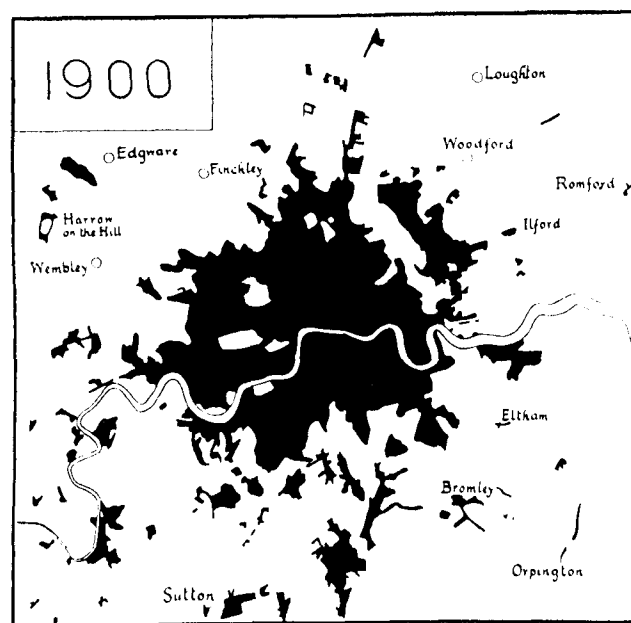
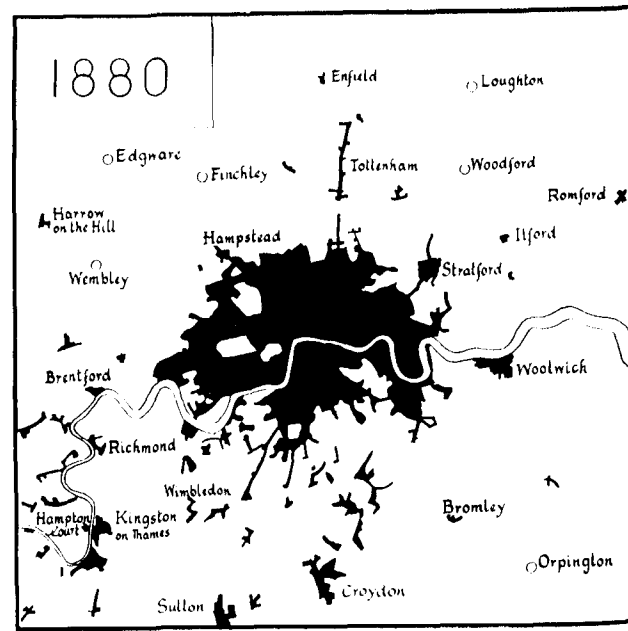
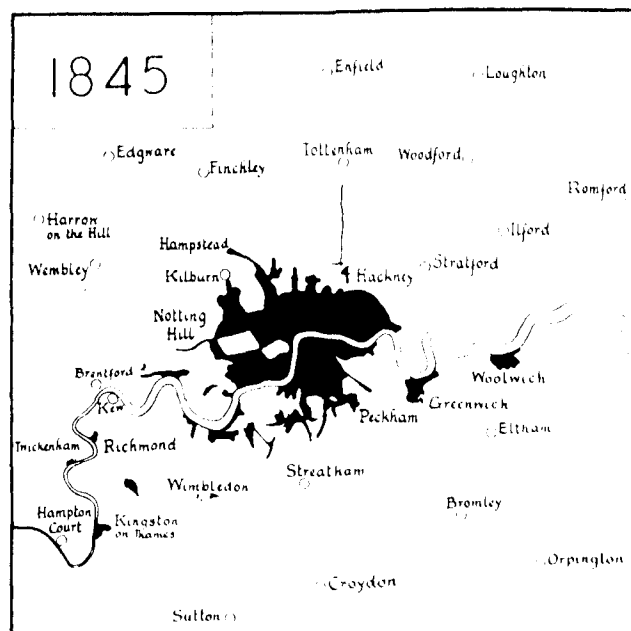
	LONDON COUNTY COUNCIL	METROPOLITAN BOROUGH [*]	OTHER AUTHORITIES [†]
PUBLIC ASSISTANCE	2,731,563	17,021	
PUBLIC HEALTH	12,062,308	4,765,336	69,018
AMENITIES	331,526	557,233	
WATER			4,006,957
REGULATION & PROTECTION	1,071,344	632,529	5,084,977
EDUCATION	12,494,254	107,713	
HIGHWAYS ETC.	838,671	3,753,442	2,820
TRADING SERVICES		4,941,230	28,420
GENERAL	2,341,778	2,555,216	

(Figures are in £'s)

* Including the City Corporation. † e.g. Metropolitan Water Board, Metropolitan Police.

A Century of Built-up London

These six maps illustrate the growth of the built-up area and the magnitude of London's housing and transport problems.



London's Housing Problem

LONDON, like all Britain's large towns, has a serious housing problem. This problem lies chiefly in the Administrative County—that is, the inner area administered by the London County Council—for the surrounding districts of Greater London have, generally speaking, been built at a more recent date, when by-law regulations had become sufficient to prevent the slum type of house from being erected. Both the number of bad houses and the amount of overcrowding are very much less in these outer districts than in the County itself, and their problems are of manageable dimensions. Our attention may, therefore, be concentrated on the position in the Administrative County, for it is here that the heart of the problem lies.

The L.C.C. area contains a resident population of approximately 4,300,000, and 1,190,000 families. The population is gradually falling, on account of migration to the outer districts, but the number of families, which is important from the point of view of housing requirements, is still increasing slightly, because of the tendency of the average family to become smaller in size. In a programme of slum clearance recently adopted by the London County Council, it was stated that there are 250,000 persons living in houses which are condemned as unfit for human habitation and which await demolition. Most of these slum houses are in the East End, but there are slum areas—often quite extensive—in nearly all districts, espe-

cially in South London and in the North-West. Many slum houses are overcrowded, and overcrowding exists also in many other houses which are not slums, especially in former middle-class houses which have lost status and are now occupied by several families. Houses of this type have as a rule never been converted into flats for multiple-family occupation, and are often quite unsuitable for conversion. Conditions in them are frequently worse than in the slums; London has still over 20,000 basement dwellings, in which whole families are living below the street level, largely in houses of this type. In the national overcrowding survey held in 1935, London was found to have 70,000 overcrowded families. The worst borough was Shoreditch, with 17 per cent. of its houses overcrowded, while eight other boroughs had over 10 per cent. of overcrowding. The standard adopted in this survey was a low one, and a more adequate standard would have probably doubled the number of overcrowded houses.

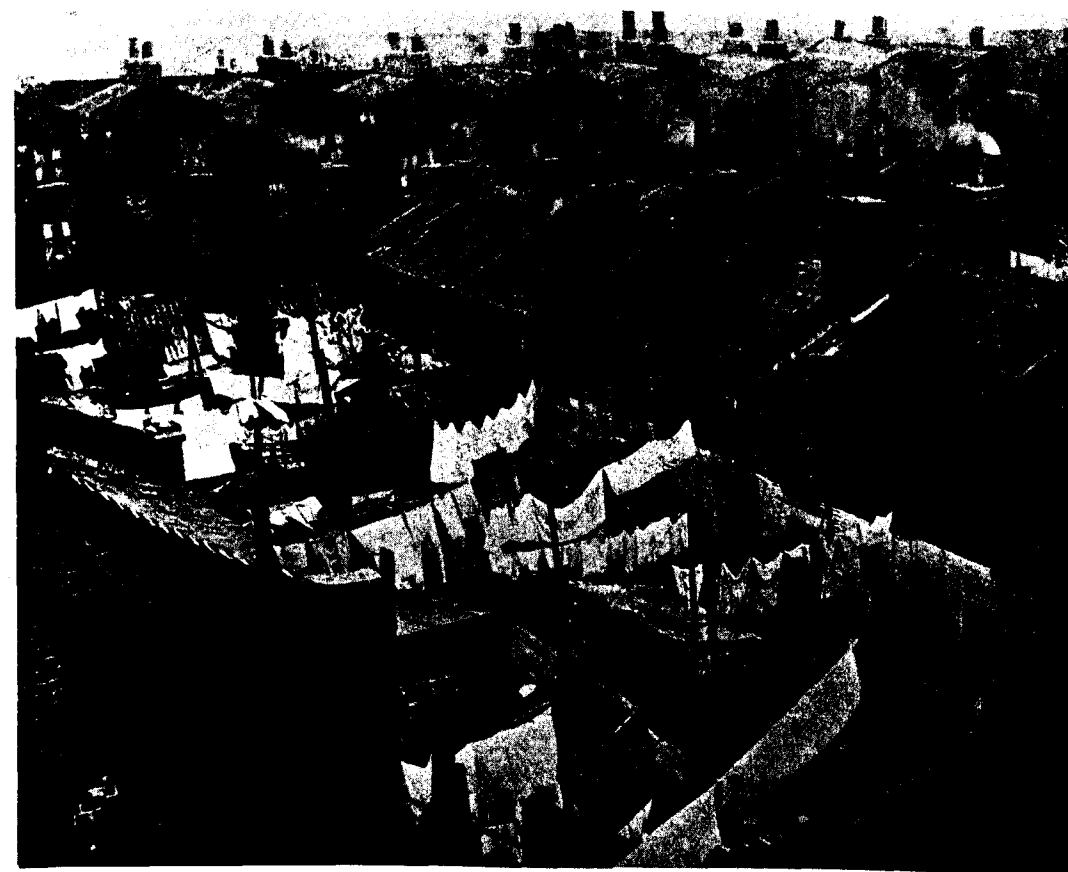
What steps are being taken to deal with London's housing problems? Neither slum-clearance nor the building of working-class houses or flats in the London area is an economic proposition for private enterprise, and whatever has been or is being done is the work of public or philanthropic bodies. London has a long tradition of housing reform, but until quite recently the amount of work actually carried out has been quite inadequate by comparison with the size of the problem. The

bodies responsible have been the London County Council, the City Corporation, various Metropolitan Borough Councils (the Borough Councils have equal housing powers with the L.C.C.), and a number of housing trusts and associations, private bodies raising funds by subscription or possessing endowments, which have done some useful work. The L.C.C.'s activities—which have naturally been the most important—began as long ago as the 'nineties of last century, and up to the war about 10,000 dwellings had been built by them, about one-third of which were in cottage estates, the remainder consisting of flats. There was also some building by the City Corporation and certain Borough Councils, and by housing trusts, of which the Peabody Trust, the Guinness Trust, and the Sutton Trust are perhaps the chief. The beginnings of housing reform in London make a fascinating story, linked with the names of many far-seeing and devoted philanthropists, among them Miss Octavia Hill, whose system of property management has become widely adopted in recent years.

Very much more has been done since the war. In accordance with the general Government policy of encouraging municipal building, a great deal of work has been undertaken by the L.C.C. Until the last year or two the Council's activities consisted chiefly of building large cottage estates, and altogether 51,000 cottage houses have been built. Some of the new estates are within the L.C.C. area, but on account

(Continued on page 17)

SLUM



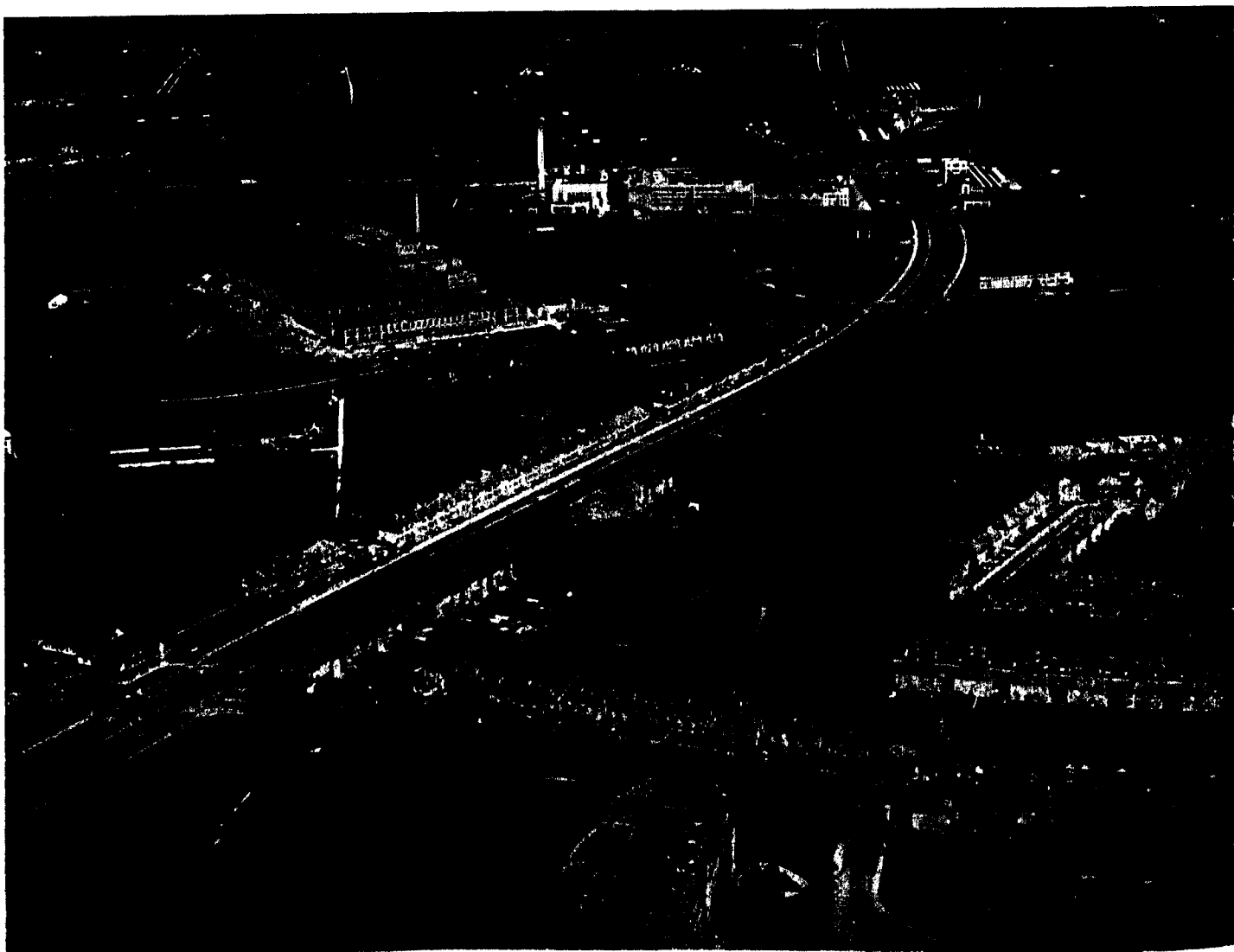
London smoke and London linen.



NEW ROADS,
NEW HOUSES,
NEW INDUSTRIES:

Left: A new housing estate behind the "ribbon development" along one of London's new arterial roads.

Below: New factories along the Great West Road, more "ribbon development," and more estate building.



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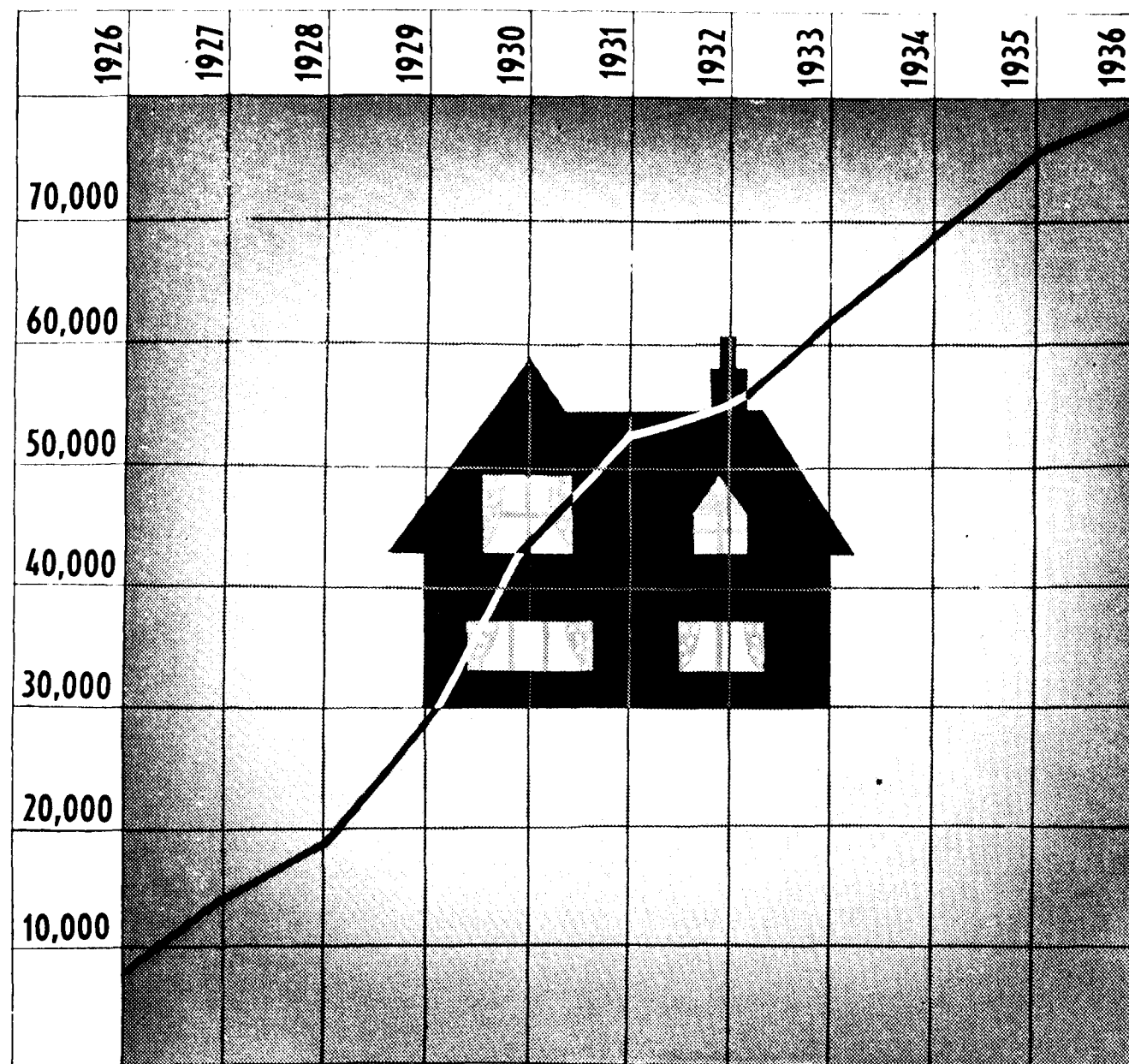
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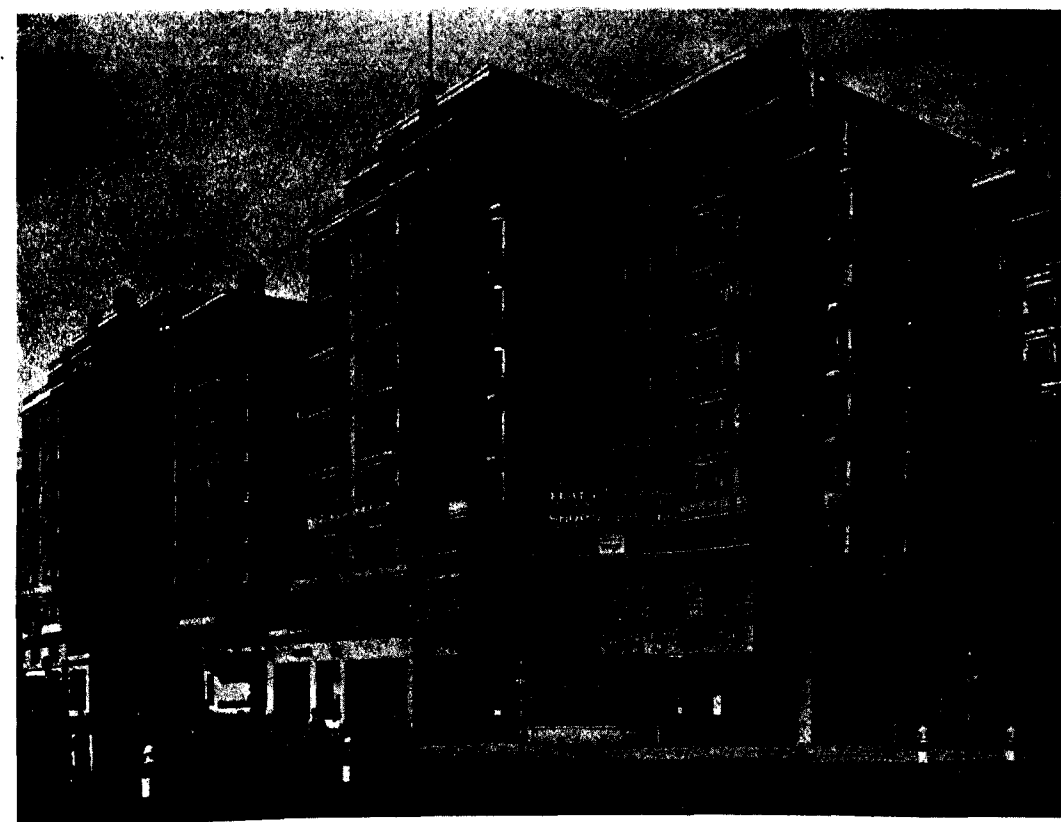
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of the lack of unbuilt-on land it has been necessary to do a good deal of building outside it. The largest estate of all—Becontree, the largest housing estate in Great Britain—is more than 12 miles from the centre of London, and there are others as far distant. Becontree contains over 25,000 houses, and has a population of no fewer than 113,000. A certain amount of slum-clearance has also been carried out, and about 11,000 flats have been built to replace slums in the post-war period. A good deal of this building has, however, taken place in the last year or two; slum clearance has recently been speeded-up and has now largely replaced building on cottage estates, though some cottage building is still going on, chiefly in districts well outside London, such as Hanwell in Middlesex, and Chigwell in Essex. There has also been a certain amount of building by Borough Councils and the City Corporation, and by housing trusts, often in connection with slum-clearance. Nearly 18,000 houses have been built by the Borough Councils since the war.

At present, an extremely vigorous effort is being made to clear the slums; a building programme of 10,000 flats a year for rehousing purposes is being aimed at, and seems likely to be achieved very shortly. This is far in excess of anything previously attempted. Flats for rehousing are generally being built on the cleared sites after the slums have been demolished, as there is now little or no vacant land elsewhere in the County area. Subsidies are given, both by the Government and the L.C.C., to enable the new flats to be let at rents within the means of those who are to occupy them, and the poorer

families receive specially advantageous treatment.

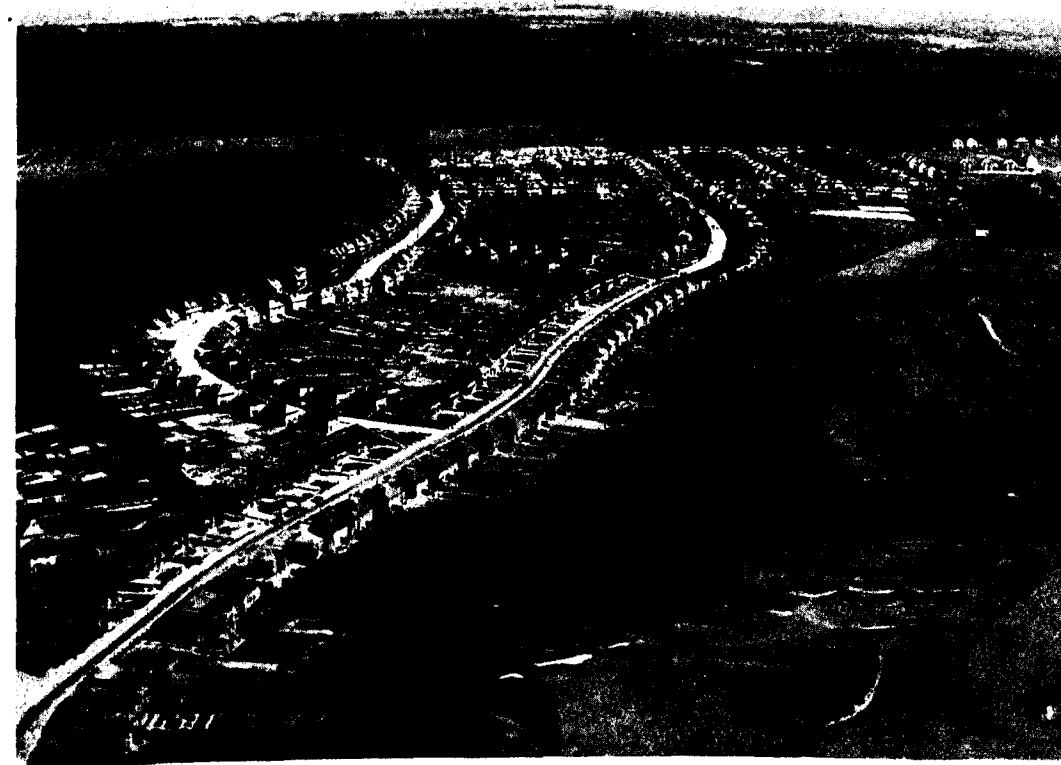
Many of London's slum areas are comparatively small in extent, and this adds to the difficulties of rehousing, as the cleared sites are not large enough for redevelopment. In the East End, where the slum problem is greatest, it is proposed now in some cases to acquire whole areas, including some property which may not be slum, for redevelopment. This will offer greater opportunities for replanning, and there are possibilities of very noteworthy improvements being made in redeveloped areas, which may entirely change their character.

The overcrowding problem may prove the hardest of all. Not merely is there a lack of land on which to build additional accommodation within the County, but Greater London is becoming built-up to such an extent that it is increasingly difficult to find sites except by going very far outside, as is shown by the location of the newest L.C.C. estates. The enormous size of the London area is responsible for many problems which would otherwise be avoidable. Unless the workers who live in these outlying estates happen to be employed on the edge of the County area or even outside it, they have a long journey to and from work and high travelling expenses, both of which are great disadvantages. The alternative to building outside is redevelopment within the County, by clearing away existing property and building new flats, the density of which is greater. The suggestion has been made that very high blocks of working-class flats should be built, up to ten storeys, as a means of housing a larger population

on a given area; but this suggestion has not so far found much favour with the responsible authorities. There are a good many disadvantages to very high buildings. For example, lifts are necessary and add to costs, which in any case are greater, and these buildings are unsuitable for children. Existing L.C.C. flats do not as a rule exceed six storeys in height, and many are not more than four storeys. Another alternative, which has the support of many housing and town-planning experts, is decentralisation—the creation of new "satellite" towns, with their own industries and largely self-contained, at some distance—perhaps twenty miles or so—from London itself. This policy could probably be carried out by the L.C.C. if necessary, and it may eventually make a decisive contribution to the final solution of the London housing problem.

In the meantime, slum-clearance is going steadily forward. The face of London is being changed by new blocks of working-class flats springing up in what were formerly drab and depressing districts. Always pleasing and workmanlike in appearance, and sometimes architecturally distinguished, these schemes are a witness to municipal enterprise and social progress. All the new flats and cottage estates, whether built by the L.C.C., the City Corporation, Borough Councils, or housing trusts, provide good and healthy accommodation at reasonable rents, and contribute to the first necessity of citizenship—satisfactory living conditions. But, even with a continuance of the present energetic policy, it is likely to take many years of work before London's housing problems can be solved.

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London's Architecture

TO conjure up London before the mind's eye is to evoke a patternless maze of rather drab and nondescript streets, limitless in its extent. Seen from the air, however, this desert of chimney-pots has its oases. There are those essentially rural parks, and the many gracious little squares—often gracious as gardens and architecture alike. Scant architectural respect is paid to London's famous buildings, which are mostly without any worthy approach, or any attempt at effective grouping. At once the largest and smallest of European capitals, London has neither scale nor style, formal unity, civic coherence, nor the ghost of a plan—only overwhelming size. Even her wealth is not particularly obvious. Architectural character, taken as a whole, London has none. Even her greatest glory, Wren's City churches, which girdle his own crowning monument, St. Paul's, are all but submerged by the chaos of banks and offices which hedge in and brow-beat them. Yet, paradoxically enough, London is architecturally the friendliest,

most human of cities, because, being a city of small houses, she so seldom seeks to be impressive. Thus, her best and most typical architecture is domestic, plain, and Georgian.

Many parts have undeniable character, like Belgravia or Bloomsbury; others undeniable charm, like the nuclei of old Chelsea or old Hampstead (which is all many people mean of either when naming these boroughs). But such character or charm is severely local, and only contributes the contrast of an isolated exception or two, the better to prove that the rule governing "the Great Wen's" immensity is featurelessness. For London remains an agglomeration of overgrown, half-urbanised villages, sprawling into each other without beginning or end. Each new suburb expands the ever-spreading circumference, without any sort of assimilation to its neighbours or co-ordination to the central area. This is why, unlike Paris or Vienna, London architecturally defies "a general impression." Year by year the few streets

that had individuality lose more and more of it. None had so much as Nash's Regent Street; none has less than the "palatial" new thoroughfare which has succeeded it.

Most of London's architectural heritage from the remoter past is to be found scattered about the City and what is now less than ever the West End. The grim square Norman fortress of the Tower, its turrets oddly prettified with Jacobean belfries, lies furthest east; the circular Temple Church, which is wholly Norman, is in a by-way off the Strand. Half-timbered Staple Inn, a solitary reminder of what the City's streets looked like before the Great Fire, stands on the busiest part of Holborn, opposite Gray's Inn Road. Enclosed, but not quite overwhelmed, by the luxuriant Gothic Revival of Barry's Houses of Parliament is the stern true Gothic of Westminster Hall, England's Holy of Holies. Opposite is the delicate stone lacework of Henry VII's Chapel, a perfect apse, and yet somehow more separate from the



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THE OLD ORDER—



Nash's Regent Street as it was just after the war. The porticos and arcades had already disappeared.

Abbey than St. Margaret's Church nestling alongside it like a fawn by its doe. The brick battlements of St. James's Palace are Elizabethan decorations, but its twin-towered gateway has the same mediæval solidity as that of Trinity College, Cambridge. Far westwards, in the Kensington enclave of primæval forest at the top of Earl's Court Road, is Holland House, with its pure Early Tudor north front, so screened by trees and a golf school that few suspect the presence of what, thirty miles further out, would be one of England's great country seats.

Little else older than the eighteenth century survives in any semblance of its original guise. True, there is Inigo Jones's superb Banqueting Hall for a Whitehall Palace which never grew out of it. But this, the most memorable building in London in point of world history—and the best example of the lovely chiaroscuro effects which London grime gradually imparts to Portland stone—belongs to the classic revival which the interregnum of the Civil War makes us identify with the eighteenth, rather than the seventeenth, century.

Once we reach that age of disciplined taste and civic order, London can offer

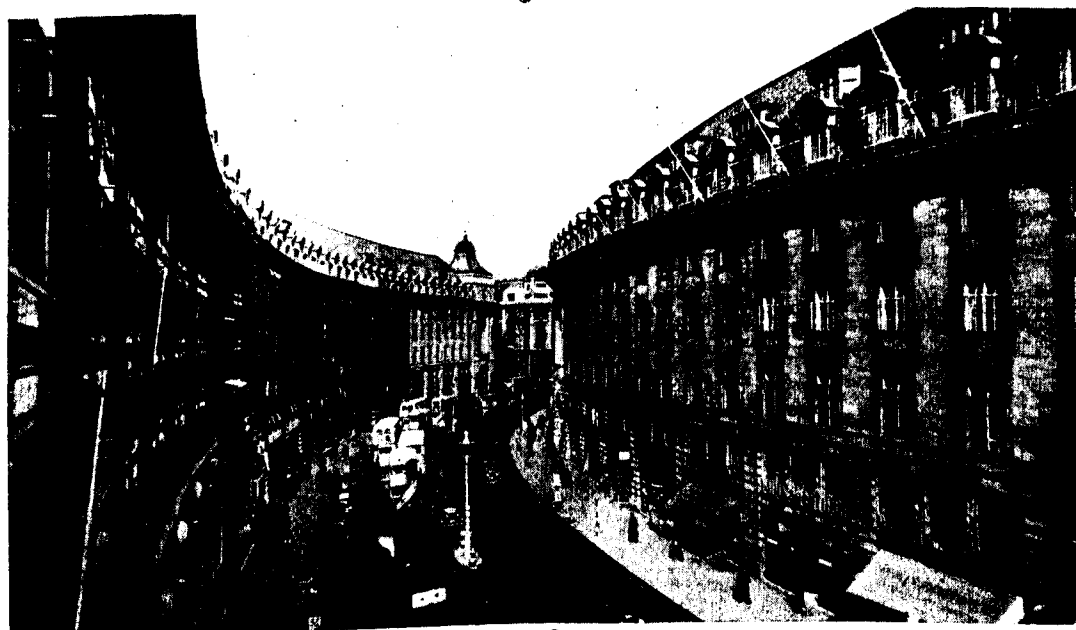
a wealth of good architecture. There is hardly any Baroque. Even St. Paul's is only, as it were, faintly flushed with that dramatic manner. Perhaps the nearest approach to it is the curious four-towered church in Smith Square, Westminster. The transition phase at the beginning of the eighteenth century, when Dutch influence was paramount, is exemplified by the dreamy little College of Arms in Queen Victoria Street and the richly carved door-hoods and narrow keystone windows of Queen Anne's Gate. Kensington Palace is a humbler Hampton Court. But Wren left its south front as he found it; and nothing is more beautiful in all London than the way its delicately silvered slates harmonise with the all but black brick of its plain walls and white-painted window-surrounds. Carlyle described Chelsea Hospital as "obviously the work of a gentleman." No higher or juster praise could be bestowed on it. Less known are the round-arched stables added by Sir John Soane—his finest work after the Bank of England—now in process of being more opulently than reverently refurbished. Somerset House is London's most august building. None has finer

scale or dignity. Nor must the Custom House be overlooked, or that exquisite little pavilion, the Mint. All these we owe to the eighteenth century.

Regency stucco, which, about 1820, succeeded the standardised Georgian façades of red or yellow brick that are now recognised as England's supreme contribution to the evolution of the New Architecture, gave London a gayer and more smiling countenance. There is grandeur enough and to spare for even a world capital in the great terraces of Regent's Park and those flanking the Duke of York's column. But more typical of the style, because so much more intimate, are the discreet villas of St. John's Wood. These are now falling right and left under the housebreakers' pickaxes, and the huge blocks of flats arising on their gardens threaten us with a "residential district" that will have all the deadly dullness of South Kensington.

From Early Victorian days up to only a few years ago, all London buildings had to wear the threadbare fancy dress of various period revivals, or the clumsy motley of those so-called "eclectic" graftings of one dead style on another. The Gothic used by Street

—AND THE NEW



Regent Street in April, 1937. Is it an improvement?

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for that singularly frigid pile, the Law Courts, has been called scholarly. Even more still-born is Waterhouse's Natural History Museum, with its dreary Siennese bandings of yellow and grey terracotta. Its next-door neighbour, the Victoria and Albert, is a jumble of so many styles that it is difficult to say which, if any, predominates. Most Government departments, as exemplified by the Foreign Office and War Office, are of a ponderously official classicism the banks continue to emulate. Nor, with one exception, are London's main-line stations any more inviting. Hardwick's Arch is really all there is to Euston, St. Pancras is a spiky nightmare, but King's Cross is undeniably imposing in spite of its ugly yellow brick. We can be grateful, too, for the plume-like Byzantine campanile of Westminster Cathedral, which is such a graceful landmark on the skyline seen from the Green Park. There is also something to be said for the tubby old Albert Hall: an absolutely circular building is always comforting to the eye. Paxton's Crystal Palace, that first harbinger of the New Architecture, which was only a few years older, is now debris—more's the pity.

The last decade has been one of almost feverish rebuilding. External appearances are changing; but hardly as fast as the technical equipment of modern buildings. What was a framework is becoming something more—a chassis. "All-electric" planning is hardly a novelty any longer. But in the large blocks of flats, telephones, radio, heating and refrigeration, sometimes also vacuum ducts for cleaning and provisions for the disposal of garbage, are supplied as part of the building. Another modern invention, now appearing on the horizon, promises to exert a powerful influence on the



"L.P.T.B."

The headquarters of the London Passenger Transport Board, over St. James's Park Underground Station.

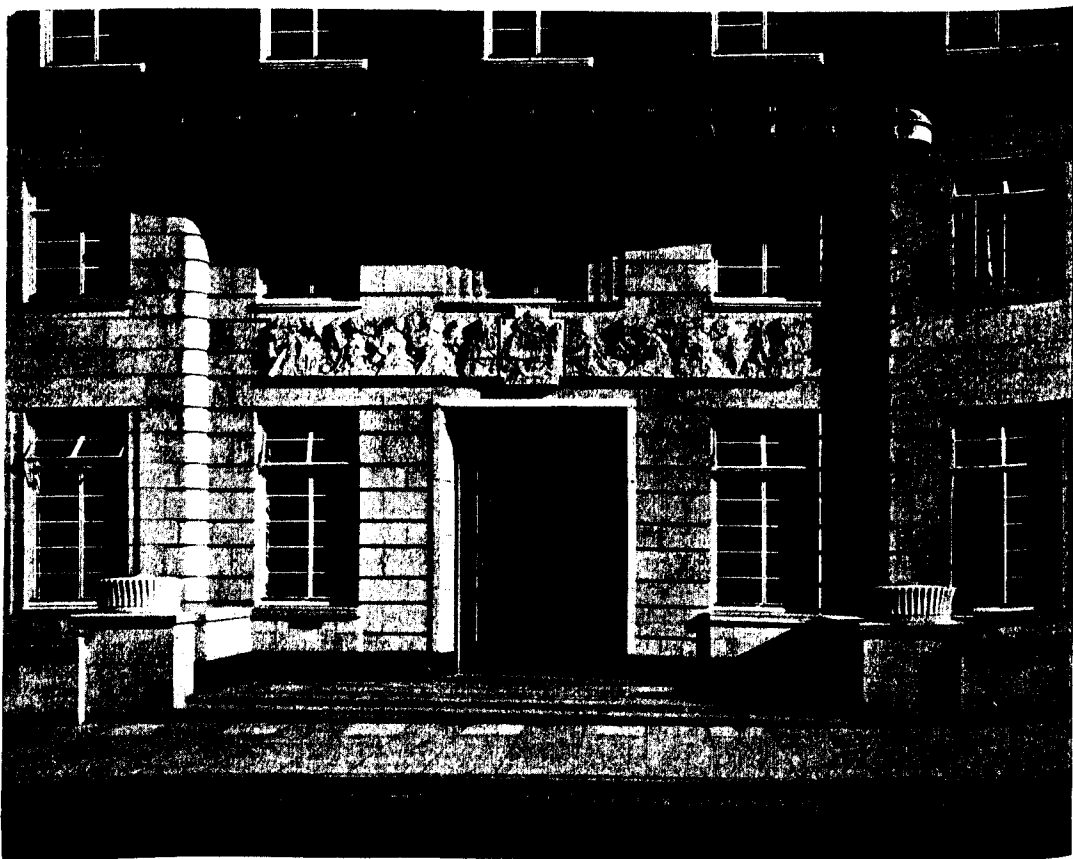
domestic arts. This is air conditioning, or the artificial supply of air controlled to the required temperature, humidity and cleanliness. There is no city in the world which needs more urgently to wash its atmosphere, and even the equable London climate can be controlled with advantage.

This latest period has not yet found its architectural feet. For all its classi-

cism, Bush House, which commands the axis of Kingsway, is as purely American as the pre-war Ritz Hotel is French; the headquarters of the Port of London Authority behind Tower Hill are apparently Babylonian. Far more typical of to-day are the great cliff Shell-Mex House rears above the Embankment and the nautical-looking B.B.C. building in Portland Place.

CLASSICAL AND MODERN:

An interesting example of the way in which the Continental developments of steel, glass and concrete have been adapted to traditional English brick architecture. The frieze, like a vestigial craft-guild's sign, is a return, on classic lines, to the seventeenth-century house sign—in this case, that of a hospital.



Higher up that same broad road, still London's proudest, the new R.I.B.A. seems to have been transported from Sweden. Mount Royal, that oddly named block of flats on the most level part of Oxford Street, is a nearly perfect model of what London's new flats ought to look like and so seldom do. All fine structural engineering is at the same time the best sort of architecture, because good architecture is the result, not of putting in something extra, but of leaving out all that can be spared. This is why the ornamentation of Battersea Power Station makes it look like an athlete wearing a necklace. Newest of London's public buildings, and as yet no more than a fragment, is London University behind the British Museum. The same architect gave us the cruciform baby skyscraper over St. James's Park Station, magnificent when flood-lit, which houses the activities of London Transport. To that body London owes nine-tenths of her best in modern design; and more particularly her new Underground stations. Some people notice them, some do not. But even to use them without being aware of them is an unconscious compliment. It proves how supremely well they fulfil their purpose—which is, after all, architecture's primary function.



HYDE PARK CORNER

The Iron Duke's London residence — "No. 1 London"—looks down on the busiest traffic centre.

London's Transport Problems

IF there were no transport, there would be no cities. This is a truism of the second degree; for it is true in two quite distinct ways. In the first place, if there were no movement of goods and people, cities would never come into existence, for they grow round the nodular points of trade routes, they depend on transport to and from their walls for their wealth, and even for their food. And secondly, when cities have grown as large as London (or even one-hundredth part as large as London), they cannot survive without a free circulation of internal transport. The ship that comes from the ends of the earth and the penny bus are alike essential elements of metropolitan existence.

London, of all cities, has thriven on transport. The fundamental justification for her location lies in the geography of transport; for a trading city was inevitable at the head of the lowest bridge on the largest British river opening on to the Narrow Seas. London is the natural quayside for England, and with England's wealth she has grown. The river is her backbone and the ribs are the great roads converging at London Bridge—the Great North Road, the Holyhead Road, the Great West Road, the Portsmouth Road, the Dover Road and the rest. Nor did the railways, when they came on the scene, greatly alter the channels of transport, though they swelled its burden. For London was already large enough to

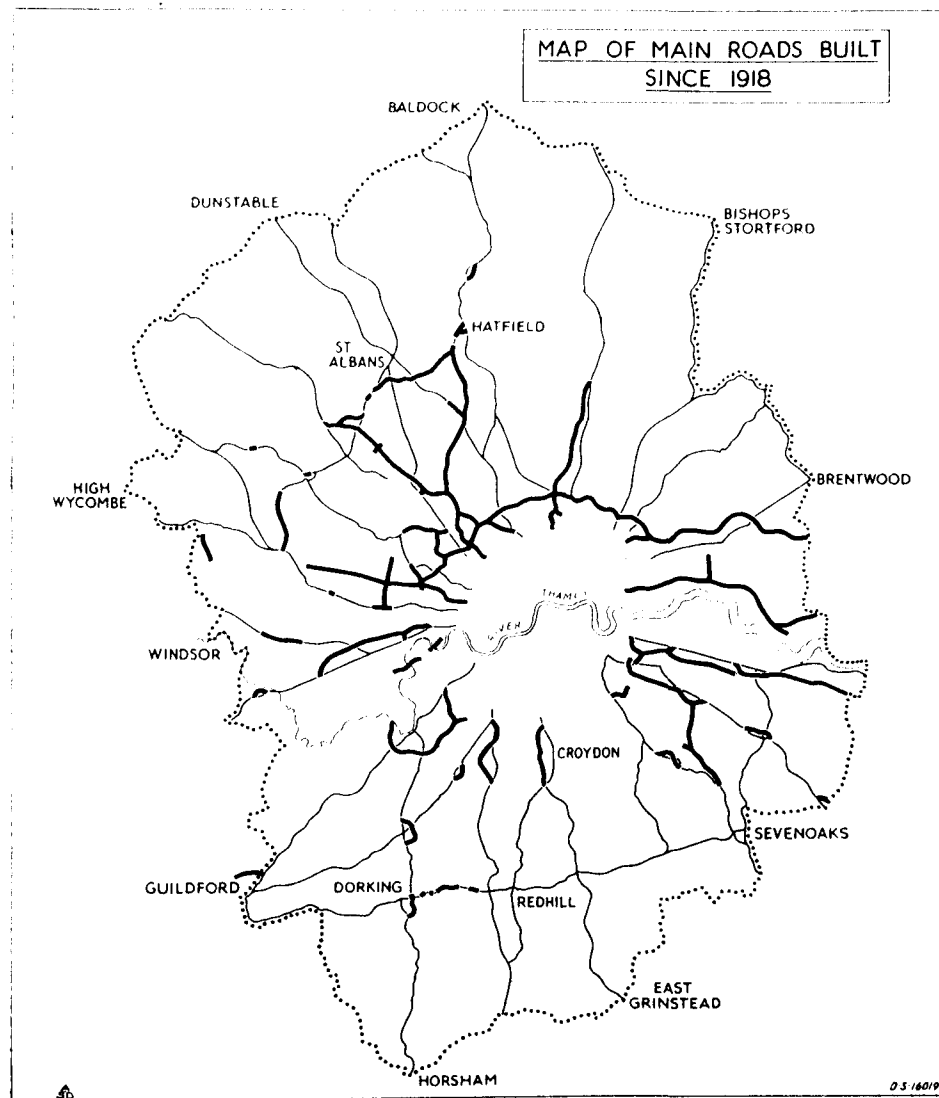
serve as an incomparable magnet for the iron road; and the new railways were laid down roughly parallel with the old roads. Its size, its technique, and its content are all different; but the main directions of London's external transport are to-day much the same as they always have been.

The internal transport of London, on the other hand, is a comparatively new thing, and its influence on the form of London's growth has been profound. Public transport—in the form of vehicles plying regularly for hire on a predetermined route—is little more than a century old. The rich, of course, had their carriages; there were sedan chairs for hire; and a boat could always be taken to go up the river to Westminster or downstream to Greenwich. But the mass of the people had little need for transport, and none was accordingly provided until George Shillibeer ran his omnibus from the "Yorkshire Stingo" to the Bank just less than 108 years ago.

Since then, London life has been transformed by transport. The omnibus did not, however, at first play the commanding rôle. It was too expensive (Shillibeer's minimum fare was sixpence) and too slow. It was the railway which first made it possible for the Londoner to live away from his work, and it was the institution of workmen's trains and workmen's fares which drew the poor Londoner—or at least the next-to-poorest Londoner—away from the

crowded city and started him on that hectic handicap race, in which transport costs are continually being matched against land values. The effect of this was to change the whole shape of London. Hitherto it had spread along the river, venturing north and south not even as far as the opposing heights of Hampstead and Sydenham. But the railways came in, in the main, from north and south, and for the last century London has grown fastest in these directions. The area of the London Passenger Transport Board to-day is half as wide again from north to south as from east to west. This is a peculiar development in a district where not only the chief river, but the hills, run in the main from east to west.

The internal transport of London grew up in the heyday of unregulated free competition. In transport (whatever may have been the consequences in other fields) the result was an inglorious muddle. The engineers who laid out the main-line railways had their eyes on distant destinations, and not on the proper lay-out of London, but the suburbs, nevertheless, grew along their lines. The omnibus could not go far afield until the advent of the petrol engine. But before that time the tram had its brief day—and the tram routes of London still clearly demarcate the built-up area in the early electrical age. The tram was succeeded by the "tube"—made possible in London, almost alone of metropolitan cities, because of the



clay soil. The tubes were built in an access of enthusiasm: except for the City and South London, all the tubes in Central London were opened within seven years. Had the promoters waited for experience, the tubes might never have been built, for though London invented the tube, it has never made it pay. Underground transport is recognised as a necessity for moving quickly the great crowds of a modern city. But if it is to charge the same fares as surface transport it must be subsidised.

This was one of the compelling arguments for unification, for in free competition the petrol bus can drive every other form of transport (save, perhaps, the suburban services of main-line railways) into bankruptcy. The other compelling argument is that even within each section of transport, the fat must pay for the lean. Profitable though the motor-bus is, a quarter of the route miles do not earn their keep, and if free competition is to be allowed, every competitor will be compelled to concentrate on the routes which do pay and to neglect the routes which do not.

For nearly four years now, the London Passenger Transport Board has been entrusted with a complete monopoly of all transport services within the area. The only exceptions to its monopoly are the services of the main-line railways, but though these are still owned and operated separately, their

receipts are pooled with those of the Board, so that there is a complete community of financial interest between all forms of passenger transport. The Board is interesting as an experiment in Socialism, carried through by a predominantly Conservative administration. But it is infinitely more interesting as an experiment in the economics of transport. It is clearly the logical conclusion of something; but the chain of logic does not originate in Karl Marx and pass through the theories of Fabianism, it originates in the hard facts of getting 10 million people to and from their homes, and it passes through the Common Fund, which, by permission of Parliament, was set up in 1915 between the tubes and the buses.

Like nearly all forms of planning in London, the L.P.T.B. comes too late. It has inherited a muddle of a century. The roads are frequently in the wrong places, but they cannot be altered, they can only be extended into virgin country in the effort to get traffic for their central tunnels. Even bus routes cannot be altered without an outcry. Most fundamental of all, the houses are in the wrong places. Though transport has grown up with housing and housing with transport, their marriage is one of uneasy incompatibility, and their progeny is not lovely.

In all probability, London is almost at the end of its period of expansion.

The future population of the country as a whole is known within limits of time and degree. For more than a century, London has been growing faster than Great Britain as a whole, and this tendency will probably continue. But a rising proportion of a falling population may mean stability in absolute numbers, and the indications are that the population of the Transport Area, now about 9,500,000, will never rise above 10,000,000. This does not mean that transport will not expand, for the Londoner will increase his average number of journeys per annum. Moreover, as he continues to move from the centre to the periphery, the length of his average journey will increase. Thus, passenger-journeys will increase faster than population, and passenger-miles faster than either. That this is happening can be shown by the following figures for the first three years of the Board's existence:—

12 months to June 30	Journeys per head of population	Receipts per head of population
1934 ...	430 ...	991d. ...
1935 ...	436 ...	1006d. ...
1936 ...	440 ...	1017d. ...
Increase since 1934 ...	0.3% ...	2.6% ...

Passenger-miles probably increased even more than receipts, since there was some reduction of fares. London Transport is thus still an expanding concern, which means that there will be funds for development. But the rate of expansion is extremely slow, and it must necessarily be mainly on the periphery, where the extra traffic can be obtained. And that, in turn, means that any radical reorganisation of passenger transport in the centre can be postponed to the Greek Kalends. To that statement there is one proviso. The transport of London is peculiar, not only for its planlessness, nor only for the fact that London, which of all the world's capitals has the narrowest streets, is also the most dependent upon omnibuses, but also for the fact that alone of all metropolitan transport systems it pays its way. Not only does it pay its way, it pays all the customary taxes and will shortly have to provide for the redemption of its capital. And if it fails for three consecutive years to pay a specified minimum dividend on its junior capital, it is liable to an application for receivership. If either the national or the local governments should ever decide that the social interest of London transport justified a subsidy, the outlook would be transformed. But without a subsidy, the Londoner will continue to spend a greater proportion both of his time and of his income on involuntary travel than any other of the world's workers.

Travel in bus or tram, or tube or train, is not, however, the only form of transport open to the Londoner. There are nearly half-a-million private cars in the London area, and perhaps two million bicycles. The enormous post-war increase in traffic on the roads found London completely unprepared. It is still unprepared. Much road con-

struction has been undertaken since 1918, but, as can be seen from the accompanying diagram, it has stopped short of the central area. In the inner County of London there has been less construction of new streets in the past two decades than in previous periods. One generation of Londoners could drive King William Street and Queen Victoria Street through the most congested and expensive areas of the City; a second generation could build the great Victoria Embankment; a third could plan Kingsway and Aldwych. But our own generation, with far greater need for broad boulevards, apparently finds the problem insoluble within five miles of Charing Cross. A plan is now in preparation; but there is no whisper of the finance for it.

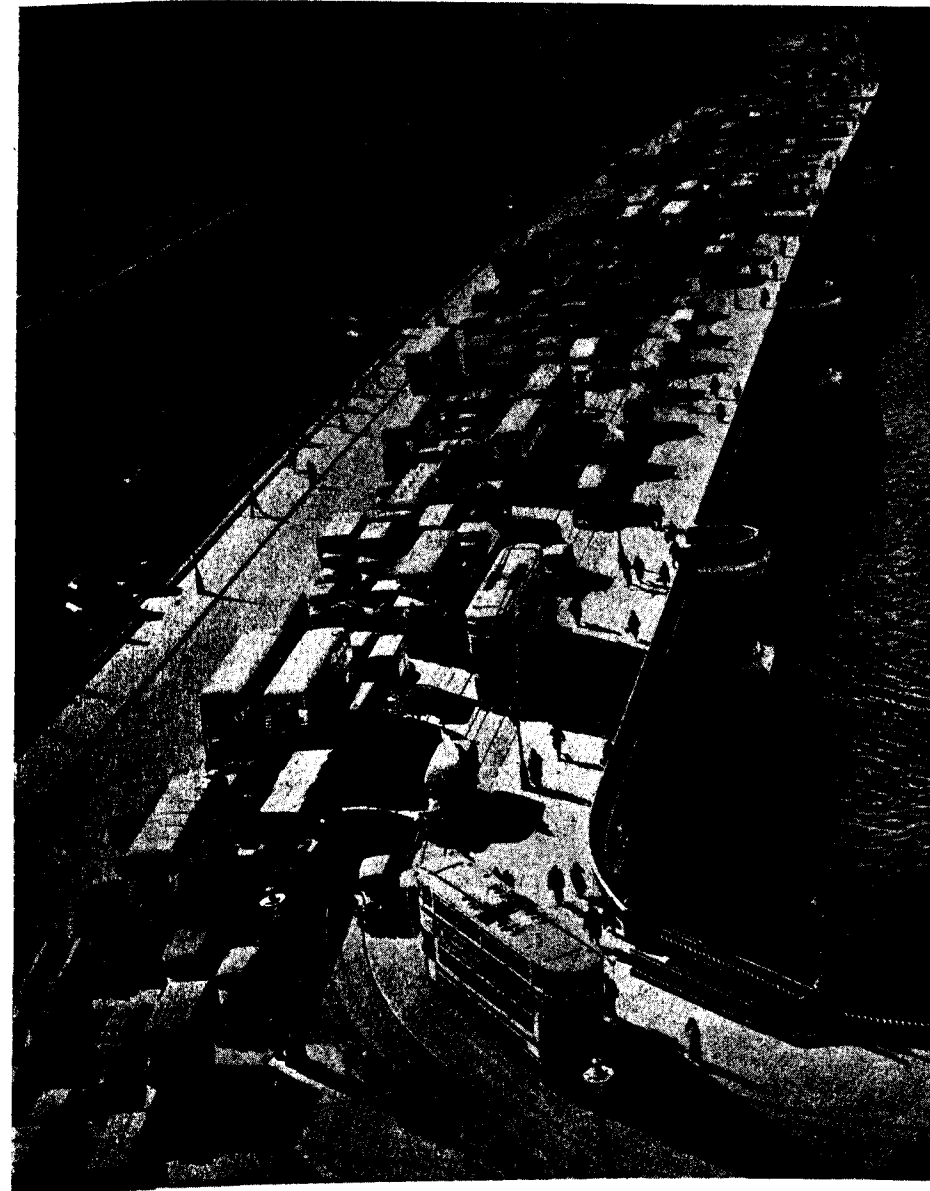
The main-line railways contribute more than their suburban traffics to London. Every day they pour a stream of visitors and an unimaginable mountain of goods into the metropolis. But they too are still running on a century-old plan, which was far from perfect when it was first evolved. There are only four railway companies now, but there are still fourteen termini. Nor are passengers the worst case: the chaos of London's goods transport is under the eye of all beholders in any street on any weekday.



For all this muddle it is difficult to ascribe blame. Even the Early Victorians, who had the greatest chance since the contemporaries of Wren to make a fine city of London, cannot be too severely chided for failing to

envisage the ten-million monster of to-day. But it is not merely unavoidable hardening of the arteries that is wrong to-day; for in the new dimension of the air there was a chance in our own generation to make an intelligent start. It can hardly be said to have been taken. Croydon, hitherto the main airport of London, is too far out to be convenient for passengers, and too close in to be convenient for pilots. Faced with the choice between nearer in or farther out, Imperial Airways are deliberately planning to go farther out to Lullingstone, in Kent, and to bring their passengers in by train. But it is not an ideal solution that the aeroplane of the twentieth century should be held at bay by the bricks and mortar of the nineteenth.

In every form of transport upon which we have touched in this brief review, we have found the same planlessness and the same costly muddle. In every form London has to go without the perfect for no better reason than that the imperfect came first and remains as a gigantic vested interest in the path of reconstruction.



Blackfriars Bridge—
and a transport problem.

Serving the Public

LONDON has grown too large—in the sense that local loyalty has almost died. Metropolitan Boroughs, to-day, do not stimulate local patriotism. The County Council is sometimes accused of sacrificing local needs to County welfare—and, even so, it represents only half London's residents. There is only a moderate exaggeration in the statement that neither Mansion House nor County Hall means more to the Londoner than an annual Lord Mayor's Show or a motor licence. True the Public Services Exhibition drew 140,000 visitors to London's County Hall during the nine days on which it was open in 1935; but the majority of Londoners remain ignorant of the measures which are being taken to protect and improve their life.

There are other reasons for this lack of interest. The Englishman's traditional love of liberty revolts against

government, so far as it means interference. Oliver Twist and Mr Pickwick in the debtors' prison live on in his mind as an indictment of official Bumbledom, which made a pauper's lot so tragic a century ago. Local government was founded to administer the poor law, and although the old system has been broken up and bereft of its workhouse taint, the public still associate the two.

Public services, too, have grown slowly and not spectacularly, especially in London, where, despite seven Royal Commissions in a century, a multitude of authorities continues to exist; public health and other powers have evolved mainly from the poor law only as they became essential. If victories are measured by the number slain, then Waterloo and Trafalgar are insignificant beside the passing of the public health legislation to reform the water and drainage systems, after the ravages

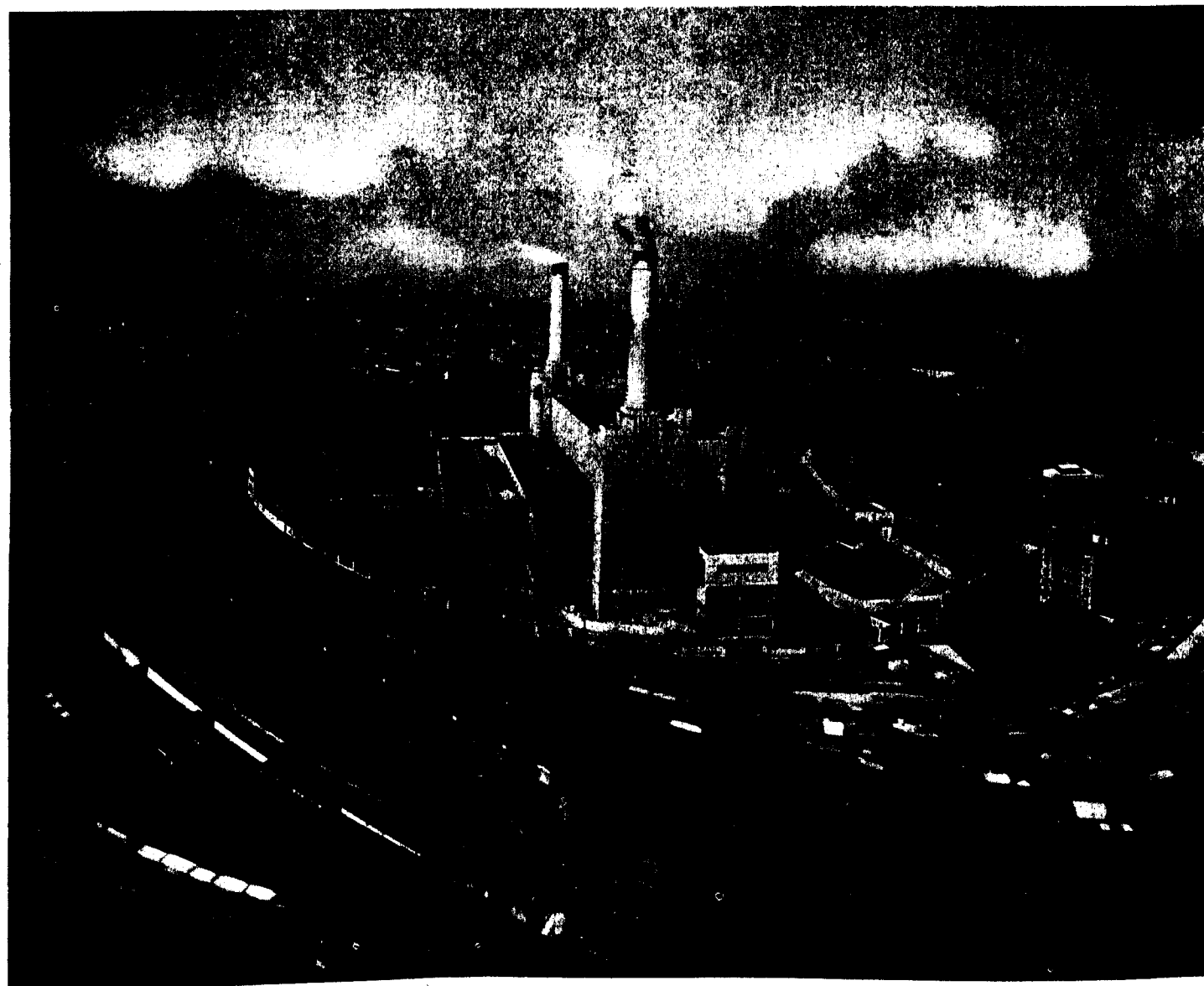
of cholera and other epidemics. Many battles have been fought to provide London with those services which are now accepted as a matter of course by the citizens they benefit.

What does the Londoner obtain, in public services, for his money? Where does the money go? In the chart on page 8, accompanying the article on "Public Finance," the answers are given in pictorial fashion. Here, we shall only describe some of London's public services.

One in every four Londoners begins his or her life in a municipal hospital; and here the results of the Local Government Act of 1929 have been almost revolutionary. Where there was formerly an institution, administered under the Poor Law Acts by the Board of Guardians, where pockets were emptied on entry and voting rights lost, there is now a municipal hospital—one of 33, totalling 19,037 beds,

BATTERSEA POWER STATION:

Supplied from railway and river, and housed in a striking example of the new architecture, one of London's public undertakings looks on the city it serves.

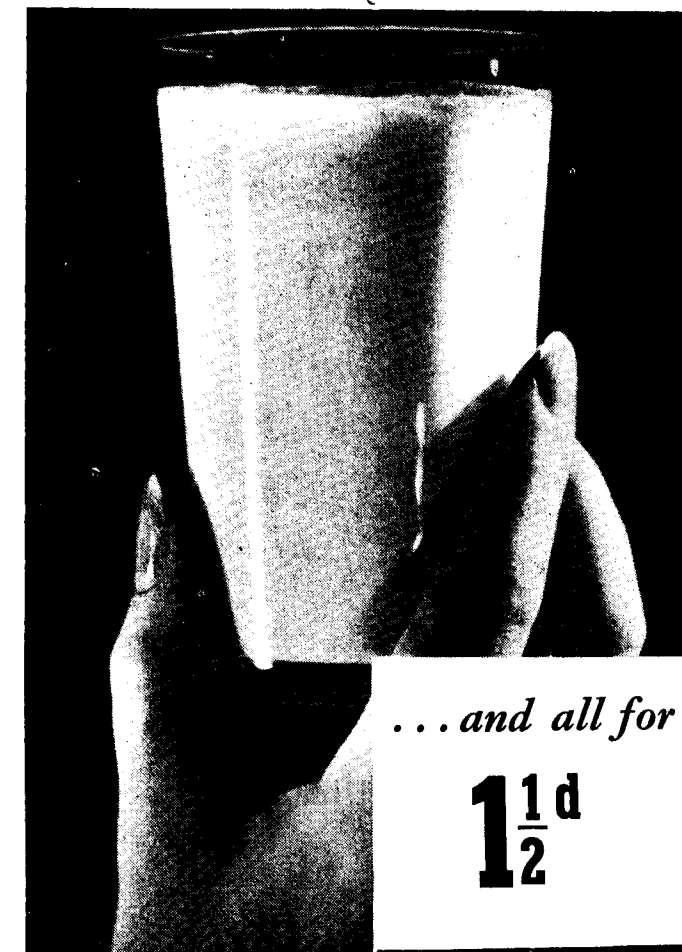


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THE P.L.A. SERVES no vested interests. A big preponderance of the Members of the Board are elected by those whose business depends upon an efficient Port. Although a Statutory Undertaking, the Port Authority is not comparable to a "holding company" or a mere consultative or supervisory Body. Nor should the idea persist that the P.L.A. is in any sense a "Government Department". The P.L.A. is a non-political independent Public Body and receives no subsidy either from the Government or any Municipal Authority.

PORT OF LONDON AUTHORITY

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How GAS is saving labour costs in Industry



In the area of The Gas Light and Coke Company alone, 22,500,000 therms of gas are sold annually to industry, and industry is increasing its order at the rate of 8% each year. Some 22,000 factories in this area, representing 1,000 trades, use gas for about 6,000 processes. Biscuits, gramophones, potato crisps, paint, swiss rolls, newspapers, radio sets—the range of products in the making of which gas plays a part is endless.

What are the reasons for this tremendous swing-over to gas? Perhaps the most important is its complete reliability—*Gas never lets the manufacturer down.* The reliability of a fuel is important enough in any industry: in an industry like newspaper production it is vital. And gas can be controlled automatically to give the exact amount of heat required at any given spot at any given moment.

Secondly, gas reduces labour costs by abolishing stoking and fuel- and ash-handling operations. And it saves the capital cost of storing fuel and ash.

Special Tariffs for Industry

An equally important reason for the rapid increase in industrial gas consumption lies in the special 'block' rates offered to manufacturers, by which the cost of gas decreases as consumption increases. More and more customers are transferred to 'block' rates each year.

This silent industrial revolution is causing a no less great social revolution. The atmosphere of manufacturing districts is clearing, thanks to the smokelessness of gas. If the change-over continues at its present rate, the towns and cities will soon be working in practically country conditions.

THE GAS LIGHT & COKE COMPANY
never lets London down
 HEAD OFFICE: HORSEFERRY ROAD, WESTMINSTER, S.W.1

centrally controlled by the London County Council. A municipal hospital service has been created, which dwarfs the 105 voluntary hospitals with their 15,312 beds; for in addition to the general hospitals of the Council are special hospitals for infectious diseases, tuberculosis, mental disorder and defect, children's hospitals and homes, and institutions for the aged and chronic sick. These house a total of no less than 92,000 persons. Only seven years have elapsed since the transformation. But centralisation, standardisation and specialisation have already made great economies possible. The average weekly cost per person in the municipal hospitals is £3 10s., compared with £4 10s. in the voluntary hospitals. It has also brought about far-reaching improvements in medical treatment and staff conditions. Lambeth Hospital contains deep X-ray and radium treatment apparatus unsurpassed in the country.

After birth, the infant Londoner and his mother may attend, if they wish, a maternity and child welfare clinic or a day nursery. The effect of the establishment of these services, after 1918, can be read in the infant mortality rate, which fell from 108 per thousand births in 1918 to 58 in 1935. Nursery schools also date from 1918, and the generation which has so far benefited from them has yet to reach manhood.

Education, administered by the County Council—which aids financially and supervises schools provided by voluntary organisations—takes children on journeys abroad and on visits to places of importance. It awakens their interest by wireless, gramophone and cinema performances. Organised games, on green grass, are replacing the shouting horde on the tar-paved playground. As a result of the institution of medical inspections and treatment centres, health and hygiene have enormously improved. Since 1921, milk, cod-liver oil and meals have been

provided for London's schoolchildren. In March, 1935, 28,898 children were receiving these free, and 17,859 obtained them for full or part payment. Care committees have been established, with the help of over 5,000 voluntary members. All these measures ensure that every child, whatever its home conditions may be, is given an opportunity to derive the best advantage from education, both during and after school days. Few cities have such fine facilities as London for continued education. Polytechnics, schools of art, literary and technical institutes attract young and old of every class.

The borough authorities help the Londoner to spend his leisure hours pleasantly and profitably. They have provided him with 102 free libraries (having a stock of 2½ million books) and 53 swimming baths, attended by over 7,000,000 bathers a year. They lighten his rates by making a profit from markets; but they run their burial grounds at a loss. Sixteen of the twenty-eight boroughs also distribute electricity, and obtain therefrom a surplus of over £200,000 a year. In the main, however, electricity is supplied by companies—fourteen in number. One of these has the lease of nine others. It generated, in 1934, 1,582 million units—nearly three times the combined output of the boroughs. Profits, however, are limited by law, and a proportion of annual surplus must be remitted to consumers by way of lower prices. This applies both to electricity and to gas companies. London's gas supply is not under municipal control, as in the majority of northern cities, but is provided by five companies, two north and three south of the river. Water is paid for, not according to consumption—except in the case of certain large metered supplies—but by a tax on the value of property. It is the only supply service completely under municipal control. The Water Board bought out eight

companies in 1902, at a price greater than the cost of all subsequent capital expenditure. The magnitude of the price, indeed, remains one of the reasons for the fact that to-day 4d. in every 1s. of water rate represents debt charges. But, for all that, the charge is not excessive.

London's drainage is hardly a romantic subject. It functions without either breakdown or publicity, and few Londoners know that 400 miles of mains, sufficient to reach from London to Glasgow, lie beneath their streets. Some of these are large enough to take a horse-cart, and in rainy weather more than 400 million gallons a day pass through the two main outfalls into the Thames. The County Council administers the main drainage for an area extending beyond the county.

It also undertakes many other protective services. It tests the petrol pumps, weights and measures in shops and on stalls, and bags of coal in the street. Its Fire Brigade and Ambulance service are at everyone's beck and call. Entertainments are licensed and inspected, not only by the Council but also by the police. This latter service is not municipal—as it is in the rest of England—but is under the control of the Home Office, except in the square mile of the City of London.

Londoners may grumble at their rates, but they provide all these services and many more, such as roads (with pedestrian crossings), bridges, ferries, street lighting and housing. On fields of activity formerly left to private enterprise and charity, like midwifery and the care of the blind, new municipal services are being built. The County Council has planned parks, golf courses, tennis lawns, sports tracks and open-air swimming baths. The day may be at hand when it will organise the Londoner's leisure, and care for him, working and playing, as it now cares for the suffering and the unfortunate.

The Port of London

THE port of London, for more than a century the largest in the world, is the traditional source of the riches which distinguish the City: those of the merchants, bankers, guilds and companies whose activities centred upon the Royal Exchange. Once, London river was as much the City's highway as it was that of the country's trade. To-day, though the Londoner seldom looks at his river—except perhaps when passing over London Bridge to or from work—it is still the greatest commercial fairway in the Western world; and the volume and value of the merchandise it bears is greater than at any other time. The port of London is still making new records; for it remains the largest transshipment port in the world, and it supplies and provisions one of the densest populations of any industrial area in the world. Within a radius of

one hundred miles around London are more than a half of the population in the United Kingdom, together with the industrial undertakings that employ them.

A century ago, the few docks, built by individual companies, were being rapidly extended. But, owing to the liberties of lightermen to ply freely in all docks, and to the coming of the railways, the dock companies in the second half of the century began to lose their remunerative warehousing business; nor could they recoup themselves by increasing their dock dues accordingly, for that would have meant inviting shippers to unload into lighters, and the wharfingers would have waxed fat at the dock companies' expense. Between 1850 and 1900 every dock company borrowed money and built new docks, e.g. the Royal Victoria and

Albert docks; but they simply cut each other's throats. In 1900 they applied for powers to levy a toll on Thames barges. Parliament set up a Royal Commission to examine both the complaints and the countercharges that the docks were ill-equipped. The Commission's recommendations raised a storm; but finally, in 1907-08, Mr Lloyd George, then President of the Board of Trade, set up the Port of London Authority, and the dock companies were merged in one of the first of Britain's great public corporations, at a cost of about £23 millions. The P.L.A. promptly set to work to dredge, extend, and construct; and to-day, after a generation, the port of London is managed as one concern, with the most up-to-date facilities, with 46 miles of quayage, 60 per cent. more shipping capacity than in 1909, over 1,500 cranes compared with 970, and a

total area in its possession of some seven square miles compared with only 4½ in 1909. The P.L.A. spends about £4,000,000 every year on running expenses, improvements, etc., in addition to about £1.6 millions which it must pay as interest and sinking fund charges. Its total revenue of about the same total figure is composed of about £1.5 millions from charges on ships, £3.1 millions from charges upon goods, and £1.1 millions of "other revenue." It has no shareholders; has only to cover costs and interest; and its efficiency is therefore reflected in lower charges.

The following figures show how the volume of shipping using the port has increased since 1909:—

Year	No. of Ships	Net Registered Tons (millions)		
		From and to other Countries	Coastwise	Total
1909	53,306	23.6	14.9	38.5
1913	50,941	25.1	15.0	40.1
1924	46,957	32.6	12.8	45.4
1929	55,820	41.5	14.9	56.4
1932	51,209	38.0	15.9	53.9
1934	60,057	41.0	17.9	58.9
1935	59,175	41.3	18.5	59.8
1936	61,141	42.5	19.7	62.2

If the values of imports into and exports from London are corrected for changes in the price level—a necessary corrective over so varied a period—it will be discovered that, with the exception only of the war years, the value and volume of imports rose steadily. The corrected value of imports rose from a base of 100 in 1870 to 440 in 1930; thereafter it declined, but has since risen to almost that peak figure. The absolute values of imports in sterling reached a peak in 1920 (£640 millions), fell just short of £500 millions in 1925,

fell below £300 millions in 1932, and are now running at about £370 millions. On the export side, the corrected index of exports rises much more slowly since 1870; it reached 185 in 1913, fell below 100 in 1918, rose to just below 200 in 1929, and then fell to 140. It is now climbing back to the 175 mark. In absolute values, exports from London reached their peak in 1925 at just under £250 millions, from which they fell to £120 millions in 1932, and are now running at about £150 millions.

One of the most interesting developments in London's port is the great and growing increase during the post-war years of coastwise traffic. From the days—six centuries ago—when the "Newcastle Vend" used to ship London's coal down the coast, the coastwise trade has had peculiar importance for London. But with the development of railways and road transport, it is interesting to observe that this trade has increased, and is still increasing, faster than the ocean-borne commerce. It may indicate once more the truth that, for many purposes, water-borne cargo is the cheapest form of transport. The advent of the small, efficient, and cheaply run coastal ship—motor or steam—may explain the increase in coastal tonnage, filching freight from the larger vessels. As this coastal trade continues to expand, it argues that both road and rail transport charges, at least to and from the metropolis, are so high as to encourage traffic by the oldest and cheapest route of all.

But London's dock and harbour facilities extend far beyond mere shipping. The P.L.A. has giant warehouses capable of storing over 1,000,000 tons of produce, some of which form rail-heads for goods trains. The Authority's

cold-storage warehouse at Royal Albert Dock cost over £500,000—all for the chilled and frozen meat of millions of people in the South of England. In the warehouses near the West and East India Docks, St. Katharine's, London, and Surrey docks—the oldest of all, haunted by ghosts of highwaymen and eighteenth-century "mudlarks"—are to be found England's tea, spices, spirits, cigars, and tobacco, fine timber, carpets, coffee, rum. Round the newer docks downstream—the Royal Victoria and Albert, and King George V (shown below)—are the big grain and flour stores, meat warehouses, etc.

By value, tea is the chief item of import, at about £35 millions in 1929 and £30 millions to-day. Next come butter (£24 millions in 1929, £17 millions in 1934); chilled beef (£21-£13 millions); frozen mutton and lamb (£14-£13 millions); bacon (£12-£10 millions); wool (£28-£18 millions); timber (£15-£13 millions); fruit, fresh and dried (£17 millions); wheat and corn (£19-£11 millions); sugar (£10-£7 millions); rubber (£13-£9 millions); and a host of lesser commodities such as cheese, leather, oils, tobacco (most goes to other English ports), toys, machinery, metals, skins and furs, paper, wines, etc. From the docks and their ancillary warehouses, these goods find their way, by road and rail and even by barges, to the trades which improve them for retail distribution, or to the big wholesale marketers in the Borough, Smithfield, Mincing Lane, Covent Garden, Basinghall Street, etc. Through the market operations, they are hauled to places even hundreds of miles from the metropolis—naturally, the more centralised the national market in London (as, e.g.

the wool market) the greater the transport and handling operations through London.

On the export side, London sends abroad mainly cotton and woollen textiles, automobiles and motor cycles (the greatest item of export by value!), machinery of all kinds, paper, and a vast number of specialised manufactured articles. Britain's very important re-export trade, amounting to some

£60 millions in a year, must not be forgotten. It brings in a considerable income to the merchants, bankers, shippers, insurers and warehousemen of London, including the P.L.A.; and, especially in this context, the huge bonded warehouses play an important part.

The port of London has grown from a few tiny dock-quays under the shadow of the Tower to vast basins which inter-

lace every bend in the river, from the Pool below Tower Bridge, as far as Tilbury. Despite railway, motor lorry, and aeroplane, the largest capital in the world and its densely crowded hinterland depend for the bulk of their work and sustenance upon the goods which British ships bring up the narrow seas and the Thames. As the new record figures of the port show, that dependence is still growing.



GRESHAM'S ROYAL EXCHANGE

After a contemporary engraving by Wenceslas Hollar.

Exchanges and Markets

IN one sense—and a very true sense—London is one vast market. It has never, until very recent years, been an industrial centre, and the Government, even of an Empire, absorbs relatively few of the eight or ten million Londoners. London lives or dies by trade. Nor is it merely her own trade. London has always been the entry-port—and the exit-port—for England. But nowadays she is much more than that; she is a counting-house for the whole world. The share of world trade that is financed and ordered from London has shrunk. But in many commodities the island market of Great Britain is the only free market still remaining, and world prices are still determined in the markets and exchanges of the City.

There is a distinction between a market and an exchange, though it is neither very easy nor very profitable to

draw it. A market, by definition, is an open and visible place for trade, where goods can be seen and handled, bought and sold, where the seller sets up his booth and waits for the buyers to resort to him. An exchange is closed and formalised; goods are bought on sample, or sight unseen; there are no rigidly-distinguished buyers and sellers, but only traders who may buy one minute and sell the next; trading is frequently formalised within rules; and much of the trading is speculative. These are the definitions; but they are not very dogmatically applied. Markets can be as formalised as the Money Market, as invisible as the market in foreign currency, as speculative as the new issue market. Some of the Exchanges, on the other hand, such as the Corn Exchange, are merely markets under cover. There is, in short, an

infinite gradation from the ecclesiastical ritualism of the Metal Exchange to the informality of Petticoat Lane.

From the earliest times it was doubtless convenient for the sellers of one commodity to congregate together, and many of the old street names (Cornhill or Bread Street) suggest this habit. The custom lingers, for without any formal initiative being taken, trades tend to cluster together, like the diamond merchants in Hatton Garden, the book-sellers in Charing Cross Road, and the furniture stores in Tottenham Court Road. Even the newer trades exhibit the same gregariousness, for the motor-car showrooms are thickest in Great Portland Street, the dealers in electrical appliances in Newman Street, or the cinema firms in Wardour Street. The birth of a market is merely the provision of a permanent location for one of

these spontaneous trading congregations and as often as not the impetus is nothing more than the congestion of street-trading.

Naturally enough, the main markets of London are concerned with food. Some of these markets are familiar by name to all men. Billingsgate, for example, has been a fish market for a thousand years. Smithfield used to be even better known than it is, for it used to be the site of the great Bartholomew Fair. Covent Garden is perhaps the best-known of all (what other city would litter cabbage-stalks on the steps of its Royal Opera House?). But these are only the most famous of a long list. These three, in particular, are the centres of wholesale distribution of perishable foodstuffs. Every day, the retail fishmongers, butchers and green-grocers of the whole vast London area come to them to buy and take away their purchases. Their location is purely traditional; it is certainly not dictated by considerations of convenience. Of the three, only Smithfield is on the railway. All three are in crowded areas, and though the fact that their heaviest trade is done in the small hours of the morning lessens the transport inconveniences, it does not by any means remove them. Smithfield used to be a cattle market as well as a meat market; but the inconvenience of cattle in the streets led the City Corporation to provide the new Metropolitan Cattle Market (known to many in another connection as the Caledonian Market) at Islington in 1868.

The City Corporation owns other markets, notably Leadenhall Market, which is the centre for poultry, and Spitalfields Market (where the London Fruit Exchange, built for the sale by auction of large supplies of imported fruit, was opened in 1929). Other

markets, formal and informal, have grown up round the railway termini, and of these the King's Cross market—the chief centre for potatoes, celery, green peas and rhubarb—is perhaps the most important. The list could be extended indefinitely. Almost every foodstuff that is consumed in London has its local market, even the new and growing markets in canned goods centred in Tooley Street and Eastcheap. There is, indeed, one important foodstuff which does not have a market in this sense—namely, milk. London is incomparably the largest consuming centre for milk in the country, and the attraction its purchasing power exerted on the dairy-farming industry was not the least of the reasons that called the Milk Marketing Board into existence. The ten milk carts entering a single street used to be the stock Socialist example of the wastes of competition. Their place has been taken, so far as London is concerned, by the laundry vans; but though a large part of London's milk supply is in the hands of a few large concerns, the small independent still survives vigorously, and the organisation by which milk appears on the doorstep twice a day is no less admirable a piece of commercial machinery because it is not accompanied by the bustle of a great public market.

Compared with Billingsgate or Covent Garden, the Exchanges of the City are dignified and lordly places. Most of them are the children of the Royal Exchange. The founding of the Royal Exchange was Sir Thomas Gresham's doing; it is his concrete monument as Gresham's Law is his contribution to the science of monetary economics. He had seen the continental Bourses, especially that at Antwerp, and his design betrayed its Flemish parent in

every dormer window of the high-pitched roof. It was in 1571 that Queen Elizabeth visited the new building and "caused the same bourse by an herald and a trumpet to be proclaimed the Royal Exchange, and so to be called from thenceforth and not otherwise." The Royal Exchange has been twice burnt down and twice rebuilt, and it now bears on its pediment the name of Victoria as well as of Elizabeth. But it has never changed its location, and though its usefulness is now symbolic rather than practical, it is still the centre of commercial London.

The Exchange, at first, was merely a meeting place for merchants, a glorified Market Hall, and in its different "Walks" all manner of trades were pursued and bargains driven. As the volume of business grew, however, and as each trade crystallised into its own formal Exchange, the children of the Royal Exchange left home and set up houses of their own. The boisterous stockholders were expelled; but the others left voluntarily. Lloyd's, which is only a step-child, since it was born in Lloyd's coffee-house in Tower Street and migrated to the Royal Exchange only in 1774, was the last to leave in 1928. Lloyd's is the link between the Exchanges of the Greshamian tradition and those even more spontaneous bodies, such as the Baltic or the Corn Exchange, which grew out of some coffee-house or tavern patronised by members of a single trade. It is doubtful whether the adventurer knights of Queen Elizabeth or the humble coffee-housekeepers of the Restoration performed the larger service for London's greatness.

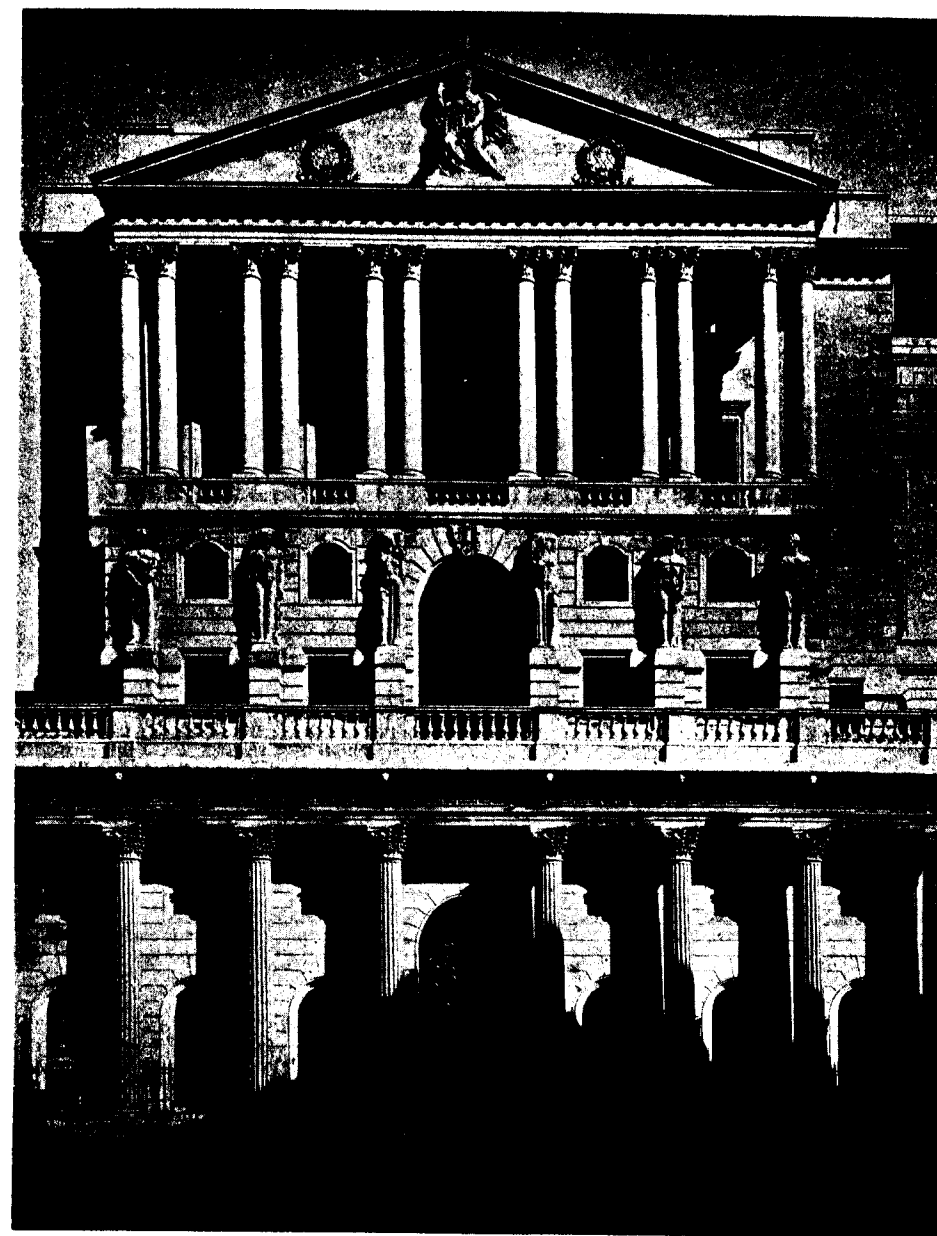
The Exchanges of the City differ widely in their methods. The Metal Exchange is an almost perfect example of the formal market. It deals in four metals only—copper, tin, spelter and lead. Its membership is limited to forty Ring Members, who may deal in only one metal at a time and then only for a limited number of minutes. No metal is ever seen, in its precincts; the great majority of transactions are for future delivery and many of them are speculative in the sense that actual delivery is not expected to be taken. The Rubber Exchange is another example of highly formalised organisation, the members being arranged in three categories according as they are Importers, Brokers or Dealers. As a contrast, the Coal or Corn Exchanges can be cited. The Coal Exchange is little more than a convenient meeting-place for the merchants; the Corn Exchange displays the samples of its stallholders' wares.

The Baltic is in a class by itself. To the laymen it is the least known of all the Exchanges, since its title conveys little or nothing of its business. Within the last few weeks its Chairman was listed, at a dinner intended to be representative of all phases of British industry and commerce, under the rubric "Stock Exchanges." The Baltic deals in many things, but stocks and shares are not among them. Its main business is in the chartering of ships, though it

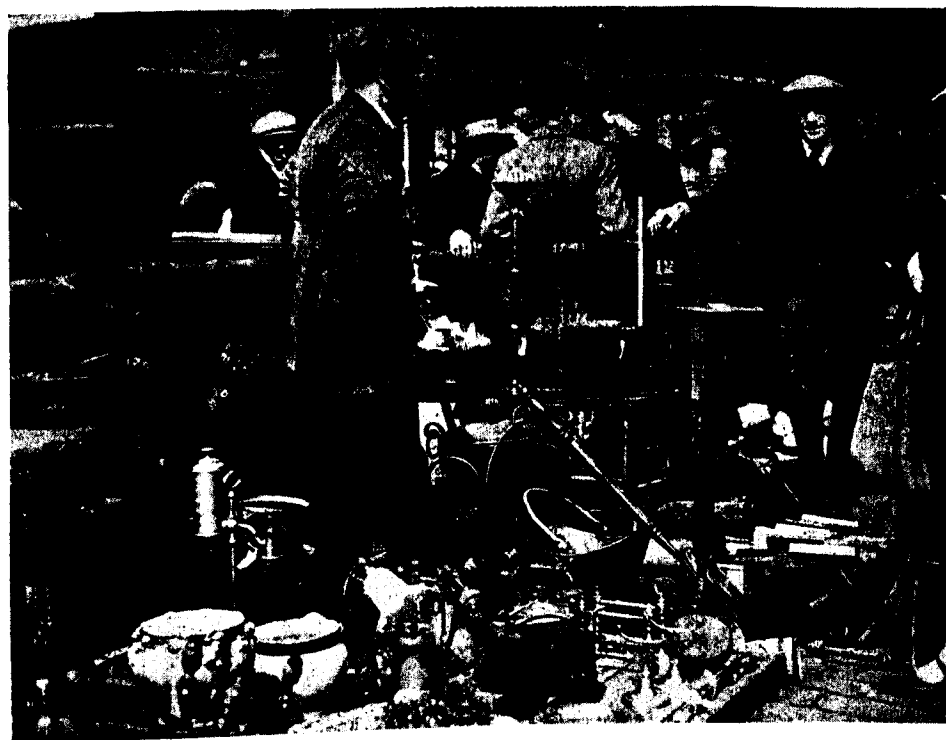
has an extensive business in grain besides. Its name is reminiscent of one of the taverns frequented by seagoing folk. The "Virginia and Maryland" was originally in Leadenhall Street, but it changed its name to the "Virginia and Baltick," when it removed to Threadneedle Street in 1744. As recently as 1900 the Baltic amalgamated with the London Shipping Exchange, itself descended from the Jerusalem coffee-house, whose name it had kept until 1891. To-day, the Baltic has no more to do with the Baltic Sea than with any other stretch of salt water, but the retention of the name is one of those happy conceits with which mercantile London delights to honour its origins.

Finally, no review of the Exchanges of London would be complete without a mention of the London Commercial Sale Rooms in Mincing Lane. There is no restriction here to one commodity, or one group of related commodities; Mincing Lane embraces commodities as various as rice and ivory, hemp and pepper, shellac and mother-of-pearl. The most important markets, however, are in tea, coffee, cocoa and sugar; each has its own rules and methods of sale.

There are many markets in London other than those here mentioned. It has been impossible even to list such important centres as the Wool Exchange, the Iron and Steel Exchange, or the fur auctions of the Hudson's Bay Company. There is, in fact, no end to the list of London's markets, as new ones are rising year by year. Few of them are rising year by year. Few of them out to the passer-by. Many of the most important Exchanges, indeed, seem deliberately to shrink from the public eye. But in these obscure chambers of specialised trade the enquiring visitor can observe the pulse-beats of London.



The New Lady of Threadneedle Street.



Caledonian Market, where one can buy junk, curios—or furnish a home

Banking and Finance

WITHIN a circle, about a quarter of a mile in radius, round the Mansion House, the central part of the City of London is largely given over to banking and its kindred activities. Here the visitor will see the palatial head offices of the leading British banks towering to the sky, and giving a vivid impression of wealth, stability and security. For other phases of banking he will search in vain. He will find no building housing the money or discount market, none housing the foreign exchange market. Even the Bankers' Clearing House, focus of the circulation of money all over the country, will remain undiscovered by him unless he knows just where to search for it.

Security, stability, conservatism. These are the attributes which most people would attach to British banking to-day, and in many ways they would

be right. Yet there is one attribute which is even more important, though it largely escapes notice—like many of the market's own institutions. That attribute is evolution. Ever since the days of the gold-smiths, the first of the British bankers, the industry has been steadily developing. Contrast the modern bank building with the dark, noisome cubby-holes described by Dickens in *The Tale of Two Cities*, or even with the Victorian rabbit-warrens of barely a generation ago. Mingle with the staff and see how the ledger-clerk with his quill pen has given place to the typist and the calculating machine. Contrast, as some people are doing to-day, the old hand-written pass-book with the modern machine-typed statement, which automatically relapses into red ink so soon as one's account becomes overdrawn! All these are the

outward signs of the evolution of British banking.

The structure and conduct of banking have undergone even more fundamental changes. The early part of last century was the hey-day of the private banker, both in town and in the country; with his right of note issue, with his few accounts kept only by the wealthy, and with his portfolio stuffed with bills financing home trade. In those days, the Bank of England was mainly a commercial bank, *primus inter pares*. Then came the growth of the joint-stock bank and, equally important, the substitution of cheques for notes and gold as the main medium of currency. The inland bill gradually dropped out of use as bank deposits grew, and with them the power of the bankers to finance trade by loans. Simultaneously, international trade and

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finance were growing, with London as their centre, and the London banker and bill-broker came to deal in bills financing trade all over the world; while the London accepting house gave its own name as guarantor that the bill would be met.

Another generation passed, and the day of the small independent bank passed also. One by one, the small banks, both London and country, joint-stock and private, either coalesced or were absorbed. To-day there are only five very large banks, and only eleven members of the bankers' clearing house. Gradually the Bank of England has changed into a central or bankers' bank. Meanwhile, as the British banks grew in size and diminished in number, London was enriched by the establishment of offices of the leading Empire and foreign banks. The war, and the troubled years that followed, brought a fresh set of changes. Gold disappeared; paper took its place, was abused and was finally brought under control. International trade dwindled in volume, and the commercial bill gave way to the Treasury bill. Currencies lost their stability, and so British bankers had to enter the foreign exchange market and take their place with the accepting houses and foreign bankers. The pound itself left gold, and British Ministers and the British nation learned that money and banking had become a matter of public concern. And so we reach the present day.

Let us look at some of the less familiar branches of the banking industry. Walk one hundred yards from the Mansion House into the head office of one of the "big five" British banks. If he is allowed to penetrate so far, the visitor may find a whole floor of the



"A.I.
AT LLOYD'S"

The imposing entrance to the new home of the Lloyd's underwriter.

enormous building given over to a mysterious process known as "country clearing." On that floor, payments are transmitted from bank to bank on behalf of customers scattered all over the country. Another block of rooms is given over to the Advance Department. Here the applications for loans too large to be dealt with on the spot come up for examination and approval from all over the country. Let us go over the road to the Foreign Branch. Here, we

find men apparently speaking on several telephones at once, and playing with a complicated keyboard of press-buttons. They are buying and selling money all over the world. Others—the foreign exchange brokers—are playing the same game in offices in back streets and remote courts, all linked together by telephone; for the foreign exchange market is now a telephone market. The visitor who looks for the money market will not find it, but may light upon a room in a bank head office in which two men lend thousands of pounds at a time with little more than a nod of the head, or a word on the telephone. He will also find the Discount Houses, where bills are bought and sold, and he may find the bill-brokers (if they are at home) in their offices tucked away all over the City. London banking, in short, is the machine for causing money to circulate, and for mobilising and supplying credit all over the country and, indeed, over a large part of the world. The surplus credit it undertakes to employ itself—to-day largely in taking up the Government's Treasury bills. Banking, however, is not only a City of London institution. In the City it is the focus of a national and world-wide service, and it draws on the nation and the world for its income and its support.

For many years bankers worked unchecked. The public saw that the system worked well and were content not to penetrate its mysteries. Imperceptibly, however, during the last five years, the centre of control has moved from the City towards Whitehall. The Bank of England no longer dominates the Government and the Treasury in monetary affairs, but while co-operation between the Bank and Treasury is as close and cordial as ever, control has passed to Westminster and White-

THE LUTINE BELL



The interior at Lloyd's, showing the Lutine bell hanging over the rostrum. It is rung before announcing a wreck at sea.

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hall. The Government defines the policy of the Exchange Equalisation Account, which now holds much of the country's gold, and controls both the foreign exchanges and, indirectly, credit conditions at home. Public Departments with their big holdings of Government stock exercise a profound effect on the gilt-edged market. Foreign lending, the former main-spring of British finance, is now controlled by a Government committee. Last, but not least, the supply of bank cash, the ultimate determinant of the supply of credit, is no longer automatically determined by the size of our gold supplies. Instead, it

is largely what monetary policy likes to make it. Bankers can still decide how and when to lend, but monetary policy ultimately fixes the amount they can lend in the aggregate.

And so the evolution of British banking continues. The system itself remains strong. Perhaps it is stronger than ever before, for bankers have learned to take a less specialised view of their duties. The reign of King George V saw great changes. We do not know what the new reign holds for British banking, but we can at least be assured that it will maintain its strength and power to serve the nation.

**The Joint-Stock
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WHENEVER one is asked to complete the attached proposal form, or to send 6d. for a trial bottle, or to forward 20 per cent. on application and the remainder on allotment, it is all Lombard Street to a china orange that the address is in London, in the East Central postal district. To thread the maze of floors and passages in any one of the many "Houses," within a half-mile radius of the Bank of England, which borrow their names from peers and famous statesmen—Winchester, Salisbury, Palmerston *et al.*—is to feel that almost every company in England might well have an office there.

Many factors have combined to make London the headquarters of British company promotion, organisation and administration, and the creator of a body of company law which has served as a model for most other countries. The first of these is undoubtedly the fact that London, as a capital city and a port, has always been primarily interested in commerce rather than in industry; for the peculiar services which company administration demands are those pertaining to trade rather than to production. The birth of even the smallest company is a complex process,

and its midwifery calls for precisely the type of team collected by the Bellman, which

... included a Boots,

A maker of Bonnets and Hoods;

A Barrister brought to decide their disputes,

And a Broker to value their goods."

If we add to the list bankers, solicitors, consulting engineers, valuers, accountants, stockbrokers, printers, advertising agents, issuing houses, insurers, Board of Trade officials and others, it will be apparent why London, which was a capital city for centuries before joint-stock companies emerged, remains the clearing house of all the talents on which a company must continually draw.

Long before the functions of this modern cloud of witnesses had been clearly differentiated, however, joint-stock enterprise was drawn to London by two even more indispensable institutions—the Court and the Courts. The earliest joint-stock ventures were all chartered companies, and the grant of a charter is the exclusive privilege of the Crown. Royal favour established the Merchant Adventurers of England at the end of the fourteenth century, the East India Company at the end of the

sixteenth, the Company of Adventurers of England Trading into Hudson's Bay (over which, for a time, the great Marlborough successfully presided) and the Bank of England, in the seventeenth. The notorious South Sea Company was a chartered concern. Before the foundation, however, of the more modern companies of this type, the entire outlook had been changed by the Industrial Revolution and the triumph of the democratic principle in Britain. The one demanded the aggregation of immense sums of capital and the other decreed the manner of its accumulation. If the entire country were to become a catchment area, draining innumerable small springs and rivulets into capital reservoirs, it was essential first that the small investor should be able to limit his risk. The impressive body of legislation passed in three decades after the Reform Act of 1832, secured this *desideratum*. The vast amounts expended on the construction of British railways were secured by granting the benefits of limited liability—under which a shareholder could lose the amount of his shares, and no more—to companies established under special Acts of Parliament. Even to-day, companies organised to carry out certain public services whose provision involves quasi-monopoly and impinges on the rights of the King's subjects, are subject to special legislation. But to the great mass of ordinary trading companies the indispensable privilege of limited liability was secured blanketwise by the Companies Act of 1862. Subsequent Companies Acts, down to the extending and consolidating measure of 1929, have modified many details in the light of experience, but limited liability remains the foundation-stone of the law. Meanwhile, the aggregate number of companies registered in England alone has risen from 704 in 1863 to 128,737 in 1935, and their total paid-up capital in 1935 (excluding debentures) was £5,212,685,614.

The capital drainage system has clearly functioned with success. An institution which has played an indispensable part in this result has been the Stock Exchange, which has provided a ready market for capital ownership. The London Stock Exchange is a private club, which, in the eighteenth century, had a coffee-house embryo. Its control is divided between two bodies,

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the Managers and the Committee, who do not always see eye to eye on all things. No one knows the value of the securities which change hands on the Stock Exchange, or even how many transactions are carried through in a single day. It is not obligatory on members to "mark" their "bargains," and no more than three "markings" at the same price are published in the Stock Exchange Official List on the same day. Members are not allowed to advertise, and a client who sought his stockbroker on the floor of the House would be expelled by a fifth-form mob. These conditions seem petty and unbusinesslike; but somehow it works. In times of trial the Stock Exchange's members develop decisive moral and financial solidarity. And, at all times, its guiding principle is the investor's cornerstone—the sanctity of contracts. A bargain, on the Stock Exchange, is a bargain.

Westminster, the Law Courts and the Stock Exchange together have undoubtedly succeeded in tapping the

springs of industrial capital. A recent investigation showed that a great company like Imperial Chemical Industries had its total ordinary capital, which stood (at the time of the investigation) at £43½ millions, divided among as many as 125,000 shareholders; and that 95 per cent. of the total shareholders held less than 1,000 shares each, while 64 per cent. of them actually had less than 200 shares. Another great company, Imperial Tobacco, had an ordinary capital of £37½ millions, divided among 95,000 shareholders, 96 per cent. of whom had less than 1,000 shares each, while 75 per cent. had less than 200 each. These figures are representative of the great majority of British joint-stock companies. But the ideal of a shareholders' democracy has never been reached; for the more widely diffused capital ownership has become, the less have shareholders been able and willing to mobilise their scattered powers of joint control. That the system, in other ways, is far from perfect is evi-

denced by the ability of the bucket-shop to secure the investor's money to a total which the Board of Trade has recently estimated at £5,000,000 a year. In a world of strident publicity, there are disadvantages in doing good by stealth, and the time may come when the London Stock Exchange may have to reconsider its policy of eschewing publicity. And, perhaps, a Stock Exchange Charter is not so far off as some imagine. It is time, too, that the lawyers were bestirring themselves over the question of a fresh amendment to the Companies Act, to cope with abuses which have increased with the recent rapid development of the holding company.

On the whole, the system which London has done so much to develop is soundly based, and works satisfactorily year in and year out. But the fact that its abuses cost industry and the investor very little in proportion to the total capital at stake is no argument for evading any effort to eliminate them. Much has been done, but much remains to do.

The Universal Insurer

FOR centuries the City of London has been closely connected with insurance. Two of the most active offices in the world began their great careers there in the hurly-burly of the South Sea Bubble and for many years the monopoly of marine underwriting, which belonged to Lloyd's and these two South Sea Bubble companies, tended to concentrate marine insurance in the City. But in fire and life insurance there has never been a monopoly, and the business has always been carried on in other parts of the country as well as in London. Edinburgh, with her distinguished output of actuaries, has kept for herself a leading place in life insurance; in fire and other types of business, Liverpool has long boasted itself the home of great institutions, and other smaller towns—Norwich, Kendal, Perth, Stratford-on-Avon—contain the head offices of progressive and flourishing companies, which have maintained the prestige of

the provinces in the face of what might appear to be considerable disadvantages.

But the pull of the City is unmistakable, and the tide is towards London. One amalgamation after another has increased the size of already great offices, and as funds and turnover have risen, the convenience of having the head office in the financial centre of the world has become more and more obvious. The presence of Lloyd's, with its centuries-old marine connection and its not over-popular inroads into other fields of insurance, international and domestic, has, perhaps, helped the movement on; and to-day, the City is unchallenged as the first insurance market of the world. All roads lead to London, E.C.

A British insurance office relies for its premium income on various sources and channels. In Great Britain it will have a number of direct clients who come to it for the sake of its name, for some

common directorship, or for a friendship that has lasted through generations. Such clients are the most highly valued part of the company's connection, but there are not many offices even among the greatest which obtain from such as these enough grist to keep the wheels running at capacity. Other sources must be tapped, and agents must be found to show the flag and collect business here, there and everywhere. In every town and village these local agencies are to be found in every street; and it would be interesting to have figures to indicate how much of the companies' premium income they supply. But there are no figures, and guesswork would be futile. Then there are foreign agencies—merchant firms which have their hands constantly on the trade pulse of some Dominion or foreign country, and by their weight and connection bring very valuable business to the managers in the City of London. From the United States,



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South America, China, India, the West Indies and all the British Dominions, a stream of business flows towards London through the agency of powerful merchant firms and although the connection is believed not to be as profitable as it was a generation back, and is increasingly hampered by protective foreign legislation, this side of an insurance company's business is still of incalculable value. Then there are subsidiary companies which, in the United States especially, operate as feeders to the parent concern and are likely (if the current mode in economic nationalism continues) to become more and more important in the framework of the organisation.

Lastly—and this brings us to the City itself—there are the insurance brokers of the City of London. Most of these brokers are subscribers to Lloyd's, but their business is not confined to Lloyd's underwriters, and a considerable part of the business that they handle and place is done with the great British offices. They had their place in the City long before Lloyd's coffee-house was started, but the market which sprang from the coffee-house was a natural magnet to

them, and they are often loosely called Lloyd's brokers. Originally most of them were confined to marine insurance, and until recently it was the exception rather than the rule to find a broker in the City who depended for his livelihood mainly on non-marine business. But as the market widened, the insurance brokers of the City turned their attention more and more to fire and accident business. Having discovered that business in large volume could be obtained from the United States, many of them established connections in America and developed a thriving trade in almost every kind of insurance on the North American Continent. The firms which took advantage of that opening are now the largest and most powerful of the City insurance brokers.

Apart from life insurance, the annual premium income of British insurance companies and underwriters is probably between £135 millions and £160 millions. Of that total how much is placed by the insurance brokers of the City of London? Exact figures are not available, but there are certain lines of approach which would probably lead

to a fairly accurate estimate, and the premiums handled by them may on a conservative guess be put at nearly £40 millions per annum—say about a quarter of the whole premium income drawn by the British insurance market from all its world-wide connections.

This attempt to estimate the importance of the City of London as an insurance market would not be complete if it were confined to figures; for the market's value to the world's commerce cannot be expressed in statistics. The City is still the place to which traders from all over the world turn when they are faced with unexpected and incalculable risks. Recent agreements to restrict cover for war risks on land may prove to have changed the situation, but when war breaks out, the market will be free to adopt what policy it likes. Even now there is no restriction on war risks by sea or riot risks on land. Whenever trouble arises in any part of the world, correspondents of London firms and insurance companies send their enquiries immediately to the London market, which is always the first to get off the mark and the most enterprising in its handling of a new situation.

London's Industries

LONDON never has been, relative to its size, an industrial centre. Its history, and its wealth, are built on trade, finance and government rather than on manufacture. Even after the rapid industrial development of the last few decades in its area, London still stands outside the main stream of industry. The great aggregations of plant and labour have been built up elsewhere; London's industries are small and specialised. It was estimated in the "New Survey of London Life and Labour," published in 1931, that there were only seven industrial factories in the Greater London area employing more than 5,000 persons each, and less than a hundred employing more than 1,000.

London has, of course, always had its industries. At all ages there have been some inevitable industrial attendants upon a great city which was at once a commercial centre and a capital city. But these industries were in small units and, as London burst out of the walls of the City, scattered. There were some specialised local centres—the silk weavers at Spitalfields, the Huguenot cloth workers and metal traders at Wandsworth, shipwrights at Deptford—

but they were few. The Industrial Revolution passed by London; for the new industries had to seek either coal or their raw materials, and London has neither. Indeed, the birth of factory industry in the London area came only considerably later, when the growing size and developing technique of the trades which can always be found in a large city began to require power-driven factories in place of workshops. But the transition was gradual, and it is still possible, well within the boundaries of present-day Greater London, to find the pre-revolutionary domestic system, with work being put out to the inhabitants of villages now swamped by residential suburbs. It is thus only for the last 50 or 60 years that there has been any factory industry in the London area at all. It is only in the last 20 or 30 years that "non-local" industries (i.e. those which could equally well settle elsewhere) have been appearing in any number in the London area.

Most of London's industry, however, is still here only because it must be from its nature. This is evident from a list of the chief industries of the Greater London area as shown in the following figures taken from the Census of

Production of 1930:—

Industry	Average No. of employees, 1930
Building and contracting.....	144,488
Tailoring, dressmaking and millinery	106,789
Electrical engineering	76,554
Printing, bookbinding, stereo-typing	67,437
Mechanical engineering	55,170
Motors and cycles	51,853
Gas undertakings	40,421
Furniture and upholstery	38,277
Newspapers and periodicals	32,819
Bread and biscuits	32,054
Electricity undertakings	23,821
Brewing and malting.....	15,272
Sugar and glucose	6,186
Water undertakings	6,060

These fourteen industries include more than half of all the workers enumerated in the Census of Production in Greater London, but they employ in the aggregate less than 700,000 out of a population of more than 8,000,000. Moreover, there are very few of the fourteen that are "non-local," i.e. that could equally well be located in the provinces.

The extent of London's industrial development can thus easily be exaggerated. Industrial London, nevertheless, has been growing in recent years much more rapidly than the rest of

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the country, and the social, economic and strategic dangers of this have been made familiar, not least by the authoritative voice of Sir Malcolm Stewart, lately Commissioner for the Special Areas. It is correct to use the word "immigration" of the people of London; but hardly of its industries, for there are very few instances of an industry, or even of a single firm, having definitely migrated into London from elsewhere. The differential growth of London industry has been due to two facts. First, a disproportionate share of the new industries and new factories have started in London. And second, London's industries have been among the most rapidly growing.

London has, indeed, been specially favoured in the present conjuncture of British industry. The nineteenth century was the great age of the heavy industries; but the modern trend is towards light industries which need not settle near their raw materials. The advent of electric power has provided a similar release from the coalfields. The result has been that industry now needs above all to get close to its market, especially since the most rapidly-growing industries are those which manufacture, not goods to be sold in the mass to producers, but goods to be sold at retail to consumers. Once the market becomes all-important, London is an incomparable magnet. It has its own eight or ten million consumers; it is the centre from which all the roads and railways of Great Britain radiate; and it is the greatest exporting port in the world. We must not, however, admit too much logic into the explanation of the growth of industrial London. Much of it is chance, or caprice, or just fashion. Nor is the tendency universal. For in some lines—boots and shoes for certain and some forms of clothing in all probability—industry has been moving out of London. Nor in finding rational explanations for the phenomenon must we imply that it should be allowed to proceed unchecked.

The location of this expanding industry within the London area is an interesting example of urban development. Clearly, factories will not be established in Central London if it can be avoided, for the cost of land would be prohibitive. Nor do factories cluster

in satellite towns. There are, of course, a few exceptions to this latter statement. The printing trade is strong in every town round the outer ring of the London area; but there is a special reason for this in the higher wage-rates that would have to be paid closer in. Special reasons have also created industrial communities at Slough and Welwyn Garden City. But, in the main, industrialists prefer to occupy the vacant land nearest to the centre, and to pay the higher land values of the inner ring of suburbs in return for being able to tap a far more extensive and varied labour supply than any satellite town could provide.

The development of the new factories has followed a clearly-marked radial plan along the main arteries of transport. Transport, indeed, seems to be, in most cases, the vital consideration—both transport inwards to the centre of London and outwards to the sources of raw materials and the provincial markets. Moreover, it appears to be transport which has made West Middlesex the favoured area for industrial development. Here, again, there are exceptions. The Lea Valley was the earliest industrial area of Greater London. It has obvious advantages, in that it provides room for expansion while retaining contact with the labour supply of East London. Some of the heavier industries are settling on the Medway, and small miscellaneous industries in southern London between Wimbledon and Croydon. But the largest developments have been in the triangle enclosed between lines drawn from London to Watford on the north-west and Slough on the west. The advantages of this area can be seen at its new industrial centre, Park Royal, which adjoins the main lines of the Great Western Railway to South Wales and Birmingham and of the L.M.S. Railway to the Midlands, Lancashire and Scotland. Park Royal also has the Grand Union Canal, two "Tube" railways to bring its labour, and a brand new arterial road. The arterial road is perhaps the greatest attraction, to judge by the factories that line the Great West Road, the Edgware Road and the North Circular Road.

The industries which are settling in these new factories are those which could be deduced from the facts of the

case. There are no really heavy industries, and even in engineering, which is well represented, it is the lighter branches which are to be found. Above all, they are consumers' goods industries. The chief are the motor industry, electrical engineering, the manufacture of foodstuffs, furniture making and the manufacture of stationery and office equipment.

In one important aspect of industrial expansion, however, no logic or pattern whatever can be found. There is very little co-ordination between the growth of industry and the provision of housing. It is perhaps not the business of the industrialists who build the new factories to concern themselves either about the chronically unemployed of the Special Areas (who might have been given employment if the interests of the commonwealth had been allowed a voice in the choice of location) or about the housing problems of their new employees. But it ought to have been the concern of the public authorities. As it is, the new factories are in few cases near the new houses. At Hendon, it is true, an industrial district and a residential suburb have grown up cheek by jowl. But the houses are beyond the reach of unskilled labour. The residents of Hendon crowd into London for their work, while the Hendon factories draw their labour from other districts. The same is, in the main, true of the L.C.C. Housing Estate at Becontree and the Ford factory next door at Dagenham. The dwellers at Becontree go off to London every morning, while Dagenham draws its labour from Ilford. Park Royal, the best example of industrial development, is the worst example of housing. There are more than a few workers on Western Avenue who travel backwards and forwards every day right across London to the East End.

As with so much that is muddled and chaotic in London, it is too late for a radical cure. We can only lament the missed opportunities of the past and do what is possible to prevent bad from becoming worse. Industry may never inflict on London the grimy squalor which makes so much of Northern England an eyesore; but its advent in the last two decades has greatly complicated the task of bringing some sort of social order out of metropolitan chaos.

London's Diversions

SINCE the war and its cosmopolitan effects, London has leapt into the front rank of cities given to diversion. The movement, which developed rapidly after the war, was damped down between 1925 and 1931; but after the depreciation of sterling in the autumn of the latter year, London became, almost at one bound, the gayest, most prosperous, most diverting capital of the Old World. Throughout economic depression it was the least affected area; and it contains the wealthiest class of all Europe.

The nation of shopkeepers has a metropolis of shops; for to London come

not only the ten millions who inhabit its centre and surroundings, but also—owing to the advent of motor cars, coaches, and faster trains with cheap day or week-end fares—a vast number of provincial people. All of them come to buy; to buy goods, or diversions; and both in winter and summer, save only for the dog days, London's shops, markets, fashionable streets, theatres, sports grounds, exhibitions, museums, historical places, hotels and restaurants are filled with comfortably-off people seeking diversion or interest.

But London's diversions are not the preserve only of the well-to-do; for per-

haps only New York among the other capitals provides so many and varied cheap diversions for the poorest members of the community. London's football grounds, cinemas, dog- and horse-race tracks, boxing rings, variety theatres (one or two Victorian and Edwardian music-halls still remain), swimming baths, parks, museums, and cheap transport by land and river right down to the sea, offer the poorer citizen very much for very little. Nor should one forget the ubiquitous "pub."—the once shoddy but improved and still improving English substitute for the bright Continental café. It remains

through wide areas of the widest city the principal focus of conviviality for the poor.

Continentalers always want to know why the inevitable gambit of English conversation is the weather: "Good morning, sir or madam! What an awful, terrible, wretched, dull, or—with the keen appreciation of rare delight—*fine* day!" says the young lady or gentleman in the shop, the doctor, the lawyer, the next-door neighbour in the train, the newspaper seller, and so on. This hypersensitiveness to the moods of the weather results in a greater dichotomy of diversions in London than in any other big capital; for when seven months of the year are almost certain to produce fog, snow, sleet, hail, rain, and frost, and three of the other five months may produce continuous rain, the predominance of covered-in places of sport and diversion in London is understandable. For the actual players and participants in out-of-door contests, rain is no great handicap. But London is a city of spectators, and one cannot spectate in the rain. Thus, London's diversionary life is led more under cover—in shops, covered stands, clubs, private houses (with larger rooms than on the Continent), theatres, dance-halls and night-



Brooks's—where both Pitt and Fox were members.

clubs, concert rooms and halls, and exhibitions. The latter are greatly loved by the Londoner, perhaps a tradition

founded by the Great Exhibition of 1851.

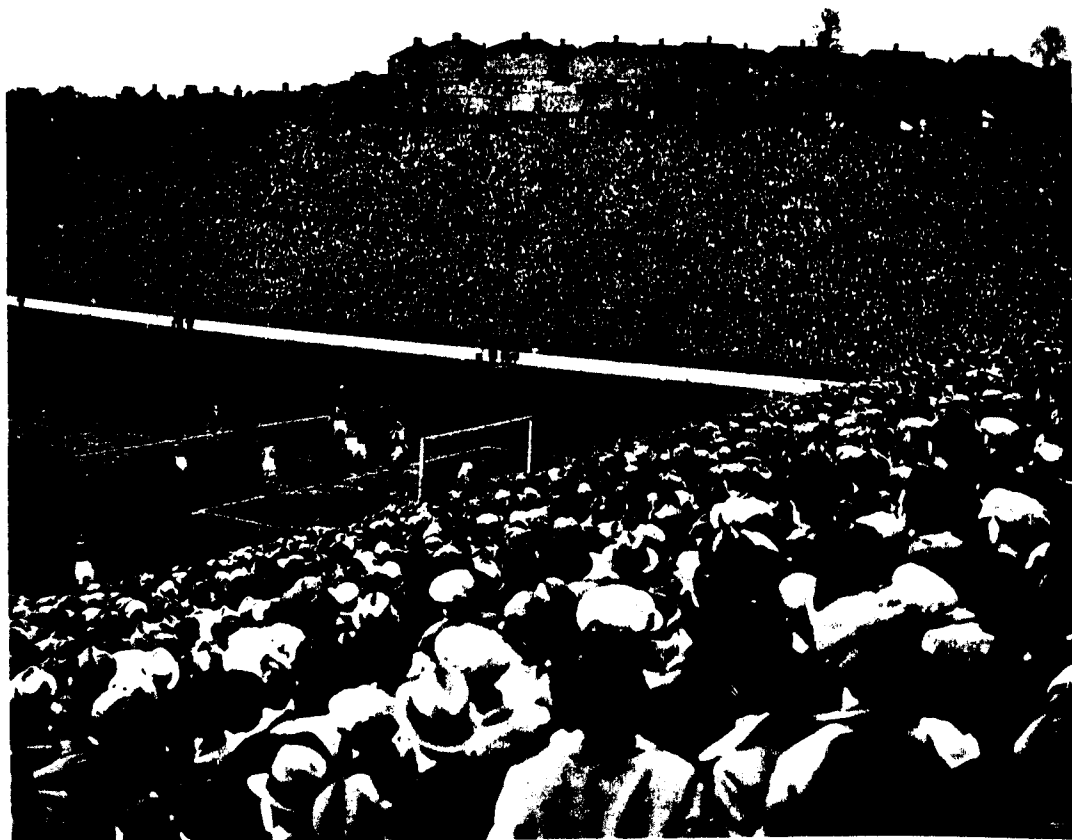
The diversions of high summer—up and down the river to country or sea, cricket, tennis, swimming, fairs, rambling, etc.—are very popular. Every week-end sees crowded stations at all departure points. "Rain stopped play" is always a frequent notice in summer; consequently, many of the normal winter diversions are pursued through the summer. It is a familiar joke that football ends in May and begins again in August; and the theatres, especially cinemas, night-clubs and dance-halls now draw full houses right up to the middle of July.

London's best, almost unique, features in the sphere of diversion are its shops, showplaces, and spectacles. In no other European capital city have the big shops so wide a range of goods, from high to low prices; such large staffs of able and indefatigable salesmen and saleswomen, with cultivated charm of manner; such imposing premises. You can buy, so it is said, an elephant or a steam yacht at one giant London store; and there are at least half-a-dozen stores, beside which those of Berlin, Paris, or Vienna—the three other great shopping centres in Europe—seem provincial. The Londoner who has an account with such a store need scarcely do more than telephone; for the store's valuable reputation is such that the slightest discourtesy or error makes much damage. Londoners of all classes are to be seen at the natural function of a nation of shopkeepers: shopping. Bond Street is to-day a cartel of shops where the most exquisite things are always open to inspection; but step into Woolworth's or Marks and Spencer's, or walk to the Caledonian Market or down to Petticoat Lane on a Sunday morning, and you will see the diversion of shopping as practised by rich and poor alike.

London's markets, from Roman

The Farnese Palace of Pall Mall—the Reform Club.





FACTIONS IN THE AMPHITHEATRE

arterial highways leading out of town; and they have done good business in their few years of experiment.

It would not be right to conclude this catalogue of only a few of London's diversions without mentioning two things: the home and the club. The Londoner, like other Englishmen, is at heart conservative in his individual life. He—and this is true, too, of his wife—makes much of home; and he also likes to be able to retire from public, as much as from familial, scrutiny into the confines of a club. London started clubs; and it is to-day the city of clubs. Their political significance—in all but one out-

standing case—has become blurred with the passage of Time; but their social significance is as big as ever. So is it, too, with the home, which is so often contrasted with the club. The Englishman's home life is very much like a smaller kind of club, into which, on given occasions, outsiders may be welcomed, and the honours done. Whether the new giant blocks of apartments will invade the tradition of the personal, detached or semi-detached, London home is an open question. The changing diversions of London since the war show that Londoners are living and pleasuring more in the public eye than before the war. In their golf clubs,

bridge clubs, cocktail parties, and titanic restaurants, they have begun to come farther out of their traditional shells. To that extent London to-day is a more cosmopolitan capital than it was before 1914. But it is none the less a metropolis which does not flaunt its wealth of diversions in the face of the first stranger.

Still secretive, retiring, private, individualistic, the Londoner and his city retain their unique appeal, their peculiar attractions. And to those, Londoners or strangers alike, who seek them out, London offers "infinite riches in a little room." He must be tired of life, indeed, who ever tires of London.

London's Lingo

LONDON, this "smoky and populous city," is the home of millions differing in class, race, wealth, creed and colour. It reveals in its many-sided "lingo" something of the magnificent variety of its citizens. Mayfair's easy slang—"My dear, I had a simply wizard time!"—"Darling, how utterly shamemaking!"; the suave phrases of Oxford and Cambridge men—"And then, of course, my dear fellow, we must remember . . ."; the foreign-sounding English of East End Jews, Italians and Chinese, the Americanisms of the cinema-loving suburbs—all are as truly the language of London as the Cockney's "Ta, mite!" or his "Coo, reelly?" Nevertheless, the speech of London's masses, of the bus drivers, porters, chauffeurs and grocers, of the butchers, bakers and candlestick makers, retains priority of interest.

Cockney English may instantly be recognised by its cheerful intonation and its peculiar syntax, in which

abound double negatives and "This here . . ." "That there . . ." But its real beauty lies in its vocabulary. Here the Londoner expresses his love of fun, his familiarity with the fortunes and misfortunes of life, his tolerance, homeliness and kindness. In his creation and application of words he reveals all those traditional qualities which distinguish him to-day as they did when he gave inspiration to Shakespeare and to Dickens.

With the exception of the universal "O.K." and its hideous variants such as "Okey doke," Cockney London avoids Americanisms. Its lingo is the product of its own fertile inventiveness and vivid imagination. The real Londoner's expressions are drawn from two main sources: his recreations—drinking, darts, cribbage, football, betting—and his work, which brings him into close (often painful) contact with the realities of living and leads him direct to concrete imagery.

The language of London's games is

in part general throughout England. "One for his nob," "Two for his heels" are phrases current wherever crib is played. But only in London will a barman pile four ham sandwiches one on another and exclaim: "There you are, sir. One, two, three and one fer 'is nob!" It is only in London, too, that darts and crib are played to a running commentary of rhyming slang. "Two Jews" (double two), "two Tom Mix's" (double six), "two fat hens" (two tens) are heard among dart players every day in London's four-ale bars. In the play at crib, where the object is to score exactly thirty-one, the man whose turn it is to put down a card will be told "Two's in time," "Four's heaven," "Five's a fix" or "Eight a spree" accordingly as he requires two, four, six or eight to complete the round. The rhyme is with the number already reached, as twenty-nine, twenty-seven, twenty-six or twenty-three.

Rhyming slang, apart from its humorous application to games, has its serious uses. Thieves, burglars and other criminals mix it up with back slang (in which "boy," for instance, is pronounced "yob") to form a jargon completely unintelligible to outsiders. It is significant that in this sphere the words for thieving, lying, cheating and similar rogueries carry no derogatory flavour. The police and their helpers—the flatties and the narks—get all the opprobrium here. Labouring London also puts rhyming slang to general use. As one drayman explained: "Woi, in moi wi o' loif, we uses it ivry di. Wen oi goes into a pub along the river, oi niver thinks o' arskin fer anyfink but a plite o' bees' knees (bread and cheese) and a glars o' pig's ear (bitter beer). They wouldn't unnerstand otherwois."

Nevertheless, it would be mistaken to conclude that London's lingo begins and ends with rhyming slang. The Londoner has too rich a mind for that. He may be feeling out of sorts with his wife and dig at her by referring to his "trouble and strife," but in another mood—after a pint or two of "wallop" or "ile" perhaps—he will joyfully announce: "Well, cheerio! chaps. Oi must be getting along to moi owld bunch o' cuddle nah! Abyssinia!" ("I'll be seein' yer"). And, jamming his tifter (tit-for-tat or hat) more firmly on his loaf (loaf of bread or head), off he goes to seek later his tit willow (pillow) or, alternatively, a spot of shut-eye.

It is when he speaks of drink that the Londoner best reveals his humour and his traditional irony. "Evenin' mite," he will greet a newcomer to the bar. "What's yer poisin?" More than one stranger has been startled at this piece of sarcasm. Or to a friend who has been drinking too freely he will say: "Come on, nah, Bill. It's 'bout tahm yer 'ad a bit o' blottin' piper," thus tactfully suggesting that Bill would benefit by some food to ballast his beer.

With a different pronunciation and set in more orthodox syntax some of these expressions are widely used by better educated, more self-conscious Londoners. They are adopted first in fun, to raise an easy laugh, though they often sound strange separated from their natural background of grammatical distortion. Some of them, as "raspberry," for instance, are general enough to creep into the dictionaries; others, as the cry of "Ripe strawberries!" on every man's lips a few months ago, become parrot cries and are soon forgotten.

London's slang is no doubt partly ephemeral and sometimes flippant, even ugly in sound and conception. This matters little. It is the power behind it that is significant, the ability it reveals for close observation and the genius to draw apt comparisons with a robust disregard of sense and convention. To this power, which continually provides and renews a vast reservoir of alternative words and idioms, the English language has always owed and always will owe its pre-eminence among the literary languages of the world.

Suburban London

THE decentralised and amorphous character of London makes it difficult to say exactly where the town ends and the suburbs begin—or, indeed, where the suburbs end. A practical definition would be places the greater part of whose breadwinners travel daily to London. This definition has the merit of emphasising at the outset the governing factor of transport. The average Londoner dislikes spending much more than thirty minutes or sixpence on his daily journey, and the suburbs he favours are governed by the speed and cost of travel.

This, however, is a twentieth-century definition. Other ages had other ideas of what constituted a suburb. At a very early date, London found its walls too narrow; but since it was not under the same necessity of continuing to confine itself within walls as were the Continental cities, it spread up and across the River Thames, the great highway of the time. On the south side of the river were the ancillaries, especially the pleasure centres, theatres, fairs and bear pits. It was in Queen Elizabeth's time that the word "suburb" began to be used in a disparaging sense as "a place of

inferior, debased and (especially) licentious habits of life"; and the stigma has only lately left the word. But after the expansion of London in mediæval times, and after the even more considerable growth which started under the Tudors and was accelerated by the use of wheeled vehicles, the Greater London of 100 years ago still comprised little more than the City of London itself, Westminster, the suburbs of Southwark and Lambeth, and the built-up areas north and east of the City in Holborn, Clerkenwell and Aldgate. Further out were a number of "suburban country seats surrounded by shrubberies and flower gardens," but these were suburban villas on the Roman model, playing but small parts in the life of London itself.

At this time Kentish Town was a village "in the vale between Hampstead and London." Hornsey was a small village "five miles from London." Hackney was a quiet township on its own. Dalston was a "pleasant village near Hackney to which it belongs." Sydenham was a "genteel hamlet of Lewisham." Beulah, with its mineral springs, was a notable watering place. Proposals for terminating the Great Western Railway



at Knightsbridge and South Kensington were successively rejected by Parliament owing to the opposition of the parish of Brompton, "the most famous of any place in the neighbourhood of London for the salubrity of its air and calculated for retired residents." Save perhaps the last, these places were villages apart and distinct from London. They were in no sense suburbs, "those residential parts belonging to a town or city that lie immediately outside or adjacent to its walls or boundaries."

By the end of the nineteenth century all the villages and hamlets within about a five-mile radius of Charing Cross (the centre of London had moved westwards) had become engulfed in a sea of houses; the country estates had gone and also the market gardens. The feverish first housing boom after the Industrial Revolution and the early railway age was satisfied. Stoke Newington, Plaistow, Peckham, Tooting, were laid out with rows of similar houses to accommodate the artisans and clerks who had been brought into being by the machine age and were forced to seek residence farther afield by the growth of the area of Central London required for business purposes.

Shortly after the birth of the London County Council in 1889 the outward growth of London received new stimulus from the development of electric traction and the internal combustion engine. At the same time a higher standard of education began to cause a demand for greater individuality and more amenity in suburban housing; and for a period this was satisfied in the bow windows and ornamentation of Victorian domestic architecture. An attempt was made to plan a suburban area as a whole. Bedford Park, Chiswick, which was laid out in the 'eighties, was the first fruits of planning applied to a suburb. It remains a satisfactory solution of suburban development, even if the architecture does not conform to modern standards. In 1907, the Hamp-

stead-Highgate tube railway was pushed through the hill to Golders Green and provided the opportunity, under Dame Henrietta Barnett's inspiration, for the development of a new pattern of suburb. The Hampstead Garden Suburb is known widely as "The Suburb." So fresh was it in conception, and so important in example, that it is not wrong to think of it as "The Suburb," the type and pattern of all suburbs, in the same sense as Rome was "Urbs," the type and pattern of all cities.

Other suburbs have been formed all round London. Some, like Catford, Coulsdon, Hounslow and Edgware, are the enlargement of existing towns or villages; others, like Brent, Roding Valley and Falconwood, are, for the greater part, entirely new developments around a new railway station provided to serve them. Mostly they have been developed by speculative builders buying a few fields at a time; and, in the lack of any co-ordination, forced or voluntary, with other development, they have generally been laid out as the builders pleased, to produce the maximum profit. London's housing needs have been met, but an irregular hotch-potch of unco-ordinated development and thousands of houses without architectural distinction has been the result, although increasing regard has been paid to planning and design, and the houses are better lighted and better ventilated than similar houses fifty years ago.

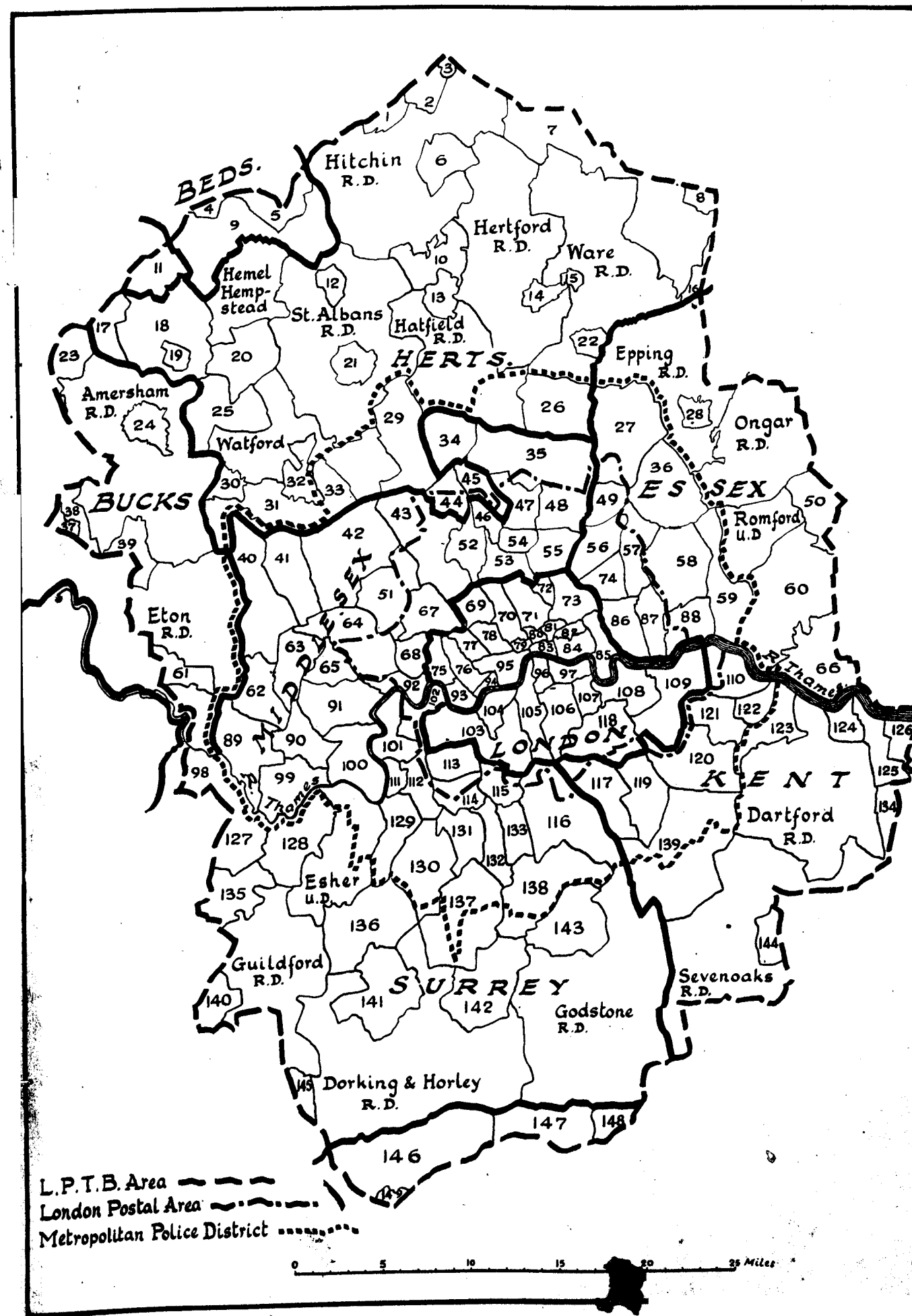
Life in the suburbs is becoming more defined. The new suburbs to the south of London are perhaps more self-contained than those to the north. The southern suburbs have mainly grown up round the stations of what is now the Southern Railway Suburban system. They are connected with London by a train service running every ten or twenty minutes. In North London the new suburbs have developed mainly round the extensions of the Underground system to Ealing and Uxbridge, to Harrow and Rick-

mansworth, to Hendon and Edgware, and to Cockfosters. Trains run every two or three minutes between these suburbs and the centre of London, conveying their passengers as they require to the City or West End of London, depositing them near shops, theatres and cinemas. As a result, the rides per head of population in public transport services in North London are considerably greater than in South London. The new South London suburbs are retaining or developing an individuality of their own more markedly than those of the north. There is variety and style in the shops in Powis Street, Woolwich, in Rye Lane, Peckham, in High Road, Brixton, in High Road, Wimbledon, and in Clarence Street, Kingston; and these are the goal of South London housewives. But from all the new suburbs, north as well as south, there is less movement to the centre than was the case in the older and nearer suburbs. Retail sales in suburban London rose by 12 per cent. between 1930 and 1936, while those in Central London fell by 2 per cent. during the same period in spite of the increase in the population of the area as a whole.

More than any other great Metropolis, London is not so much a single city as a great coalescing agglomeration of overgrown villages. This characteristic is the despair of the town planner and the administrator. But it has its compensations. For example, there is a sense of civic pride abroad in the new suburbs. They vie with each other for the privilege of receiving a Royal Charter of Incorporation, and the head of the largest joint-stock company in the country was proud to become first Mayor of the suburb where his home lies. More than a thousand local Ratepayers' and Residents' Associations compete with each other in their activity to further the interests of the local inhabitants. The suburbs may yet recapture the local patriotism which, in London as a whole, is dead.

THE BOUNDARIES OF LONDON

FOR KEY SEE OPPOSITE PAGE



Key

(to map on opposite page)

- | | | | | |
|---|---------------------------------|-----------------------------------|---------------------------------|------------------------------------|
| 1 Hitchin Urban District | 30 Chorley Wood U.D. | 60 Hornchurch U.D. | 90 Feltham U.D. | 121 Bexley U.D. |
| 2 Letchworth U.D. | 31 Rickmansworth U.D. | 61 Slough U.D. (Part) | 91 Heston and Isleworth M.B. | 122 Crayford U.D. |
| 3 Baldock U.D. | 32 Watford M.B. | 62 Yiewsley and West Drayton U.D. | 92 Brentford and Chiswick M.B. | 123 Dartford M.B. |
| 4 Dunstable Metropolitan Borough (Part) | 33 Bushey U.D. | 63 Hayes and Harlington U.D. | 93 Fulham | 124 Swanscombe U.D. |
| 5 Luton M.B. (Part) | 34 Potters Bar U.D. | 64 Ealing M.B. | 94 Chelsea | 125 Northfleet U.D. |
| 6 Stevenage U.D. | 35 Enfield U.D. | 65 Southall M.B. | 95 Westminster | 126 Gravesend M.B. |
| 7 Braughing Rural District (Part) | 36 Chigwell U.D. | 66 Thurrock U.D. (Part) | 96 Southwark | 127 Chertsey U.D. (Part) |
| 8 Bishop's Stortford U.D. (Part) | 37 Chepping Wycombe U.D. (Part) | 67 Willesden M.B. | 97 Bromley | 128 Walton and Weybridge U.D. |
| 9 Luton R.D. (Part) | 38 Wycombe R.D. (Part) | 68 Acton M.B. | 98 Egham U.D. (Part) | 129 Surbiton M.B. |
| 10 Welwyn R.D. | 39 Beaconsfield U.D. (Part) | 69 Hampstead | 99 Sunbury-on-Thames U.D. | 130 Epsom and Ewell U.D. |
| 11 Wing R.D. (Part) | 40 Uxbridge U.D. | 70 St. Pancras | 100 Twickenham M.B. | 131 Sutton and Cheam M.B. |
| 12 Harpenden U.D. | 41 Rushlip Northwood U.D. | 71 Islington | 101 Richmond M.B. | 132 Carshalton U.D. |
| 13 Welwyn Garden City U.D. | 42 Harrow U.D. | 72 Stoke Newington | 102 Barnes M.B. | 133 Bellingham and Wallington U.D. |
| 14 Hertford M.B. | 43 Hendon M.B. | 73 Hackney | 103 Wandsworth | |
| 15 Ware U.D. | 44 Barnet U.D. | 74 Leyton M.B. | 104 Battersea | |
| 16 Sawbridgeworth U.D. (Part) | 45 East Barnet U.D. | 75 Hammersmith | 105 Lambeth | |
| 17 Tring U.D. (Part) | 46 Friern Barnet U.D. | 76 Kensington | 106 Camberwell | |
| 18 Berkhamsted R.D. | 47 Southgate M.B. | 77 Paddington | 107 Deptford | |
| 19 Gt. Berkhamsted U.D. | 48 Edmonton U.D. | 78 St. Marylebone | 108 Greenwich | |
| 20 Hemel Hempstead M.B. | 49 Chingford U.D. | 79 Holborn | 109 Woolwich | |
| 21 St. Albans M.B. | 50 Brentwood U.D. (Part) | 80 Finsbury | 110 Erith U.D. | |
| 22 Hoddesdon U.D. | 51 Wembley U.D. | 81 Shoreditch | 111 Kingston-on-Thames M.B. | |
| 23 Aylesbury R.D. (Part) | 52 Finchley M.B. | 82 Bethnal Green | 112 Merton and Morden U.D. | |
| 24 Chesham U.D. | 53 Hornsey M.B. | 83 City of London | 113 Merton and Morden U.D. | |
| 25 Hemel Hempstead R.D. | 54 Wood Green M.B. | 84 Stepney | 114 Merton and Morden U.D. | |
| 26 Cheshunt U.D. | 55 Tottenham M.B. | 85 Poplar | 115 Mitcham M.B. | |
| 27 Waltham Holy Cross U.D. | 56 Walthamstow M.B. | 86 West Ham C.B. | 116 Croydon C.B. | |
| 28 Epping U.D. | 57 Wanstead and Woodford U.D. | 87 East Ham C.B. | 117 Beckenham M.B. | |
| 29 Barnet R.D. | 58 Ilford M.B. | 88 Barking M.B. | 118 Lewisham | |
| | 59 Dag Hammarskjöld U.D. | 89 Staines U.D. | 119 Bromley M.B. | |
| | | | 120 Chislehurst and Sidcup U.D. | |
| | | | 140 Horsham U.D. (Part) | |

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THE ECONOMIST

BANKING SUPPLEMENT

A SURVEY OF BRITISH AND FOREIGN BANKING

VOL. CXXVII]

MAY 15, 1937

[No. 4890

Contents include

The British Banking Outlook

British Banking Trends

Bank Advances

Banks and Gilt-Edged

The Exchange Triangle

French Finances

American Banking

German Banking

Chinese Banking

The Supplement also includes a complete record of the position of the Bank of England, and of the English, Scottish and Northern Irish joint-stock banks, together with the latest balance sheets, both of these institutions, and of the chief private banks, discount houses and all Dominion and Foreign banks possessing offices in London.



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THE BRITISH BANKING OUTLOOK

THE banking accounts for 1936 showed a further improvement in net profits. Dividends have remained unchanged, and the additional profits have been devoted to strengthening their inner reserves. Lloyds Bank have transferred a further £500,000 from internal funds to public reserve. This leaves only £1,000,000 to be restored out of the draft of £2,500,000 made on published reserves in 1931. The banks have had no difficulty in providing for such depreciation of their investments as may have occurred recently during the downward trend of the gilt-edged market; for they had kept intact in a separate reserve the fruits of the appreciation in Government securities since 1931.

The following table shows the English bank profits and dividends for 1929 and subsequent years. As we shall see, the 1936 expansion in banking profits was due not to higher money rates but to the increase in their resources and also in their earning assets.

ENGLISH BANK PROFITS AND DIVIDENDS

	1929	1931	1932	1933	1934	1935	1936
Barclays :—							
Net profit (£ thous.)	2,332	1,795	1,574	1,605	1,708	1,784*	1,894
Dividends { " A " " B " & " C "	10% 14%	10% 14%	10% 14%	10% 14%	10% 14%	10% 14%	10% 14%
Lloyds :—							
Net profit (£ thous.)	2,542	1,927	1,551	1,439	1,652	1,643	1,744
Dividends { " A " " B " " C "	16% 5% 5%	13% 5% 5%	12% 5% 5%	12% 5% 5%	12% 5% 5%	12% 5% 5%	12% 5% 5%
Midland :—							
Net profit (£ thous.)	2,665	2,057	2,019	2,267	2,292	2,353	2,468
Dividends	18%	16%	16%	16%	16%	16%	16%
National Provincial :—							
Net profit (£ thous.)	2,190	1,747	1,593	1,603	1,644	1,665	1,770
Dividends	18%	16%	15%	15%	15%	15%	15%
Westminster :—							
Net profit (£ thous.)	2,160	1,602	1,495	1,465	1,525	1,403†	1,732
Dividends { £4 shares. £1 shares.	20% 12%	18% 12%	18% 12%	18% 12%	18% 12%	18% 12%	18% 12%
District :—							
Net profit (£ thous.)	503	424	416	419	430	420†	490
Dividends { " A " " B " " C "	18% 10% 10%	16% 10% 10%	16% 10% 10%	16% 10% 10%	16% 10% 10%	16% 10% 10%	16% 10% 10%
Martins :—							
Net profit (£ thous.)	836	703	637	655	672	693	770
Dividends	16%	14%	14%	14%	14%	14%	14%
Williams Deacon's :—							
Net profit (£ thous.)	298	275	268	273	274	279	294
Dividends { " A " " B " " C "	13% 12% 12%	12% 12% 12%	12% 12% 12%	12% 12% 12%	12% 12% 12%	12% 12% 12%	12% 12% 12%

* Also special centenary bonus of 2 per cent. † After providing for the centenary bonus to staff, pensioners and widows. ‡ Prior to 1935 net profits were shown after deducting income tax other than income tax on dividend. The 1935 net profits are shown after making provision for all income tax, including that on dividends. In actual fact there has been an increase in net profits.

An absolute record of profits and dividends over a term of years does not by itself reveal very much. In this case it shows that profits fell between 1929 and 1933, and have since partially recovered. During the year of decline most of the banks made relatively small reductions in their dividends, and the recovery in profits since 1933 has not yet been great enough to be reflected in any increase in dividends.

This recovery in bank profits since 1933 raises several interesting questions. First and foremost, does it indicate that the banks are earning a higher return on their assets? *Prima facie* the answer would be in the negative, for it is notorious that money rates have remained unchanged since 1933. This, however, is not a complete reply, for even although the income derived from each class of asset may have remained unaltered, the banks may have been able to shift some of their resources over from the less to the more remunerative type of asset, for example, from bills to advances. The final question is whether this recent increase in bank profits may not merely arise from the expansion in bank resources—that is, the banks' income has simply kept pace with the increase in their assets, with the rate of return on their assets remaining unchanged.

Shareholders are faced with another question, the relation of the banks' net profits to their capital and reserves. This obviously has a direct bearing upon future

dividend prospects. Some of these questions are answered in this article, while they are also dealt with from different angles in subsequent pages of this supplement.

The following table shows the ratio of net profits to capital and resources and also to total liabilities:—

		PERCENTAGE RATIO OF NET PROFITS —(a) TO CAPITAL AND RESERVES. (b) TO TOTAL LIABILITIES						
		1929	1931	1932	1933	1934	1935	1936
Barclays	{ (a) (b)	8.9 0.61	6.9 0.48	6.0 0.38	6.1 0.39	6.5 0.41	6.8 0.40	7.3 0.41
Lloyds	{ (a) (b)	9.8 0.59	8.3 0.49	6.2 0.35	6.0 0.33	6.8 0.37	6.8 0.36	7.0 0.37
Midland	{ (a) (b)	9.9 0.60	8.0 0.50	7.9 0.44	8.8 0.50	8.9 0.50	9.1 0.48	9.6 0.46
National Provincial	{ (a) (b)	11.5 0.71	10.0 0.60	9.1 0.50	9.2 0.51	9.4 0.51	9.5 0.51	10.1 0.51
Westminster	{ (a) (b)	11.6 0.65	9.5 0.52	8.9 0.44	8.7 0.42	8.2 0.42	7.5* 0.38*	9.3 0.42
District	{ (a) (b)	12.0 0.85	10.1 0.75	9.9 0.66	10.0 0.66	10.2 0.69	7.0* 0.49*	8.2 0.54
Martins	{ (a) (b)	9.6 0.85	10.1 0.86	9.1 0.65	9.1 0.70	9.3 0.71	9.5 0.69	10.3 0.70
Williams Deacon's	{ (a) (b)	10.3 0.83	10.2 0.82	9.9 0.71	10.1 0.70	10.2 0.71	10.3 0.69	11.0 0.70

* See footnotes to previous table.

While the ratio of net profits to capital and reserves has been steadily improving ever since 1933, it is still below the 1929 ratio. The ratio of net profits to total resources fell sharply between 1929 and 1932 with the change-over from dear to cheap money. Since then it has remained static. This confirms our previous suggestion that the recent improvement in the absolute size of net profits is due almost entirely to the expansion of the banks' resources. At the same time the following table indicates a shift in the composition of the banks' earning assets, which, in some respects, has operated to the banks' advantage.

(In £ millions)

	Jan., 1936	Mar., 1936	June, 1936	Sept., 1936	Jan., 1937	Mar., 1937
Capital and reserves	131.8	131.8	131.8	131.8	132.5	132.5
Acceptances, etc.	105.6	105.1	103.8	101.8	110.4	122.2
Deposits (including undivided profits, etc.)	2,127.1	2,071.6	2,191.4	2,219.7	2,269.5	2,206.6
Total liabilities	2,364.5	2,308.5	2,427.0	2,453.3	2,512.4	2,461.3
Cash	224.5	213.5	221.6	226.1	234.4	222.4
Cheques, balances and items in transit	53.9	58.1	66.6	56.9	64.0	67.3
Money at call	154.8	157.7	152.6	161.2	171.1	164.8
Discounts	344.4	250.4	327.5	342.1	343.6	246.2
Investments	614.6	619.8	626.2	632.7	653.9	651.9
Loans and Advances	796.8	834.0	858.8	862.5	864.6	918.8
Investments in affiliated banks	25.1	25.1	25.1	25.2	23.5	23.5
Cover for acceptances, premises, etc.	150.4	149.9	148.6	146.6	154.3	166.4
Total assets	2,364.5	2,308.5	2,427.0	2,453.3	2,512.4	2,461.3

Apart from the general expansion in cash, deposits, and in the total of earning assets, the first point which emerges is that discounts show little change, while call and short loans have increased. During 1936 there was a net reduction of £85 millions in the floating debt, but owing to the Exchange Equalisation Account's gold purchases, the floating assets of the public departments, etc., were reduced by £149 millions. Allowing, therefore, for ways and means advances by the Bank of England, tender issues of Treasury bills increased by £44 millions. It appears that these additional bills were taken up by the discount market and not by the banks themselves.

The next fact emerging from the table is that both investments and advances have increased considerably. The expansion in advances is a natural concomitant of this advanced stage of the trade revival, but it means that the banks have been able to switch into more remunerative assets. On the other hand the banks' ratio of advances to deposits is not much changed, for both have increased proportionately. Even so, it would have

been natural to expect some improvement in the ratio of net profits to total resources. The fact that this has not occurred may be partly due to operating costs, but it is also probable that last year the banks recovered fewer bad and doubtful debts than in the earlier years of the revival. It is correct to say that the initial stages of recovery benefit the banks mainly through writing-back and repayment of bad and doubtful debts, while the later stages benefit them through increased demand for new advances.

In any case there is no chance of 1929 profits and dividends being restored in present conditions, for a simple calculation points to one of two alternatives: either bank cash and resources must expand by 25 per cent., which would hold out an alarming prospect of credit inflation; or else there must be an equivalent increase in the ratio of profits to resources. Such an increase would bring this ratio half-way back towards the 1929 position, and to appreciate the significance of this it is only necessary to have regard to the following table:—

	1929	1936
Bank rate	5½	2
Discount rates	5½	½—¾
Call rate	4½	½
Yield on 2½% Consols	4½	3

This suggests that Bank rate would have to rise nearly to 4 per cent. and would also have to become effective at that level. The yield of Consols would also have to rise from 3 to 3½ per cent.; in other words, we would have

BRITISH BANKING TRENDS

In our previous examination of British banking trends we have been mainly concerned with the part played by the banks in the recovery from the depression of 1929-32. This year it is necessary to view the picture from a different angle, for recovery is passing into boom, and it is already time to begin thinking of preparations for the top of the boom and the subsequent decline. Thus the curves showing the trend of the British bank position must be considered from this new point of view.

In interpreting the curves there are, first, two seasonal factors to be taken into account. To begin with it must be realised that the banks' preparations for their half-yearly balance sheets mean that the banks are always well supplied with cash on December 31st and June 30th. In the past this cash was supplied by market borrowing from the Bank of England on these dates, but the substitution of Treasury bills for other bills as the market's chief stock in trade has led to the evolution of a different technique. To-day both the banks and the discount market arrange to have heavy maturities of Treasury bills immediately before December 31st and June 30th, and this means that they have heavy payments to make in the closing days of March and September. Conversely the banks and market take up few new Treasury bills during the closing days of December and June, and so have few maturities at the end of March and September. The result is that the Treasury is always short of funds on December 31st and June 30th, while the banks and the market tend to be short on March 31st and September 30th.

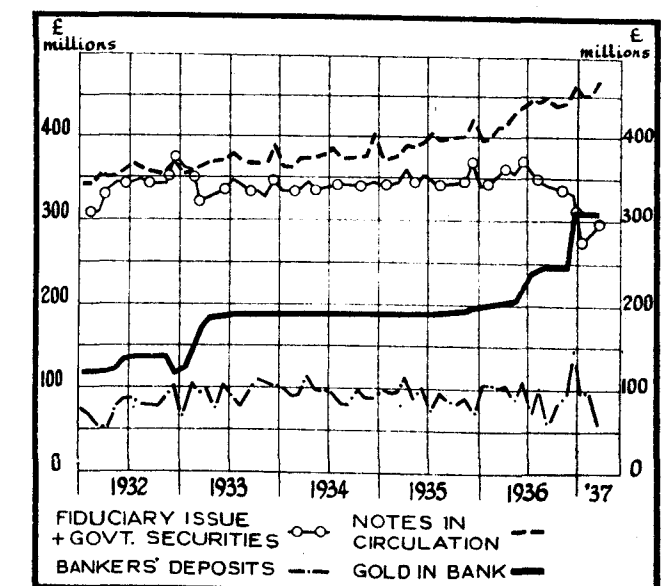
The second seasonal factor is that of the spring revenue collection. This causes a definite reduction in issues of Treasury bills and also in the banks' discounts. Deposits, however, are reduced in less degree, partly because many taxpayers require temporary accommodation from their banks at this time and partly because it is always open to the banks to acquire fresh earning assets. The supply of cash as a rule is well maintained, but the heavy transfers of money between the banking system and the Treasury mean that the immediate supply of money at any moment is a little uncertain. The spring is therefore a period of low discount rates

to pass from very cheap money to moderately dear money.

The public perhaps does not fully realise the reaction of very cheap money upon banking profits and costs, and so upon the multitudinous services performed by the banks for the public. The expense of clearing cheques in itself is enormous, in spite of the new economies effected by mechanisation. Recently the public have thrust new burdens upon the banks. Many customers lodge a number of bankers' orders for making periodical payments, while a new and complementary system of traders' credits has been devised, under which a customer supplies his banker with a list of his creditors showing the amount to be paid to each, and leaves the banker to make the payment. There is no suggestion that the banks should make any charge for clearing individual cheques, but there is a feeling that bankers might have to call a halt to this new practice of loading them with masses of bankers' orders and traders' credits. If this proves necessary, it will be one of the penalties which the country must pay for very cheap money.

Shareholders, however, must realise that they cannot expect any early improvement in their dividends. Instead, they must recognise the gilt-edged character of their holdings, with its implication of a relatively low yield. They can rely on the first-class security provided by the British Banking System to shareholders and customers alike, and they must expect that security to be reflected in their dividends and in the yield upon their shares.

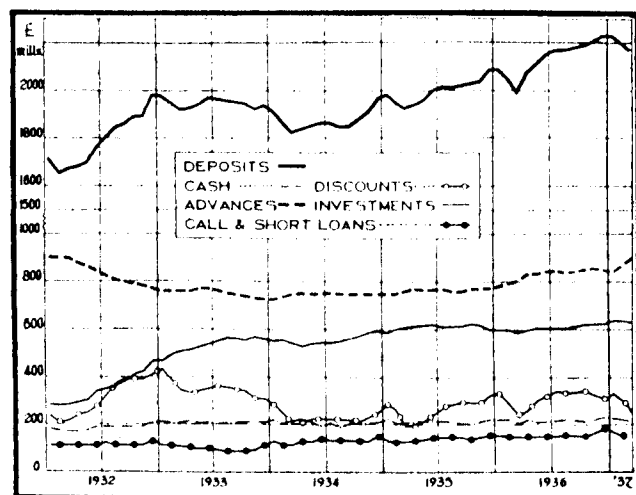
(because of the heavy Treasury bill redemptions), coupled with periodical but transient shortages of money. Coming now to the past trend, the first chart brings out the broad rule that the supply of the joint-stock banks' cash, i.e. bankers' deposits, expands with any increase in either the Bank of England's gold or in the fiduciary note issue, plus Government securities already in the banking department. It contracts with any expansion in the note circulation.



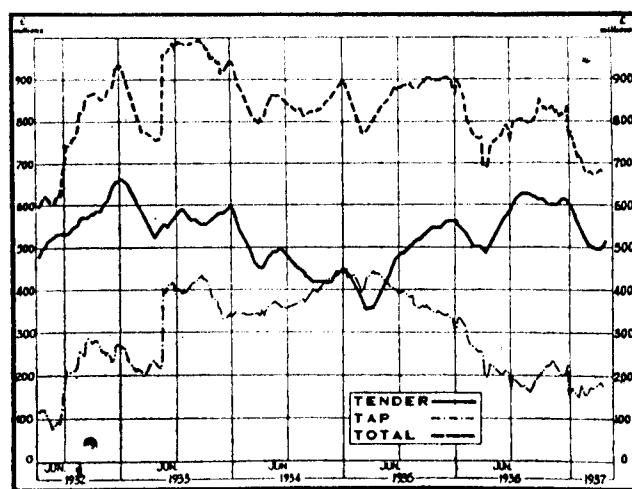
The chart shows that, apart from seasonal fluctuations, bankers' deposits have been slowly rising, but that the main cause of the increase is the Bank's gold purchases. A large part of these gold purchases, however, has been absorbed by the expansion of the note circulation, and last summer the Bank had to buy gold in order to offset a further expansion in the note circulation, due to French hoarding. Last December's gold purchase was offset by a reduction in the fiduciary note issue, and as we explained at the time the object of this

operation was simply to relieve the Exchange Equalisation Account of surplus gold. The recent wide fluctuations in bankers' deposits are due to the first of the seasonal causes mentioned above.

The next chart shows the changes in the position of the clearing banks.



This chart illustrates the slow but steady expansion in bank cash, reflected in a proportionate expansion in deposits interrupted only by seasonal fluctuations. The slow fall in the discounts curve up to 1934, followed by the slow rise, reflects the Exchange Equalisation Account's operations. This movement is shown more clearly in the following chart.

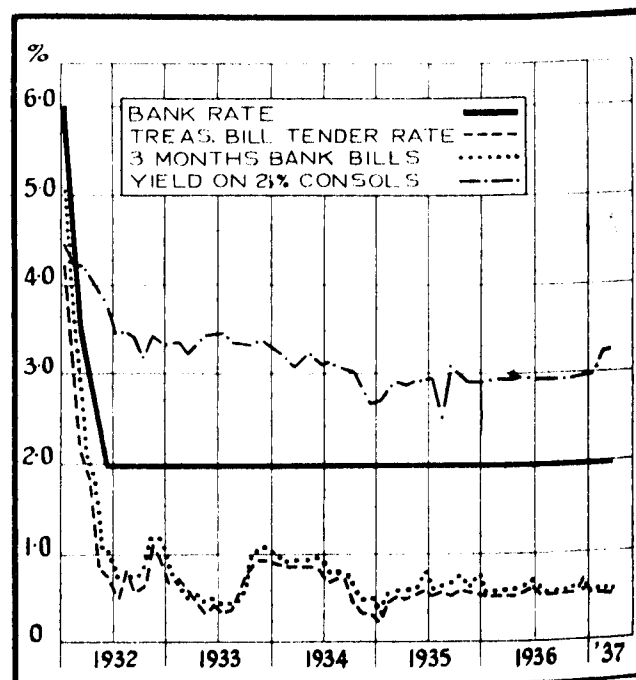


As we explained a short time ago, during the past two years the Exchange Equalisation Account was a continual buyer of gold emanating from France. This led to a steady reduction in the issue of tap Treasury bills and also to an increase in the tender issue. The Exchange Account was buying gold and the Government had to issue fresh Treasury bills to the banks and the discount market in order to pay for it.

Reverting to the second chart, the big increase in investments occurred during the early stages of recovery and was a powerful factor in bringing about the 1932-34 reduction in the long-term rate of interest. As is usually the case, the new demand for advances only developed during the later stages of recovery, for the main tendency in the earlier stages was for frozen loans to be repaid. During the later stages, therefore, the banks have had to slow down their purchases of investments, and this is one explanation of the slow decline in the gilt-edged market which became evident more than a year ago.

This is the position to-day. The demand for credit is growing with the progress of recovery and rise in commodity prices. The banks are becoming less able to take up Government securities just at the time that the Government has announced a new borrowing programme. Bank cash and deposits are expanding, but there is a dubious prospect that the repatriation of French money and French gold may bring about a reduction in the banks' discounts. Finally, French dishoarding of British currency may replenish the banks' supply of cash.

The following chart shows the trend of long-term and short-term interest rates.



The slight rise in the long-term rate will be noticed, but, apart from seasonal movements, the short-term rates have remained as low as ever. Nor is there the smallest evidence that the authorities are bringing to an end the present regime of very cheap money. Even as recently as the end of last March, special assistance was given to the market to help it over the period of seasonal stringency described at the beginning of this article. The question to-day is whether or not the authorities ought to continue their policy of cheap money, and, if not, in what directions they should make the change. The case for continuing easy money is that there is a dangerous inconsistency between increasing the general activity of the country in order to carry through re-armament while at the same time restricting the supply of credit. The dividing line between conditions of great activity and a general collapse of trade is narrow, and abrupt action may easily bring about the collapse. On the other hand, the general level of prices is dangerously high, and early last March the rate of advance was dangerously rapid. The real problem is to maintain a steady tone in the commodity markets and to check an increase in the cost of living which could only lead to fresh wage demands. Our banking policy should be directed towards this end.

Any large repatriation of French funds and French dishoarding of British currency will create conditions of extreme ease in contrast to the extreme stringency which began to develop last summer during the influx of French funds into the country and French gold into the Exchange Equalisation Account. Last summer the Bank had to buy gold from the Exchange Equalisation Account in order to ease the stringency. At the moment, hopes of an early repatriation of French funds appear doomed to disappointment, but should it take place, the Bank of England may have to sell gold to the Exchange Equalisation Account, without increasing the fiduciary issue, in order to check excessive ease, and if this need arises it should do so without hesitation. Next, while there may be no case for a higher Bank rate, there is a case for making the present Bank rate effective, that is for bringing discount rates up to say 1½ or 2½ per cent. At present our whole mechanism of control needs tightening up before it can be used. There is also a case for a qualitative rationing of bank credit to check both such consumption and new capital expenditure which may compete with the re-armament programme in its demands upon our available factors of production. This would really be one of the means of postponing non-essential expenditure in order to smooth out both the crest of the present trade cycle and the next decline. Finally, it may be necessary to give a warning that if prices and costs go on rising and begin to get out of hand, more definite remedies will have to be applied. This warning is less necessary to-day than it was earlier

in the year, and the recent liquidations on both the Stock Exchange and certain produce markets have for the moment robbed it of much of its force. There is no doubt that a healthier level of prices exists to-day than earlier in the year. Yet it is still necessary to say that if a dangerous top-heavy position again develops, it may be best to meet it by an increase in money rates from their present very low level. The raising of Bank rate to an effective 3 per cent., coupled with the establishment of a

long-term interest rate of perhaps 3½ per cent., should be sufficient for this purpose, and these rates would not be high enough to justify any fear that we were passing into a period of dear money. In fact trade has previously prospered under similar conditions of a 3 per cent. Bank rate. All this shows that firmer rather than dearer money may eventually be the best remedy of the future, and that it need not and ought not to act as a deterrent to legitimate trade.

BANK ADVANCES

A BANK'S power to grant advances depends upon two main factors—the credit-worthiness of the potential borrower and the bank's own power to lend. The former can best be illustrated by the story of the Bradford banker who met one of his most important customers in their club one day at lunch. "Ever been in the wool business?" asked the customer. The banker shook his head. "Well, you will be to-morrow," came the reply. "I'm filing my petition."

Thus before a banker can grant a loan, he has to be reasonably certain both that the loan will be repaid, and also that the customer could repay, if desired, at the end of a relatively short time. "I don't want any Kathleen Mavourneen loans on my books," said another banker, "it's maybe for years and it's maybe for ever." Yet a banker must not always play for safety or weight the scales against the applicant. He must lend enough of his resources to cover his expenses and provide a reasonable profit on his capital; and he must have regard to the legitimate credit needs of the country.

On the other hand there is a limit to what a banker can safely lend, regardless of the credit-worthiness of his customers. He must maintain his liquidity and his power to meet the demands of his depositors, and so there must

be a definite upper limit to the ratio of loans to deposits. Eight years ago the general tendency was for the banks to lend up to about 55 per cent. of their deposits. Since then this rule has come to need qualification in one important respect. The big decline both in the absolute total of bank advances and also in their ratio to deposits, which occurred between 1929 and 1933, drove the banks into the gilt-edged market, and to a certain extent investments were substituted for advances. Hence to-day the banks could not restore the 55 per cent. advance ratio without either a substantial (and inflationary) expansion in their cash and deposits or heavy sales of securities to the detriment of the gilt-edged market and the remainder of the banks' holdings. In fact, the truer way to regard the banks' position to-day is to say that their ratio of investments plus advances ought not to exceed 75 per cent., leaving the remaining 25 or 30 per cent. for more liquid assets.* These ratios existed in 1929, and while the former ratio fell five points below 70 per cent. in 1933 it has since been restored.

This is a rough measure of a bank's ability to lend,

* The total of the two percentages slightly exceeds 100 per cent. owing to the surplus of capital and reserves over premises.

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and to-day it is intimately connected with a bank's ability to buy securities. It is quite apart from the credit-worthiness of individual borrowers. This last needs little definition, for the standards applied by bankers are well known and each individual application is considered on its merits. There is, however, one general point to be made to-day. A banker should have regard not only to the wants of his customer but to the general state of trade and also to the objects of the loan. At times a banker must reflect that a top-heavy and speculative position may be developing, and that in the interests of himself, the borrower and the nation all applications for loans may require unusually careful scrutiny.

This means that a banker must have regard to the progress of the trade cycle, and here there is an intimate connection between the phase of the trade cycle and the supply of and demand for the kind of short-term credit which it is the banker's function to provide. The depths of depression are accompanied by a number of frozen bank loans and also by the closer consolidation of industrial and commercial units. For many the choice lies between bankruptcy and amalgamation, and the banker himself is eager to convince his debtors of the advantages of the latter course. The more solvent firms in their turn find liquid cash thrown back on their hands owing to fewer opportunities for trade. The immediate consequence of depression is a curious blend of insolvency and frozen loans with extreme liquidity.

Recovery in its early stages, therefore, brings with it a diminution in the total of bank loans, and if recovery is being fostered (as it was from 1932 onwards) by an expansion of bank cash and deposits, there is a still sharper drop in the ratio of advances to deposits. Frozen loans begin to be repaid, in many cases by borrowers whose debts had been written off as a total loss. Amalgamation brings with it the advantage of greater liquid resources, for a firm which used to borrow from its bankers now finds that it can obtain its needs from another member of its group. Cheap and plentiful money brings new classes of lenders into existence. To cite recent history, American banks found that their resources could earn more in Liverpool in financing the British cotton trade than they could in New York. British municipalities found that they had to float new loans at dates assigned to them by the new machinery of control, and so at times they had surplus funds on their hands pending the redemption of maturing loans. Insurance companies were induced by the decline in the long-term interest rate to lend as well as invest, while accepting houses and finance houses were driven into lending by the contraction in the supply of commercial bills. Meanwhile the new business of hire-purchase finance was rapidly developing. To a large extent this brought new grist to the bankers' mill, for a hire-purchase finance company borrows "short" from its bankers in order to lend at medium-term to its clients. Still this development has in some respects brought new competition as well as new business.

The upshot was that in 1933, in spite of heavy purchases of securities, the banks found themselves in an unusually liquid position. This is illustrated in the following table, which shows the position of the "Big

Five" in 1929 and subsequent years:

	Percentage Ratio to Deposits of			
	Cash, Call Loans and Bills	Investments	Advances	Investments, plus Advances
March, 1929	34.2	13.9	56.6	69.6
" 1932	33.2	15.5	54.5	70.0
" 1933	37.4	25.2	40.1	65.3
" 1934	32.6	28.7	41.4	70.1
" 1935	31.6	31.1	40.0	71.1
" 1936	33.1	28.9	40.6	69.5
" 1937	32.3	28.6	41.7	70.3

Whereas in 1929 the division was 34.2 per cent. of liquid assets to 69.6 per cent. of investments and advances, by 1933 the division was 37.4 to 65.3 per cent. The main ratio of 1929 has now been restored, but the subsidiary division between investments and advances still leans in favour of the former, though to a less extent than in March, 1935, when the investment percentage was at its peak.

This brings us to the subsequent stages of the trade recovery. The banks were deeply committed in securities, but meanwhile trade was expanding, prices were rising and the demand for credit was increasing. The repayment of frozen loans had also been completed. To-day therefore it is no longer germane to say that the banks cannot find full employment for their funds or to complain of the banks' new competitors. Instead, the slow rise in the advance ratio during the past two years suggests that we are getting near the point where one of several courses of action must be adopted. Either the banks must have new cash pumped into them, so that they can expand their deposits and assets all round, or alternatively, the banks will before long have to ration their loans either by calling in outstanding loans or refusing to grant new loans even to credit-worthy borrowers. As a final possibility the banks will have to begin to realise securities. The 1937 position shown in the table leaves, beyond a relatively narrow margin, little escape from this dilemma, and the prospect of short-term borrowing in connection with re-armament only emphasises it.

There is no need to feel undue perturbation. Some control of bank credit by the banks themselves would be an easy way of checking or postponing unnecessary expenditure, with a view to smoothing out the top of the trade cycle and preparing for its next trough. Nor would limited selling of securities by the banks, bringing about a slight rise in interest rates, be entirely a bad thing. It would be much preferable to a deliberate expansion of the credit base made at a time when prices and costs are already rising. Besides, it is wrong to say that the main dilemma has yet arrived. It is now approaching, and the banks are in a position vastly different from that of four years ago. Nevertheless they are still able to extend credit for legitimate purposes and at a reasonable cost. All they must do now is to interpret the term "legitimate" a little more carefully, having regard to the state of the trade cycle and the national interest.

THE BANKS AND GILT-EDGED

THE prophets of the fall in gilt-edged stocks closed their books on December 31st last with scant satisfaction. During 1936 the market had refused to heed their warnings of imminent falls, and quotations even for undated stocks were but $2\frac{1}{2}$ per cent. lower on the year. The opening months of 1937, however, have produced a different story. Since the turn of the year undated gilt-edged values have fallen by nearly 10 per cent. Old Consols are now 77 $\frac{1}{2}$, compared with 84 $\frac{1}{2}$ at the end of December, while War Loan has fallen from 105 $\frac{1}{2}$ to 103 $\frac{1}{2}$. The market has found its resistance point at a

yield level slightly below the $3\frac{1}{2}$ per cent. mark. War Loan, at the bottom of its fall, was still a fraction higher than a true $3\frac{1}{2}$ per cent. yield datum, after allowing for accrued interest.

This sudden collapse of the market could be attributed to no single reason. The fear that the recovery cycle had now reached a point at which there was serious danger of an inflationary rise in prices was undoubtedly a contributory factor. It was also emphasised that a sharp advance in the demand for bank advances would involve a consequent tendency for the banks to

reduce their gilt-edged portfolios. The new advocates of monetary management claimed, on the other hand, that if the authorities so wished, they had sufficient means to supply the joint-stock banks with a broader credit basis and thus could spare the latter from liquidating any serious proportion of their existing gilt-edged holdings.

This advocacy, however, carried rather less conviction than on other occasions since 1932. The admission that rather special measures were necessary to maintain the *mystique* of cheap money suggested that the authorities were facing a new problem of management and on a deteriorating wicket. Again, the announcement of borrowing for re-armament reinforced the investors' fears of inflation. The market, which had not recovered from the weak technical legacy of the $2\frac{1}{2}$ per cent. Funding Loan, which was issued last November at 98 $\frac{1}{2}$, and was largely taken up by the Departments, has thus felt the full force of a combination of adverse circumstances.

It would, however, be false to suppose that the fall was in any sense a direct consequence of a change in the banks' policy regarding their investment holdings. The volume of gilt-edged stocks which remain static in firm hands is very considerable, and the proportion of the total which is normally dealt in is correspondingly smaller than is generally imagined. In adverse circumstances comparatively small sales, therefore, can produce disproportionate effects, and there is no evidence that the banks have turned sellers. The March Clearing Bank returns showed, in fact, that their investments had increased by 1.2 per cent. since the end of December, and by no less than 5.2 per cent. during the past year. Despite the sharp increase in advances during the first quarter of 1937, therefore, investments have also increased during the same period. It may be speculative to base firm arguments upon the trend shown by one quarter alone, for the contraction in Treasury bills offered by tender produces a marked effect on banking statistics during the first quarter of each year. But the figures at least indicate that the fall in gilt-edged from January onwards was not associated with any change of policy on the part of the banks.

What, however, does the future hold? The banks are now "bulls" of the gilt-edged market to an extent hitherto unparalleled at a time when natural economic forces are making for a rise in interest rates, and consequent possibilities of further depreciation upon their holdings. The maintenance of inner reserves would, of course, provide substantial sums to meet any reasonable degree of depreciation. The rise in advances is undoubtedly the key factor on which the fate of the banks' gilt-edged holdings may ultimately depend. At the end

of 1929, the banks' ratio of investments to total deposits was of the order of 14 per cent. In the meantime, deposits have increased by 23 per cent., while investments have increased by 165 per cent., thus increasing their proportion to 29.6 per cent. of deposits.

If the ratio of advances to deposits were to return to the "normal" level of 1929 on the existing volume of deposits, while other quantities in the banking situation remained unchanged, the result would be a reduction in the existing volume of investments by nearly £300 millions in order to finance the new advances. This calculation gives an extreme view of the possible consequences upon the gilt-edged market, which could obviously not stand up to selling on this scale. In the first place, a return to the relation between deposits and advances which prevailed in 1929 is unlikely, while in the second place an expansion in bank cash by the Bank (which would raise no technical difficulty) of a moderate amount, would allow a sufficient expansion of joint-stock banks' deposits to enable them to carry an increased volume of advances and at least to maintain their present holdings of gilt-edged.

This conclusion may be of consolation to the banks, but all history suggests that, at this stage of the trade cycle, an expansion of bank credit of suitable dimensions to facilitate a further sharp increase in advances without disturbing existing holdings of gilt-edged would have inflationary consequences. These, in turn, could scarcely leave the private holder of gilt-edged unmoved. The market, indeed, is faced with a dilemma. Either a natural fall in gilt-edged prices must be allowed—we may say at once that it should be more gradual than the precipitate collapse of prices in the early weeks of this year—or the authorities may attempt to preserve an appearance of firmness by a policy which, in the end, defeats its own purpose by introducing inflationary consequences.

For the ordinary investor, indeed, the market is still little more than artificial. By control of new issues and bans upon foreign lending, savings have to some considerable extent been canalised into the gilt-edged market. And the authorities have attempted, as far as possible, to use their powers for the flotation of loans a point or so above the market level, including the first instalment of the Defence Loan issued a fortnight ago. The terms of the latter issue, however, suggest that the authorities are now conceding a larger part of the argument that gilt-edged have passed their peak than, say, last November, when they decided upon a thirty-year Funding issue at $2\frac{1}{2}$ per cent. There is, doubtless, a certain propriety about the terms of the loan for the special purpose of re-armament finance. But they also

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contain significant confirmation of the argument which has been frequently put by *The Economist*—that the investor who is compelled to resort to the gilt-edged market for legal or psychological reasons is likely to serve his interests better by concentrating upon dated stocks with relatively short life (such as the new

Defence Loan or the 2½ per cent. Conversion), even at the expense of forgoing an extra 1 per cent. or so in income which may be obtained on long-dated securities. The latter are more likely to fall than rise; but the former, being repayable within a relatively short period, are not vulnerable to nearly the same extent.

THE EXCHANGE TRIANGLE

ON September 26th of last year the Treasury authorities of the United States, France and Great Britain issued an identic *communiqué*, declaring their intention to collaborate for the future in matters both of currency and exchange policy on the one hand, and of freeing international trade from its present restrictions on the other. This joint statement was evoked primarily as a gesture which might enable M. Blum's Government the more easily to effect the long-delayed but then inevitable devaluation of the franc. It also, however, put an end to a five-year period of maladjustment and unco-ordination between the three leading currencies of the trading world: pounds, dollars, and francs. Ever since September of 1931 these three chief currencies had been disconnected; first the pound had depreciated, taking the sterling area currencies with it; then the dollar was devalued in 1933 to 59.05 cents (gold) of former parity, at which it was re-attached to a modified form of gold standard; then, finally, after three-and-a-half years during which the capital flight from francs persisted and a drain to America from the Old World set in, the erstwhile gold *bloc* currencies were devalued or depreciated to lower "floating" parities. To-day, after five years, price-levels are fast rising in the leading countries; their currencies are all devalued from the pre-slump levels while prices and costs are approaching those levels; and, generally, something like a boom in production and national Stock Exchanges is well under way.

Nevertheless, the trading world is far from emerging from the wood of exchange and currency problems. Despite the tripartite exchange and currency agreement of last September, the trading world has scarcely yet even begun to repose its business confidence upon the expected firmness of the dollar-franc-pound triangle. Despite the declared intentions of the three Treasury authorities in that agreement, and despite the encouraging rises in national production indices, national price levels, and even in world trade, business and finance remain largely functions of purely national decisions—of tariff and quota policies, of re-armament, and of domestic economic policies. Accordingly, for example, the continuance and intensification of the French Government's social reforms, or the sudden acceleration and expansion of the British re-armament programme, or the unexpected American campaign against excess reserves and "hot money," have all acted, at various stages since last September, as disturbers of the currency and exchange peace there concluded. The weakest leg of the dollar-franc-pound triangle has certainly been the franc; but the other two legs have been none too reliable; and the present prospects for the stability of the world's chief currency tripod are such that it is necessary to examine the French, British and American legs more closely.

It is as well to begin with the franc. Its devaluation had been rendered inevitable by the Blum Government's ameliorative social measures, and the consequent sharp increases in costs. But this in itself could probably have been countered if the French *rentier* had not been made to feel that his woollen stocking was marked out for a raid. Not only did he put it in London as a British bank deposit, but he put a good deal of it in New York, thus swelling the volume of "hot money" there. An ill-timed threat to tax away from repatriated capital all its profit in devalued francs prevented its return; and despite assurances by M. Blum's Government two months ago that repatriation would not be penalised, it has not occurred on any adequate scale to cheapen money rates in Paris and lower, by conversions, the incidence of the National Debt service. Moreover, the

franc was devalued just as a sharp upward spurt in the world price-level was superimposed on the rise of French costs due to the social reforms. The devaluation to between 43 and 49 milligrammes of gold per franc was coupled with the institution of an Exchange Fund with Frs. 10,000 millions at its disposal; and the sterling rate was held for six months at about Frs. 105 to the £1, compared with Frs. 112 which the lower gold content would have permitted. In these six months, i.e. until March, the exchange dealers always knew that the French Exchange Fund could, and probably would, let the franc slip to the lower level allowed by the law and the tripartite agreement; consequently, while the rise in prices and costs continued and French capital fought shy of any significant return, the dealers were always able to bear the market with comparative safety. That they constantly did so, the persistent sagging of the franc's forward rates ever since September has shown. Meanwhile, the straitness to which the French Treasury was reduced so soon after devaluation, the "stay-out" strike of French capital abroad, and the recrudescence of industrial disputes in France combined to drive the French authorities to borrow in London again. Though the big Defence Loan was a success last March, it was costly; the interest rate was not lowered significantly; and virtually no capital returned to take it up. These factors account for the persistent weakness of the franc since last September's agreement, as well as for the break which began in March and finally took the franc down to practically its lower parity rate at the end of April: Frs. 111½ to the £1, against Frs. 112, which are equal to a gold content of the lower legal figure, 43 milligrammes. The following table shows the actual range of dealings in francs and dollars in London since last September:—

Date	Dollar Exchange	Franc Exchange	Date	Dollar Exchange	Franc Exchange
Sept. 24	5.05½-07	78 ¾-77 ½	Jan. 14	4.90½-01	105 ½-1
Oct. 1	4.93½-05½	Unquoted	Jan. 21	4.90½-00½	105 ½-1
Oct. 8	4.88½-90	104 ½-1	Jan. 28	4.89½-90½	105 ½-1
Oct. 15	4.89½-90½	105-105½	Feb. 4	4.89½-90	105-105½
Oct. 22	4.88½-89	105½-106	Feb. 11	4.89½-90	104½-105½
Oct. 29	4.89½-89½	105½-1	Feb. 18	4.89½-89½	105-105½
Nov. 5	4.88½-89	105½-1	Feb. 25	4.88½-89½	105-105½
Nov. 12	4.87½-88½	105½-1	Mar. 4	4.88½-89	105-105½
Nov. 19	4.88½-89	105½-1	Mar. 11	4.88½-88½	108½-107
Nov. 26	4.89½-89	105½-1	Mar. 18	4.88½-88½	108½-1
Dec. 3	4.90½-90	105½-1	Mar. 24	4.88½-88½	108½-1
Dec. 10	4.89½-90	105½-1	Mar. 31	4.88½-89	108½-1
Dec. 17	4.91½-91½	105½-1	Apr. 7	4.89½-90	108½-1
Dec. 23	4.91½-91½	105½-1	Apr. 14	4.90½-91	108½-110½
Dec. 31	4.90½-91½	105½-1	Apr. 21	4.92-93	110½-111½
Jan. 7	4.91-91½	105½-1			

The immediate effect of the tripartite agreement on the pound-dollar rate was to bring it sharply back from around \$5.00 to about \$4.86 to the £1 (the old parity) owing to the creation of a new cross-rate through the devalued franc's gold content and the \$35 per ounce buying price of gold in the United States. There were signs that the £1, which had long been over-valued at \$5.00, would fall well below the old parity of \$4.86 at the outset; and calculations of parities through price indices, for what these were worth, indicated a parity last September around \$4.75 to the £1. It was evident, however, that the British and American Exchange Fund authorities had agreed, in jointly facilitating devaluation of the franc, to hold the dollar-pound rate at the old \$4.86 parity. It slowly sagged below \$4.90 in the second week of October; remained relatively stable about that figure for six months; and then began to climb back towards the \$5.00 mark, as rumours of an onslaught on "hot money," of a steeper rise in American prices

than British, and of an unbalanced 1937-38 Budget again took the field. Strangely enough, the startling report early in April that the American Treasury's gold buying-price was to be *lowered*, failed to bring the sterling-dollar rate below \$4.90; and the strong denial of the rumour seems to have accelerated the downward slide in the dollar's exchange value. (The seasonal element of tourist traffic—especially for the British Coronation—should not be overlooked in the sterling-dollar rate's movements this spring and summer.) Comparison of the American and British price levels shows that, during the last twelve months, the dollar should—again, for what such calculations are worth—have appreciated against the pound; for British prices have risen considerably more than American; and certainly the wider range of industrial costs have risen more in Britain during the last six months than in America. It is this unpredictable factor of the inflationary spiral which is raising problems for the three Treasury authorities of the tripartite agreement to-day.

In Britain, prices, costs and wages—still more so, earnings—have been rising less rapidly than in France, but more rapidly than in the United States. From now onwards it looks as if they would rise more rapidly than those of France or America, owing to the increasing incidence on industrial capacity of the extended re-armament programme. French prices and costs have spent their devaluation rises, and are now rising less quickly than world prices in general. Accordingly, the mutual relations of francs, dollars and pounds in future are likely to be conditioned more by capital movements than by price-levels or interest-rates. Industrial unrest in France and Britain, the threatened National Defence Contribution in Britain, the increasing tendency of French and British industries to run to full capacity,

the increasing extent over all equity shares of the discounting of future profits—these factors must still reinforce the long-standing tendency in France and Britain to "go into Wall Street." Against them, there are now signs of possible discouraging actions by the American authorities; but it is too early to assess the likelihood of such action. Thus, the Exchange Fund authorities in London, Paris and New York—as well as their associates and followers in Amsterdam, Zurich, Prague and Brussels—have to reckon to-day with the possibility that capital movements from now onwards will become more irregular in volume and direction, that purely national price-levels will (failing really effective reductions in trade barriers) advance at unco-ordinated rates of increase, and that new major disequilibria may first make themselves apparent to the authorities necessitating agreed alterations of parities, or pegged rates. The only immediate likelihood of the latter action is over the French franc; though even here it depends on the volume and rate of repatriation of French capital now abroad, and not on movements of price-levels. Nevertheless, the general prospects before the authorities working the Exchange Funds of the three Powers that signed the tripartite agreement are scarcely unclouded at present. It was not for nothing that the agreement coupled the freeing of international trade with the maintenance of a just alignment between the exchange values of their currencies. Until this is to some extent achieved, the movements of national price-levels and the effects of national economic programmes are bound to result in minor disequilibria which, if not co-ordinated or damped down, are bound to become major ones. The tracing of different influences on the three different countries' economies of rising prices, extending industrial capacity, and expanding credit will indeed be interesting to observe.

FRENCH FINANCES—A PARIS VIEW

(BY A CORRESPONDENT)

DURING the last year, the French banking community has had to bear the effects of a number of factors which acted often in opposite directions. Three periods may easily be defined.

The first lasted until the devaluation of the franc. Immediately following the international political crisis of March 7, 1936, the coming into power of the Front Populaire Government, the wave of strikes and the monetary uncertainties which accompanied it, brought about a large exportation of capital, which continued

almost ceaselessly until the end of September. The deposits of the four largest Paris banks declined by nearly Frs. 2,500 millions; in appreciating the importance of this figure, as well as others cited below, it should not be forgotten that the resources of these four banks represent only from 40 to 50 per cent. of the total resources of the French banks, as the banking concentration is much less advanced in France than it is in Great Britain. It must also be noticed that deposits in foreign currencies are carried at their franc equivalent in the French

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banks' balance sheets, and that the reduction in gross deposit figures does not take account of the transfers from a franc into, say, a sterling account on the books of each particular institution.

The second period extends from October 1, 1936, to March 5, 1937. Devaluation had been expected to bring about a large repatriation of funds. This hope, however, was rapidly foiled. A certain amount of francs was in fact purchased on the exchange market during the first weeks of October and the drop of the excessive forward exchange rate to more normal rates, ranging from 1 to 4 per cent. per annum underlined this tendency. But this favourable movement did not last long. The increase in banking deposits was disappointing, although it reached Frs. 2,500 millions for the month of October for the larger Paris banks. Due to the above-mentioned accounting practice, foreign exchange deposits were immediately revalued in the balance sheets of the banks and it may be said that the major part of the increases reported in the banks' deposits in October was due to such revaluation. The repatriation movement ceased almost at once, and forward exchange premiums climbed again to abnormal figures. Deposits, however, continued to rise, the total increase from October to January reaching around Frs. 2,000 millions for the four larger Paris

immediately after the devaluation and has held it there for several months, in spite of the unbounded development of credit demands which accompanied the rise in commodity prices. As a matter of fact, it may be said that in keeping its rate so low the central bank has made itself partly responsible for the accumulation of stocks which took place in most trades and industries and which in turn unduly favoured the rise in prices, registered from October to January. This movement was eventually slowed down on January 25th, when the Bank rate was fixed at 4 per cent. The loans and discounts of the four Paris banks rose rapidly (by about 18 per cent. in four months) and the central bank's re-discounts followed the same course. Acceptance credits expanded similarly, both on account of rising raw material prices abroad and of the renewed anxiety as to the stability of the franc which was felt a few weeks after the devaluation. This pressure for additional credit resulted in a slight but noticeable reduction in the cash ratios of most institutions, which contrasts with the ample cash reserves previously held by the Paris banks. As a matter of fact, the rise in prices has considerably improved the credit position of most of the bank's customers, and a little more elasticity in their traditionally conservative policy appears well warranted.

FRENCH BANKING SITUATION
(End of Month—in Frs. millions)

FOUR PARIS BANKS	Dec., 1935	Jan., 1936	Feb., 1936	Mar., 1936	April, 1936	May, 1936	June, 1936	July, 1936	Aug., 1936	Sept., 1936	Oct., 1936	Nov., 1936	Dec., 1936	Jan., 1937	Feb., 1937
Liabilities															
Deposits	27,559	27,548	27,603	27,194	27,410	27,199	25,655	25,334	24,979	25,137	27,548	28,015	28,481	29,843	...
Acceptances	337	349	338	381	397	424	394	359	335	368	408	454	473	562	...
Assets															
Cash and Bank of France	3,738	3,451	3,431	3,587	3,517	3,513	3,534	3,208	3,097	3,083	3,186	3,173	3,101	2,851	...
Balances with other banks	2,483	2,563	2,528	2,617	2,802	3,032	2,788	2,410	2,326	2,757	2,766	2,839	2,913	3,589	...
Discounts (including collections)	16,140	16,601	16,470	16,135	16,199	16,014	14,972	15,410	15,445	14,876	17,070	17,298	17,583	18,289	...
Secured advances and current accounts	8,365	8,115	8,343	8,091	8,074	7,966	7,721	7,574	7,366	7,669	7,860	8,078	8,104	8,509	...
BANK OF FRANCE Assets															
Gold reserve	66,296	65,223	65,789	65,587	61,937	57,022	53,999	54,942	54,511	50,111	64,359	64,359	60,359	57,359	57,359
Foreign exchange	1,121	1,120	1,117	1,110	1,128	1,412	1,284	1,258	1,239	1,234	1,458	1,452	1,445	1,422	1,309
Total	67,417	66,333	66,906	66,697	63,065	58,434	55,283	56,200	55,750	51,345	65,817	65,811	61,804	58,781	56,668
Discounts	9,918	9,413	9,949	12,239	14,569	19,395	21,561	14,644	12,246	7,522	7,891	8,965	9,860	10,187	10,527
30-day advances	573	969	932	671	623	796	1,048	1,461	809	838	668	702	715	1,168	873
Security loans	3,253	3,350	3,250	3,925	3,349	3,381	3,441	3,555	3,454	3,553	3,447	3,464	3,583	3,701	3,594
Temporary advances to the State	...	...	...	...	...	...	536	5,742	9,161	15,903	12,416	12,298	17,698	19,772	19,772
Total	13,744	13,732	14,131	16,235	18,541	23,572	26,586	25,402	25,670	27,816	24,422	25,429	31,856	34,828	34,766
Sight Liabilities															
Bank notes in circulation	81,150	81,503	81,239	83,197	82,557	84,705	85,106	85,892	84,324	83,750	87,198	86,651	89,342	87,898	87,062
Deposits	11,578	10,883	11,559	11,323	10,617	8,759	7,832	7,849	8,560	8,339	13,219	15,128	15,744	17,235	17,701
Total	92,728	92,389	92,798	94,520	93,174	93,464	92,938	93,741	92,884	92,089	100,417	101,779	105,086	104,823	104,763
Ratio, gold to sight liabilities (%)	71.50	70.60	70.89	69.39	66.47	61.01	58.10	58.61	58.69	54.42	64.09	63.23	57.44	54.67	54.75

banks; this was presumably due to the general revival of business activity and to the credit and monetary expansion favoured by the Bank of France after devaluation.

On March 5, 1937, the appointment of a new Stabilisation Fund Committee, together with the abrogation of the limitations imposed on gold transactions, removed fears of an exchange control policy, and this has entirely reversed the trend of exchanges. The avowed liberal tendency of the new policy was immediately rewarded and exported funds are flowing back slowly but steadily. The attractive terms of the Government Defence Loan issued at that time had no little influence in this respect. No statistics are, however, available as yet, to confirm this statement, which is based on partial information rather than official reports.

Deposits, however, have a long way to go before they again reach the 1931 record of Frs. 38,000 millions, all the more as the present figures include a not negligible amount of foreign exchange (which allows the French banks to be fairly active in foreign centres, especially London). Furthermore, a considerable growth of these deposits will be necessary before the banks can supply the market with the necessary credit at low rates. Not only is the Treasury demand for credit still very strong, but commercial demands have developed rapidly. The Bank of France forced its rates down to 2 per cent.

It is noteworthy that the profits of most of the commercial banks have suffered little change from 1935 to 1936, although after the general rise in salaries which took place in June and July it had been feared that the new charges imposed on the banks may prove too heavy for many of them. The explanation of this steadiness in earnings is to be found partly in the high money rates which prevailed during many months before October, partly to the increased collection, safekeeping and other charges which were adopted by all banking institutions, and finally to the development of their business during the latter part of the year. These various factors served to offset increased staff expenses, so that at the worst the larger commercial banks will only have to make slight reductions in their dividends. As to the banques d'affaires, their profit and loss statements evidenced large increases in earnings, although they do not take any account of book profits on their security holdings, which are likely to have been fairly large. The improvement of the credit position of many debtors which was mentioned above has also released important amounts which in previous years would have been necessary to write off doubtful debts.

If the economic improvement can continue in France, the French banking community will have emerged from the depression unimpaired. It is remarkable that during

this long period of dwindling deposits, which extends from 1932 to 1936, no important bank failures have taken place. The last date back to 1931. Two of the larger banks which failed at that time and were allowed to continue their operations, thanks to Government assistance and under a new name, merged early in 1937. These were the Banque Nationale pour le Commerce et l'Industrie and the Société Nouvelle de la Banque Adam, merged to form a single institution. Such consolidations are desirable, and the wish is often expressed that a more complete concentration of banking activities could be brought about. There is, however, no sign that this

process is continuing. Rumours are rampant that some sort of rationalisation may become necessary, which might for instance entail the suppression of competing branches of the larger banks, but such rumours have been frequent in the past and have never materialised. Whatever its future organisation will be, the French banking structure has remained sound throughout the depression, and it would be in an excellent position for assisting business recovery in France, if some of the funds which remain hoarded in the country or abroad found their way to the banks and were added to their deposit liabilities.

FRENCH FINANCES—A LONDON VIEW

(BY A CORRESPONDENT)

REVIEWING the financial position of France six months after the devaluation of September 30th it is difficult to stifle a sigh of disappointment. The results of that long deferred but momentous step have so far fallen sadly short of expectations. Its visible benefits in France hardly compare with those reaped by Holland and Switzerland, her fellow members of the former gold bloc—which but for seasonally obstinate unemployment would have rapidly emerged from the depression that up till last year weighed so heavily upon them.

The truth seems to be that France delayed all too long in taking the inevitable step. The malady was not truly diagnosed and no proper treatment was applied. Complications set in. Over-valuation and particularly perhaps its attempted cure by severe deflation caused such acute distress that evils which might have remained on an economic plane and proved susceptible to treatment by a purely economic remedy such as adjustment of exchange, have instead developed into widespread social unrest and bitter political strife. The major issue between capital and labour is rising to the surface and

recovery is complicated if not positively impeded at every turn by hasty and rather mistimed measures of social reform. Many of these were no doubt as long overdue as they are desirable in themselves. But others, such as the abrupt enactment of a forty-hour week and the increase of wages by political action rather than negotiation based on profits and prospects constitute a bold hazard for a country which has not yet emerged from depression or overcome financial mismanagement. And for the moment there is reason to fear that reform, under the Blum regime, may have outrun recovery to the point of imperilling its further progress.

Financial recovery, at any rate, has made very little headway. As for many years past, the Bank of France is in a strong technical position. Its gold reserve stands at 57.3 milliards (£516 millions), and bears a proportion of 55.64 per cent. to sight liabilities. But it has neither gained nor regained anything since the currency adjustment was made. At the above figure of Frs. 57,000 millions the stock of metal is lower than in October and but slightly larger in terms of the new and devalued

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franc than it was in terms of former francs a year ago when the Blum Government came into power. It looks as though French investors had lost faith in the social system of their country at the very moment when as a result of devaluation they had no longer any ground to fear the instability of its monetary system. Certainly the repatriation of French funds has not occurred on the very considerable scale experienced by both Holland and Switzerland almost continuously since September 30th. The gold reserve of the Netherlands Bank has risen in the last six months from 570 million to the very high figure of 920 million (undepreciated) florins. The Swiss National Bank, which in contrast to Holland has revalued its gold in accordance with the newly established exchange parity, has seen its reserve mount in the last few months from 2,408 millions to 2,718 millions. It is in keeping with this inward movement of funds that the Dutch and Swiss currencies have for some months been quoted in European exchange markets at a premium for forward dealings, while simultaneously the French franc has remained throughout at a substantial forward discount representing at times an interest rate of 8½ per cent. and seldom falling below a discount equivalent to 4 per cent. per annum. The implication is obvious. The return of funds to France on a conspicuous scale has been discernible only for two brief periods, one immediately after the devaluation took place—which was very short-lived—and the second on the occasion of the recent issue of a National Defence Loan. On balance, however, it seems that gold has been exported during the last six months. The French Equalisation Fund has been obliged to support the franc against further depreciation rather than prevent its appreciation, as was the case with the florin, the Swiss franc as well as, a year earlier, the Belgian franc, to say nothing of sterling and dollars in 1931 and 1933, respectively.

The absence of the much-needed restoration of financial and fiscal confidence is perhaps most marked in the short and long term money and loan markets. A reflux of funds on anything like the scale rendered possible by the country's very great foreign assets would assuredly create a glut in the short money market and produce a rise in Rentes. Instead the financial difficulties of the French Government became so acute once more in February that recourse was had to a 40 million credit in London—surely a very depressing experience for a country that has just devalued. This served temporarily as a stopgap and provided support both fiscally and from an exchange point of view. But it left an unpleasant impression, particularly as it became known that one or two large potential participants in the credit had this time stood aside from it.

Bank rate has remained throughout at 4 per cent. and the carry-over rates on the Paris Bourse for the last three months were 6½ per cent., 7½ per cent. and 11 per cent. respectively. Small wonder that in these circumstances the Rentes Market has made no recovery; but it is regrettable indeed to find that it has fallen once more to the lowest depression levels recorded prior to the devaluation of the franc, in 1935 and 1936. The figures given in the following table tell their own tale.

AMERICAN BANKING

(BY A CORRESPONDENT)

THE past year has seen a material alteration in our credit policy. From early in 1932 to the end of 1935 the programme called for "reflation," but by the middle of 1936 the Board of Governors of the Reserve System deemed that the supply of money (currency and bank deposits) had been approximately reflatated, and since that time four measures have been taken looking toward a limitation of the rate of credit expansion. On August 15, 1936, member bank reserve requirements were raised 50 per cent.; in December, the Treasury announced that incoming gold would be absorbed in an "inactive fund," rather than monetised through

	3 per cent. Perp. Rentes	4 per cent. Rentes 1918	4½ per cent. Rentes "A"
February 1, 1935	80.15	85.95	92.95
February 1, 1936	73.30	75.10	83.25
September 15, 1936*	64.85	62.70	68.15
October 15, 1936†	80.10	81.15	84.70
December 31, 1936	75.40	74.00	79.42
April 26, 1937	64.20	63.70	69.15

* Approximate lowest level reached in 1935-36 before devaluation.

† Highest level reached since September 30, 1936.

In part the explanation must be sought in the fiscal position. This, in truth, remains as disquieting as ever. Ordinary revenue is improving noticeably; but if it is not one's fault, it is everyone's misfortune that at a moment when the restoration of equilibrium in the French Budget and confidence in its management are, socially and politically, as well as economically, of the greatest consequence, military requirements should once more increase expenditure and new borrowings. For some years past moreover the distinction between current and capital items of expenditure has become rather blurred in the Rue de Rivoli. Government borrowings have averaged nearly 20 milliards a year for about four years, adding Frs. 75,000 millions (approximately £1,000 millions at the then rates of exchange) to the deadweight debt. It is true that M. Blum recently agreed to postpone some public works expenditure—a decision which was strongly resented by some of his followers—pending the achievement of a better balance between ordinary revenue and expenditure in the National Accounts. But he has not seriously attempted, even after devaluation, to restore equilibrium to French public finances. M. Vincent Auriol when introducing his estimates in the Chamber, involving new borrowings for 1937 on the record scale of 36 milliards, could find nothing better to say than that the figure was manifestly a modest one compared with the extravagant forecast of 55 milliards maliciously circulated by the Press! Borrowings for current requirements of the Treasury would not be greater than during the last four years—which have virtually undermined the whole fiscal system!

It is hardly surprising, in these circumstances, that deposits in the joint-stock banks have hardly risen above the lowest levels, that the savings banks are once more losing instead of attracting deposits and that the country as a whole is exporting rather than importing its liquid funds. There is stated to have been some dishoarding of bank notes, but it is remarkable that the note circulation of the Bank of France has recently risen to a new high level at Frs. 87,535 millions.

These factors indicate the possibility of further serious difficulties ahead, or at best of slow and laborious progress towards recovery. But the overriding consideration is to-day a political one, and this M. Blum would be well-advised to take into account. Confidence is once more at a low ebb. M. Blum may find that he should either have gone much further in the direction of state-capitalism and control to make his Socialist programme a workable one; or else have stopped far short of what he has done, so as to use the existing system as a means to recovery. Too late, perhaps, he may discover that he cannot have the country's capital—and eat it.

the Reserve Banks in the form of gold certificates; and in February, it was announced that the reserve requirements would be raised another 50 per cent., in two equal stages, one taking effect on March 1st, and the second on May 1st. It is estimated that after May 1st excess reserves will still amount to \$500 millions. In addition to these administrative acts, the steady increase of currency in circulation during 1936 prevented the growth of reserves by the full amount of the increase in monetised gold.

The following table shows the trend of monetary and central bank items over the past year. The first inter-

mediate date was selected to show the position about the time last summer's increase in reserve requirements became known, rather than the date on which it took effect; the second was chosen to give the position at the time when the current Treasury gold regulation became operative.

	RESERVE BANK ITEMS			
	Mar. 4, 1936	July 1, 1936	Dec. 23, 1936	Mar. 3, 1937
	(\$ millions)			
Bills discounted	6	4	9	7
Bills bought	5	3	3	3
U.S. Govt. Securities	2,431	2,430	2,430	2,430
Industrial Advances	31	30	25	23
Member Bank Reserves	5,813	5,589	6,507	6,660
Treasury Deposits	379	731	251	216
Money in circulation	5,848	6,250	6,680	6,407
Treasury currency	2,506	2,498	2,531	2,535
Gold stock	10,167	10,612	11,229	11,443
Gold Cfs. in Res. Banks	7,669	8,107	8,852	8,847

From this table, it will be seen that the gold stock increased between March 4, 1936, and December 23, 1936, by \$1,162 millions, member bank reserves by about \$800 millions, and money in circulation by approximately an equal sum. This heavy demand fell mainly upon the Reserve Banks and checked the increase in reserves which would otherwise have been consequent upon the gold imports. With the new gold policy in December, member bank reserves ceased to be influenced by gold imports, but rose with the seasonal reflux of currency. Excess reserves, however, which had been counted as about \$2,100 millions just prior to March 1st, dropped to \$1,310 millions with the new regulation.

In sum, May 1st witnesses the completion of a defined programme. At the end of 1935 excess reserves exceeded \$3,000 millions, and subsequent gold and silver imports would normally have added more than \$1,500 millions to that figure—that is, had no active policy been undertaken, excess reserves on May 1, 1937, might have stood in the vicinity of \$4,000 millions. The combination of increased requirements, the creation of the "inactive gold fund," and the larger currency in circulation will reduce this figure to about \$500 millions; without having necessitated any open-market operations by the Reserve Banks. At this figure, the situation comes under ready quantitative control, as a variety of expedients are available for increasing or diminishing this sum.

Over the same period, the operations of the Reporting Member Banks were changing in two noteworthy respects. Up to mid-year, the total loans and investments were rising rather rapidly, although reserves were falling, partly under the currency increase, partly under the transfer of Treasury deposits to the Reserve Banks. The principal increase came in the holdings of Government and guaranteed securities, but for the first time in years there was a marked demand for commercial credit.

	REPORTING MEMBER BANK ITEMS			
	Mar. 4, 1936	July 1, 1936	Dec. 23, 1936	Mar. 3, 1937
	(\$ millions)			
Total Loans and Inv.	21,206	22,619	22,941	22,718
Loans to Brokers	1,198	1,226	1,272	1,263
Security Loans	2,060	2,093	2,042	2,017
Commercial Loans	4,908	5,141	5,856	5,841
U.S. and Guaranteed Secur.	9,858	10,799	10,530	10,275
Other Securities	3,182	3,360	3,241	3,322
Reserve with F.R. Banks	4,723	4,487	5,161	5,171
Demand Deposits	13,966	14,679	15,574	15,501
Time Deposits	4,911	5,011	5,043	5,167
Government Deposits	511	839	702	340

One result is that from July 1st to the present these banks have been reducing their holdings of Government securities. But the most conspicuous fact is that while total loans and investments increased by \$1,400 millions in the four months preceding July 1, 1936, in the eight months following they increased by only \$100 millions. One must go back a long way to find an eight-month period in which the total loans and investments of these banks increased by so small a figure. Demand deposits, however, increased, partly with the incoming

gold, partly by the drawing down of Treasury balances. Time deposits also rose—the first increase of magnitude in a very long time.

From the figures given above, which indicate an increased demand from commercial borrowers in competition with the anomalously low rates in the money market—that is, on short Treasuries, it is not surprising that the yields on the latter should have risen smartly. For the shorts maturities, the microscopic returns increased to about 0.4 per cent., and the market took on a more realistic appearance.

Up to the middle of March one could not say that the long-term rate had shown any sympathy with this tendency. Long-term 2½ per cent. Government securities were still quoted at a premium, and the Treasury on March 15th successfully converted a maturing note issue into 2½ per cent. bonds. But in view of the fact that in recent weeks gilt-edge corporate bonds have fallen by 5 or 10 per cent., the statement above requires some qualification.

In considering our general credit policy, there are two elementary premises. The presence of larger excess reserves, increasing under continuous gold imports, was an integral part of a "reflation programme"; but once the "reflation programme" was deemed complete, the primary consideration was (a) to reduce the redundant excess, and (b) to prevent or control further increments. The past year has seen policy working to that end. But to state that the problem of excess reserves has been brought under control is by no means equivalent to stating that the basic cheap-money policy has been abandoned. On the contrary, we are more heavily committed than a year ago to the idea of low long-term rates, for in that period the Treasury has issued several long-term bonds with a 2½ per cent. coupon.

In short, the programme of reflation completed, the immediate programme seems to be that of credit control,

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but control of a qualitative rather than a quantitative nature, aimed at the retention of a low long-term rate of interest, but also aimed at preventing this monetary policy from nurturing an insecure economic development. As an instance of this qualitative control, the limitations placed upon the use of credit in security speculation may be cited. Admittedly, "reflation" was easier than "control," for "reflation" was essentially a quantitative concept. Furthermore, official utterances on the subject, while frequent, often bewilder

rather than enlighten the financial community—as the March flurry in the Government bond market demonstrated.

No one had any right to suppose that the transition from active reflation to managed control could occur without some creaking of the machinery. The important fact to note is that officially we have reached the stage of recognising certain dangers in our situation and of proposing devices to avert them. The next phase will develop a genuine test of currency management.

GERMAN BANKING

(BY A CORRESPONDENT)

THE upward trend in German banking profits, which had led to a resumption of dividend payments in 1935, continued during 1936. The Deutsche Bank, the Berliner Handelsgesellschaft, the Commerz und Privat Bank, and the Reichs Kreditgesellschaft increased their dividends, only the Dresdner Bank maintaining its previous rate.

All banks report an increasing demand for new credits and a further falling off in the total amount of bad debts. In the banking crisis of 1931 three out of five leading banks had to be supported by the Government, which also subscribed, or took over, through the Gold Discount Bank, important capital holdings in these institutions. Now the Deutsche Bank reports that all shares formerly held by the Gold Discount Bank have been sold to the public, and it is understood that the capital of the Commerz und Privat Bank is, to a large extent, again private property. Only the Dresdner Bank is still largely controlled by the Reich. The profit-sharing agreement between the Government and the Commerz Bank and Dresdner Bank, which also dates back to the emergency measures of 1931 and 1932, has been terminated in the case of the former, while the latter has repaid out of profits a further amount of Government advances.

has shown a further substantial reduction, and although the Security Index on the Berlin Stock Exchange has increased from 99 per cent. (1924/26 = 100) at the beginning of 1936 to 104 per cent. at the end of the year, business remained very small.

Despite the funding operations carried out by the Government in 1936, the total volume of short-term floating debts continued to rise. The note circulation of the Reichsbank expanded by more than Rm. 700 millions, and the total increase in the volume of Bills of Exchange and Treasury Bills is estimated at between Rm. 1,200 millions and Rm. 1,500 millions.

During 1936 this expansion of credit was again solely devoted to financing the Government's economic and armament programme. The production index for capital goods, which largely covers business and heavy industries—engineering, shipbuilding, electricity, motor-cars and building—rose by more than 24 per cent. The index of consumption goods improved by almost 11 per cent. The number of workers in employment reached a new peak, and for the first time since 1929 the number of unemployed fell to nearly one million. The average number of hours worked per day exceeded eight hours

	Dresdner Bank		Deutsche Bank und Disconto-Gesellschaft		Commerz- und Privat-Bank		Berliner Handelsgesellschaft		Reichs-Kredit-Gesellschaft	
	Rm. mill. 1935	1936	Rm. mill. 1935	1936	Rm. mill. 1935	1936	Rm. mill. 1935	1936	Rm. mill. 1935	1936
Cash and balances at banks	105.3	111.2	207.2	215.1	67.3	67.0	27.0	27.3	36.5	39.5
Bills and Treasury Bills	511.7	633.9	956.7	1,057.5	354.0	384.8	90.7	109.0	223.9	247.6
Advances against goods	66.1	60.4	120.1	113.6	41.0	40.8	16.5	14.7	38.7	28.9
Advances on securities	1.8	4.7	3.6	5.8	3.5	2.7	1.2	1.0	2.8	3.2
Investments	370.1	347.7	221.0	300.2	131.7	146.1	27.1	43.5	17.5	37.0
Participations and syndicates	77.7	101.6	90.0	86.4	24.1	28.1	7.2	6.6	5.9	7.3
Debtors	1,192.2	1,074.8	1,332.0	1,221.1	673.4	637.1	96.6	67.3	143.8	132.3
Creditors	1,781.7	1,805.5	2,344.0	2,365.3	971.2	995.6	197.9	208.6	389.5	407.4
Acceptances	292.9	241.0	230.6	198.3	151.6	144.3	32.2	25.0	13.0	15.9
Endorsements and guarantees	339.3	484.0	276.1	332.0	245.7	292.4	22.3	28.9	21.6	56.0

The rise in banking profits is largely the result of an all-round increase in general banking business, with the exception, of course, of foreign exchange and foreign bond dealings, together with the revival of the capital market and the improvement in Stock Exchange conditions, particularly in the bond market. New issues increased from Rm. 2,811 millions to Rm. 3,909 millions. As in all years since the crisis, fixed interest bearing securities, and amongst those State bonds, represent by far the largest percentage of the total.

In 1936 new issues of bonds reached Rm. 3,595 millions, out of which the State accounted for Rm. 2,700 millions. Private enterprises, which in 1933 had only been able to place Rm. 2,000,000 of debentures and in 1935 Rm. 3,000,000, sold Rm. 47 millions during 1936. The increase in Government loans is the result of funding operations to consolidate Treasury Bills and Tax Remission Certificates. New issues of ordinary shares, which increased from Rm. 156 millions to Rm. 400 million issues, were made almost entirely on behalf of mortgage banks, while the new industrial debentures were placed on behalf of three of the most important industrial concerns of Germany to finance expansion which has become necessary under the Government's economic programme. The turnover in industrial shares

in engineering, and more than seven-and-a-half hours in almost all other industries. As far as can be judged from economic statistics, a state of "full" employment was reached during 1936.

To the old clearing banks, the clientele of which is chiefly amongst private enterprise, expansion in general business activity brought a further reduction in frozen debts and repayment of advances; and there was consequently a further increase in the item "loans and debtors." There are, however, other signs that the inflationary cycle in Germany has reached a point at which Government credit has exhausted its capacity to replace private borrowing, and industry, having repaid its advances and loans from banks out of Government money, is again compelled to borrow in order to finance further expansion. During 1934 nearly one-quarter of the total volume of bills outstanding, including Treasury bills, was held by the public—i.e. industrial and business concerns. In 1935 the proportion dropped to 20 per cent. At the close of 1936 less than 10 per cent. was held outside the Reichsbank and other credit institutions. In view of the fact that the total volume of bills rose by Rm. 5,000 millions, or 50 per cent., between 1933 and 1936, the percentage figure is somewhat misleading, but it proves that the increased supply of bills has had

to be absorbed by the credit institutions. The volume of rediscounts of the Berlin clearing banks with the Reichsbank, which dropped from Rm. 930 millions in 1933 to Rm. 609 millions in 1935, only decreased by Rm. 11 millions during 1936. In the case of other German banks, rediscounts with the Reichsbank actually increased, with the sole exception of those special banks founded some years ago for the purpose of financing the Government's economic programme. As a result of the funding operations which took place during 1936, the Government was able to repay some of the short-term advances made by these banks, and they in turn reduced their commitments with the Reichsbank. It is further reported by most of the banks that new industrial borrowing during 1936 considerably exceeded the figure for 1935. Borrowing on a big scale by the leading German concerns, which was practically non-existent during 1935, showed definite signs of revival during 1936.

The complete control enjoyed by the Reich over every form of German business activity, and the complete dependence of German business revival upon Government action, deprive the figures given in the above table of all their meaning. Towards the end of last year it was further announced that all prices existing on October 18, 1936, must be regarded as standard values, and nobody is permitted to demand a higher price, save under exceptional circumstances. If it is further borne in mind that as not less than 70 per cent. of all commercial bills and industrial advances are directly, or indirectly, the result of Government orders, any assessment of the quality of German banking assets becomes a matter of pure conjecture.

At the end of 1936 it was announced that the first Four-Year Plan, which had been inaugurated by Herr Hitler in his speech before the Reichstag in April, 1933, had been successfully terminated, and that future economic policy would be shaped in accordance with the second Four-Year Plan. This second plan is intended to maintain the present high level of economic activity in Germany, to overcome the raw material shortage, and to ensure the achievement of the re-armament policy. The capital necessary for this policy is no longer to be advanced by the State, but must be found by private enterprise. According to present laws the price of capital, labour, commodities and services, must remain constant. As far as can be judged from available statistics concerning investments of saving banks, and of the funds for unemployment, health insurance and private insurance companies, more than 60 per cent. of the assets are invested in Government paper, and of the remaining 40 per cent. a large proportion is represented by advances against mortgage. It would therefore appear that recourse to the private capital market would only be possible at the price of further credit expansion. It is impossible to assess at the present stage the combined effects of the fixed-price structure and the new Four-Year Plan upon German banking.

CHINESE BANKING

(BY A CORRESPONDENT)

ON paper, the whole Chinese monetary system was completely reformed during 1936. Resemblance between actual practice and paper plan is extremely hazy in many directions, but economic fortune is favouring the Chinese monetary experiment. The first milestone in the career of the new monetary system was the Emergency Decree of November, 1935, which gave official recognition to the then obvious fact that China was unable to maintain a silver standard either for internal or external use. China came rather late into the world depression, thanks to the depreciation of her silver standard in terms of gold which was the accepted monetary base of the outside world. But she was not able to stave off trouble for long. Agricultural depression started during

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1930. The abandonment of the gold standard by England and America turned loose the full blast of outside influences upon the unstable condition of the Chinese economy. From 1931 to 1935 China saw silver appreciating, mainly under the influence of the American silver purchase plan. Up to 1931 China was a net importer of silver; a small outward flow of gold in 1929 (\$3 millions) grew to \$212 millions in 1931; the inward flow of silver was reversed in 1932, and estimated net export reached \$290 millions in 1935. This ebbing tide of gold and silver was the counterpart in international balance of payments of a shrinkage in the remittances from Chinese investments and emigrants abroad, and a rapid reversal in the flow of capital, which was estimated at about \$200 millions inward in 1930 and \$250 millions outward in 1935. The import balance of merchandise trade grew from \$261 millions in 1929 to \$955 millions in 1932 (excluding Manchuria), since which year it has fallen steadily to \$343 millions in 1935 and \$236 millions in 1936. During the first two months of 1937 there was an export balance reported of about \$5 millions against an import balance of \$7 millions for the same period of 1936.

The steady drain of silver had its most drastic effects in the interior of China; Shanghai, the channel through which the stream went, accumulated silver and bank balances which, as the depression deepened, became less and less liquid. Trade between the different regions of China became as difficult as foreign trade, with the terms moving adversely to the agricultural regions. Prices of agricultural commodities fell more rapidly than prices of industrial goods, of raw materials faster than finished goods; wholesale prices faster than retail. China experienced the full effects of a long-sustained deflation.

In the banking system these economic effects were reflected in a declining ratio of capital and of cash to deposits; a freezing of credit, over-investment in real estate in Shanghai and in government obligations, rising interest rates. Foreign exchange rates fluctuated violently, and a wide discount developed on forward exchange. In October, 1934, an export duty and equalisation charge were levied on silver. This was followed by numerous attempts, of indifferent effectiveness, to limit internal movements or exports of silver. The wide difference between internal and external prices of silver encouraged widespread smuggling of silver out of the country, particularly in the North of China where Japanese influence was predominant. In North China and Amoy banknotes became practically inconvertible.

The Emergency Decree of November, 1935, severed even the theoretical connection between internal means of payment and silver. From then on China was on a managed monetary system, with its declared aim the maintenance of stable exchange rates. Notes of the three government banks were made full legal tender, the nationalisation of silver was to be completed within three months, note-issue and reserve were to be controlled by a Currency Reserve Board.

This experiment was the more audacious in that China was lacking in many of the instruments considered vital for effective operation of a managed monetary system. The more obvious handicaps were the political confusion, particularly in the North and South, and the lack of well centralised political and economic authority recognised by all the provinces. The foreign investor lacked confidence in the stability of China, and a steady flow of foreign investment is considered vitally important by all critics. The Nanking government was, and still is, running heavy deficits on its budget, with around 80 per cent. of expenditure devoted to military purposes and debt charges not easily reducible, and liable even to increase if Japan embarked on further military adventures. Smuggling was very serious.

But there were many purely financial difficulties. There was no strong independent Central Reserve Bank. There were innumerable note issues with greater or less adequacy of reserves. The possibility of using bank rate and open market policy for control of the credit system was severely limited by the weak structure of the money market. Before the Joint Reserve Board was instituted in 1932 modern banks kept a large part of their reserves with the native banks; and even after formation of the

Reserve Board, reserves were deposited with the Bank of China and Bank of Communications which, in turn, kept large deposits with the native banks, which applied them to purposes which were not strictly within the province of commercial banking. The year 1935 found the native banks in difficulties through the freezing of the mortgage position.

Open market policy and bank rate are ineffective weapons when there is only rudimentary development of commercial paper and bankers' acceptances. To remedy this deficiency commercial paper was introduced in April, 1935, and bankers' acceptances in March, 1936, through the establishment of the Acceptance House by the Joint Reserve Board of the Shanghai Bankers' Association. Until these instruments are well established the Chinese monetary system must hope for fair weather and an absence of drastic strains.

Still further limitations upon the development of the new monetary system were made by the highly inadequate supply of banking and economic statistics. There are enormous blank areas in the knowledge of Chinese economic affairs, and where information is available it is frequently contradictory. And there is a very great lack of knowledge of economic conditions and of monetary policy among those bankers and industrialists who must co-operate with the new central authorities if the system is to work.

The difficulties sound almost insuperable, but China had no alternative. Her previous condition was intolerable, and a managed monetary system offered the only way out. In the eighteen months which have passed since the new system was adopted considerable progress has been made. Perhaps most important has been the remarkable agricultural recovery (farm income in 1936 from principal crops was estimated at \$5,600 millions, against an average of \$3,900 millions for 1933-35), the growing world recovery, and the lessening of the political tension in the Far East. Foreign Exchange rates have been extremely stable. Considerable progress has been made in nationalising the silver reserves, although concessions have had to be made to provincial reluctance to hand over reserves to the National Government, and in North China the monetary situation is outside the control of Nanking and is completely unsatisfactory. As one measure of the success of the government in replacing local notes and silver by legal notes, the note circulation of the three government banks, the Farmers bank and eight commercial banks rose from \$845 millions at the end of December, 1935, to \$1,398 millions at the end of February, 1937. A satisfactory arrangement was made in May of last year to sell silver for foreign exchange to the United States, which has helped the authorities to build up a reserve of foreign exchange. And foreign countries, particularly Britain, have co-operated by making legal note issues acceptable in discharge of contracts which previously called for silver.

In February of 1936 the internal debt position was eased by consolidation of 33 different loans in a uniform series redeemable at intervals of three years from 12 to 24 years. There are signs that the balance of payments will be eased considerably by the falling balance of imports, by the renewed flow of remittances from Chinese interests abroad, and even by a revival of interest from foreign investors. The method favoured for the latter is joint investment in mixed concerns in which Chinese hold the controlling interest. There are signs of improving exports of Chinese goods to other countries. The price level inside China is improving rapidly. Wholesale prices in Shanghai (1926 as 100) rose from 94.1 in October, 1935, to 130 at the end of February, 1937; during the same interval the cost of living in Shanghai rose from 104 to 120.

Fortune has favoured the Chinese. But there remain many difficulties to be overcome before stability is assured. Even if she is left in peace and shares in rising world prosperity, China will still be left with her proverbial difficulties. Poverty, lack of co-operation, inadequate communications, local banditry, the political principle of extortion; without a solution to such problems, even a successful progress for the new monetary system will do little to improve the condition of the Chinese people.

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BANK	Year Ended	Profits	Dividend	Rate	Reserve	Premises	Staff	To Carry Forward		Profits a Year Ago
								Increase	Decrease	
ENGLISH										
Barclays.....	1936 Dec. 31	£ 1,894,361	£ 1,588,239	{ A 10 B } { & C 14 }	£ ...	£ 250,000	£ ...	£ 56,123	£ ...	£ 1,783,784
British Mutual	Dec. 31	21,570	17,500	10	5,000	100	...	...	630	38,524
District	Dec. 31	490,324	362,192	{ A & C 16 } { B 10 }	...	50,000	70,000	8,133	...	419,589
Lloyds.....	Dec. 31	1,743,955	1,369,922	{ A 12 } { B 5 }	250,000	100,000	...	24,032	...	1,642,785
London Merchant.....	Dec. 31	15,549	...	15,549	...	...	...	...	...	15,660
Martins	Dec. 31	769,988	582,405	14	...	50,000	75,000	62,582	...	693,117
Midland	Dec. 31	2,467,894	1,738,257	16	300,000	350,000	...	79,637	...	2,353,099
National Provincial	Dec. 31	1,770,173	1,421,912	15	...	100,000	200,000	48,261	...	1,665,437
Union of Manchester	Dec. 31	126,885	57,188	10	30,000	5,000	34,000	698	...	124,607
Westminster.....	Dec. 31	1,731,955	1,184,867	{ A 18 } { B 12½ }	...	200,000	200,000	148,088	...	1,402,656
Williams Deacon's.....	Dec. 31	293,636	234,375	12½	...	30,000	...	15,100	...	278,536
Totals		11,325,990	8,656,858	...	600,549	1135100	579,000	442,654	630	10,417,794
SCOTTISH										
Bank of Scotland	1937 Feb. 27	317,713	205,875	18	50,000	30,000	30,000	...	...	316,092
British Linen	Jan. 15	289,963	150,000	16	50,000	50,000	50,000	1,838	...	289,963
Clydesdale	1936 Dec. 31	315,518	208,000	16	50,000	20,000	35,000	...	15,037	...
Commercial of Scotland	Oct. 31	399,733	251,626	{ A 16 } { B 10 }	50,000	50,000	45,000	2,518	...	312,472
National of Scotland.....	Oct. 31	272,441	134,200	16	50,000	30,000	55,000	3,108	...	396,950
North of Scotland	Dec. 31	261,786	182,560	16	50,000	5,000	15,000	3,780	...	270,273
Royal of Scotland	Oct. 10	632,035	490,007	17	87,028	25,000	30,000	9,226	...	259,528
Union of Scotland.....	1937 Apr. 2	318,175	216,000	18	10,000	20,000	50,000	10,811	...	629,257
Totals		2,807,364	1,838,268	...	397,028	230,000	310,000	7,175	...	316,621
IRISH										
Belfast Banking.....	1936 Dec. 31	106,056	67,100	11	...	...	...	38,456	...	2,791,156
Northern	Dec. 31	99,017	78,125	{ A 12½ } { B 6½ }	30,000	7,134	...	15,037	...	105,182
Ulster	Dec. 31	182,602	140,000	14	...	35,000	...	2,313	...	98,601
Totals		387,675	285,225	...	30,000	42,134	...	7,601	...	180,514
								48,870	...	384,297

* Tax paid.

BANK OF ENGLAND
END OF YEAR POSITION

Last Return of Year	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS					
		Capital	Per Cent.	Rest	Per Cent.	Note Circulation	Per Cent.	Post Bills	Per Cent.	Deposits	Per Cent.		Coin and Bullion	Per Cent.	Govt. Securities	Per Cent.	Other Securities	Per Cent.
		£		£		£		£		£			£		£		£	
1910 ...	11	14,553,000	14.2	3,187,804	3.1	28,610,215	28.0	24,848	...	55,962,860	54.7	102,338,727	31,355,727	30.6	34,349,568	33.6	36,633,614	35.8
1920 ...	10	14,553,000	4.3	3,338,587	1.0	132,851,150	39.0	7,639	...	189,859,334	55.7	340,610,710	128,267,670	37.6	128,314,798	37.2	86,028,242	25.2
1925 ...	10	14,553,000	4.4	3,344,666	1.1	144,730,510	43.6	2,021	...	169,044,292	51.0	331,674,489	144,556,367	43.6	83,837,528	25.3	103,280,596	31.1
1927 ...	10	14,553,000	4.9	3,382,834	1.1	138,711,420	47.0	2,515	...	138,536,802	47.0	295,186,571	152,408,849	51.6	59,594,092	20.2	83,183,630	28.2
1928 ...	10	14,553,000	2.8	3,381,508	0.6	388,242,899	73.8	2,500	...	119,970,102	22.8	526,150,059	159,306,490	30.3	311,882,028	59.2	54,961,541	10.5
1929 ...	10	14,553,000	2.8	3,390,838	0.7	379,573,841	74.0	1,984	...	115,666,738	22.5	513,186,401	150,548,712	29.4	311,761,133	60.6	50,876,556	10.0
1930 ...	9	14,553,000	2.7	3,400,255	0.6	368,801,566	65.5	1,264	...	175,189,157	31.2	561,945,242	152,640,787	27.2	325,174,789	67.8	84,129,666	15.0
1931 ...	9	14,553,000	2.6	3,417,512	0.6	364,150,042	65.4	1,071	...	174,471,468	31.4	556,593,093	125,401,728	22.6	349,065,659	62.7	82,125,706	14.7
1932 ...	9	14,553,000	2.7	3,430,563	0.6	371,193,057	69.4	1,510	...	145,035,194	27.2	534,213,324	124,309,107	23.3	368,598,410	69.0	41,305,807	7.7
1933 ...	9	14,553,000	2.5	3,421,526	0.6	391,981,846	68.7	1,429	...	159,916,147	28.2	569,873,948	195,228,035	34.3	342,245,007	60.0	32,400,908	5.7
1934 ...	9	14,553,000	2.6	3,436,737	0.6	405,183,800	72.5	...	...	135,422,521	24.3	558,576,058	195,234,129	35.0	344,114,924	61.6	19,227,005	3.4
1935 ...	9	14,553,000	2.6	3,428,981	0.6	424,506,785	75.3	...	...	121,333,662	21.5	563,822,428	201,914,149	35.8	339,211,232	60.2	22,697,047	4.0
1936 ...	9	14,553,000	2.1	3,451,737	0.5	467,406,210	67.5	...	...	202,185,316	29.9	687,317,263	314,223,879	45.7	334,332,960	48.6	22,697,047	4.0

BANK RATE SINCE 1853

Year	No. of Changes	Highest	Lowest	Average	Year	No. of Changes	Highest	Lowest	Average	Year	No. of Changes	Highest	Lowest	Average	Year	No. of Changes	Highest	Lowest	Average
1853 ...	6	5	2	3.10	1874 ...	13	6	2½	3.13	1895 ...	None	2	2	2	1916 ...	1	6	5	5.5
1854 ...	2	5½	2	3.10	1875 ...	12	6	2½	3.10	1896 ...	3	4	2½	2	1917 ...	2	6	5	5.5
1855 ...	7	7	4	3.10	1876 ...	12	6	2½	3.10	1897 ...	6	4	2½	2	1918 ...	1	6	5	5.5
1856 ...	7	7	4	3.10	1877 ...	12	6	2½	3.10	1898 ...	6	4	2½	2	1919 ...	1	6	5	5.5
1857 ...	10	5½	2	3.10	1878 ...	10	6	2½	3.10	1899 ...	6	4	2½	2	1920 ...	1	6	5	5.5
1858 ...	6	6	2½	3.10	1879 ...	5	6	2½	3.10	1900 ...	6	4	2½	2	1921 ...	4	6	5	5.5
1859 ...	5	4	2½	3.10	1880 ...	2	6	2½	3.10	1901 ...	6	4	2½	2	1922 ...	4	6	5	5.5
1860 ...	11	6½	3	3.10	1881 ...	6	6	2½	3.10	1902 ...	3	4	2½	2	1923 ...	1	6	5	5.5
1861 ...	11	8	3	3.10	1882 ...	6	6	2½	3.10	1903 ...	3	4	2½	2	1924 ...	1	6	5	5.5
1862 ...	5	3	2	3.10	1883 ...	6	6	2½	3.10	1904 ...	2	4	2½	2	1925 ...	4	6	5	5.5
1863 ...	12	8	3	3.10	1884 ...	7	6	2½	3.10	1905 ...	6	4	2½	2	1926 ...	1	6	5	5.5
1864 ...	15	9	3	3.10	1885 ...	7	6	2½	3.10	1906 ...	6	4	2½	2	1927 ...	1	6	5	5.5
1865 ...	16	7	3	3.10	1886 ...	7	6	2½	3.10	1907 ...	6	4	2½	2	1928 ...	1	6	5	5.5
1866 ...	14	10	3½	3.10	1887 ...	7	6	2½	3.10	1908 ...	6	4	2½	2	1929 ...	1	6	5	5.5
1867 ...	3	3	2	3.10	1888 ...	9	6	2½	3.10	1909 ...	6	4	2½	2	1930 ...	1	6	5	5.5
1868 ...	2	3	2	3.10	1889 ...	8	6	2½	3.10	1910 ...	6	4	2½	2	1931 ...	1	6	5	5.5
1869 ...	7	4	2½	3.10	1890 ...	11	6	2½	3.10	1911 ...	4	4	2½	2	1932 ...	6	6	5	5.5
1870 ...	10	6	2½	3.10	1891 ...	12	5	2½	3.10	1912 ...	4	5	3	3	1933 ...	None	2	2	2
1871 ...	10	5	2	3.10	1892 ...	4	3½	2	3.10	1913 ...	2	5	3	3	1934 ...	None	2	2	2
1872 ...	14	7	3	3.10	1893 ...	12	5	2½	3.10	1914 ...	8	10	5	5	1935 ...	None	2	2	2
1873 ...	24	9	3	3.10	1894 ...	2	2	2	3.10	1915 ...	None	5	5	5	1936 ...	None	2	2	2

POSITION OF THE BANK OF ENGLAND FROM APRIL 22, 1936, TO APRIL 28, 1937

(000's omitted)																
Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate	Issue Department		Both Depts.		Banking Department				
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits			Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts and Advances	Other Securities	Reserve and the "Proportion"		
1936	£	£	£	£	£	£	%	£	£	£	%	£	£	£	£	%
April 22	462,144	415,448	13,231	93,081	38,053	514 in	2	258,619	410	202,901	32½	93,250	7,479	13,888	47,454	36½
29	462,734	416,876	7,453	104,705	39,032	590 in	2	258,702	404	203,522	35½	101,330	8,290	12,641	46,646	30½
May 6	463,660	422,641	9,180	88,342	36,657	926 in	2	258,719	386	204,460	36	88,798	9,448	11,852	41,819	31½
13	464,291	424,790	13,331	83,215	37,003	630 in	2	258,781	349	205,103	36½	89,883	8,826	12,266	40,312	30½
20	465,363	423,130	21,028	80,081	36,764	1,072 in	2	258,828	304	206,188	36½	91,173	7,143	14,254	43,058	31½
27	466,397	426,062	19,767	78,275	36,733	1,034 in	2	258,918	261	207,264	36½	91,758	6,095	12,923	41,202	30½
June 3	467,282	433,452	8,217	89,718	37,096	885 in	2	258,978	225	208,170	36½	98,543	6,243	13,351	34,718	25½
10	468,497	433,004	13,481	86,500	37,064	1,215 in	2	258,996	239	209,401	36½	97,768	6,166	14,571	36,397	25½
17	471,859	432,020	13,950	90,996	37,360	3,361 in	2	259,179	57	212,802	37½	98,278	4,810	16,332	40,781	28½
24	476,326	434,789	20,047	90,822	37,374	4,467 in	2	259,139	96	217,276	37½	99,603	7,641	16,455	42,487	28½
July 1	481,112	439,642	9,910	111,707	39,766	4,786 in	2	259,142	96	222,070	38½	110,403	10,626	15,920	42,428	26½
8	485,601	443,106	10,521	96,704	38,366	4,489 in	2	259,194	71	226,567	38½	96,758	5,983	17,436	43,461	29½
15	490,994	443,259	20,392	90,637	40,684	5,394 in	2	258,986	278	231,954	39	96,813	5,864	18,407	48,696	32½
22	495,767	443,595	19,935	98,213	38,468	4,773 in	2	258,752	547	236,726	39½	95,773	6,461	19,358	53,131	33½
29	499,941	448,571	42,292	75,223	39,371	4,174 in	2	258,062	1,308	240,948	39½	96,408	7,138	19,086	52,377	33½
Aug. 5	502,960	454,406	17,606	92,668	38,518	3,019 in	2	257,066	2,350	244,004	40½	89,943	8,938	18,471	49,598	33½
12	502,960	450,285	17,418	97,990	37,981	Nil	2	257,330	2,137	244,011	40½	89,613	8,939	19,290	53,726	35½
19	503,789	444,540	23,562	95,966	39,958	829 in	2	256,999	2,515	244,862	40½	86,408	9,677	21,282	60,322	37½
26	504,755	443,409	17,230	100,911	37,840	966 in	2	256,863	2,682	245,844	41½	84,758	9,202	17,814	62,435	40½
Sept. 2	505,405	445,784	18,053	101,067	38,762	650 in	2	257,358	2,245	246,498	40½	85,708	10,621	19,086	60,714	38½
9	506,524	445,591	20,380	99,828	37,768	1,119 in	2	258,646	957	247,619	40	83,503	10,549	20,126	62,028	39½
16	506,843	444,862	14,842	102,183	38,659	319 in	2	259,209	393	247,941	41½	81,598	9,184	20,069	63,078	40½
23	507,601	445,104	10,442	107,982	38,795	758 in	2	259,188	467	248,706	41½	83,663	7,881	20,337	63,602	40½
30	508,650	449,396	49,714	60,719	40,949	1,049 in	2	259,383	300	249,755	41½	80,323	8,588	20,402	60,359	39½
Oct. 7	508,660	450,842	24,752	84,192	40,942	11 in	2	259,403	332	249,751	41½	79,753	9,291	19,569	58,909	39½
14	508,660	446,367	31,616	82,156	41,231	Nil	2	258,158	1,617	249,732	41½	80,368	9,553	19,377	63,366	40½
21	508,660	440,100	37,597	81,425	41,112	Nil	2	257,247	2,619	249,677	41½	79,943	6,744	21,552	69,577	43½
28	508,660	442,741	27,608	86,533	41,369	Nil	2	256,953	3,011	249,655	41½	80,183	6,601	19,503	66,914	43½
Nov. 4	508,660	447,112	27,202	85,340	41,809	Nil	2	257,560	2,419	249,604	41½	81,963	7,655	19,969	62,493	40½
11	508,660	446,622	14,916	98,041	41,587	Nil	2	258,119	1,825	249,574	41½	80,433	8,628	20,286	62,951	40½
18	508,660	444,905	14,116	96,083	44,675	Nil	2	258,158	1,833	249,505	41½	78,973	7,395	21,685	64,600	41½
25	508,660	445,567	12,055	97,604	41,694	Nil	2	258,161	1,830	249,367	41½	78,160	6,803	20,408	63,800	42½
Dec. 2	508,660	451,587	10,561	99,120	41,108	Nil	2	258,684	1,804	249,171	41½	82,433	8,462	20,176	57,584	38½
9	508,660	458,852	17,491	86,984	38,884	Nil	2	259,679	306	249,315	41½	81,718	8,146	20,925	50,463	35½
16	513,661	467,695	10,427	96,152	38,757	65,000 in	2	199,715	274	314,340	51½	89,088	6,743	20,761	46,645	32½
23	513,661	474,116	21,734	72,220	38,768	Nil	2	199,789	199	314,278	51½	83,121	6,448	20,966	40,163	30½
30	513,661	467,406	12,135	150,580	39,191	Nil	2	199,852	136	314,212	46½	134,481	17,467	21,157	46,806	23½
1937																
Jan. 6	513,661	462,703	13,526	110,230	38,401	Nil	2	199,888	101	314,124	50½	93,295	14,413	21,105	51,422	31½
13	513,661	455,047	12,384	106,720	38,266	Nil	2	199,939	51	314,033	51½	83,156	12,521	20,806	58,986	37½
20	513,661	450,464	13,555	100,287	37,568	Nil	2	199,616	373	314,082	52½	74,935	8,906	22,079	63,617	42½
27	513,661	452,297	12,133	98,423	38,442	Nil	2	198,960	1,026	314,060	52½	78,636	8,018	18,724	61,763	41½
Feb. 3	513,661	457,311	12,214	96,106	38,274	Nil	2	198,895	1,091	314,167	52½	80,449	8,521	18,928	56,856	38½
10	513,661	454,994	11,696	99,157	37,345	Nil	2	198,951	1,039	314,112	51½	81,230	6,509	19,517	59,118	39½
17	513,661	453,337	24,394	90,551	36,657	Nil	2	197,890	2,101	314,173	51½	83,128	5,467	20,382	60,836	40½
24	513,661	455,067	12,971	100,419	37,876	Nil	2	197,594	2,393	314,334	51½	85,043	4,914	20,273	59,267	39½
Mar. 3	513,661	460,954	15,175	93,768	37,700	Nil	2	197,667	2,323	314,517	51½	85,069	4,295	21,942	53,562	36½
10	513,661	464,475	16,957	93,827	37,667	Nil	2	198,026	1,965	314,574	51½	90,074	4,246	22,299	50,099	33½
17	513,661	463,815	22,846	93,969	37,257	Nil	2	198,091	1,900	314,617	50½	94,854	3,765	22,938	50,802	32½
24	513,662	470,526	27,908	81,896	37,568	Nil	2	198,169	1,823	314,619	50½	94,549	4,756	22,350	44,093	29½
31	513,662	473,837	52,246	62,347	38,462	Nil	2	197,977	2,013	314,646	50½	100,529	7,189	22,888	40,809	26½
April 7	513,662	469,970	24,512	94,831	38,367	Nil	2	196,888	3,124	314,584	50½	101,072	7,395	22,301	44,614	28½
14	513,662	465,694	22,371	96,897	37,921	Nil	2	196,916	3,074	314,572	50½	96,950	6,906	22,147	48,878	32½
21	513,662	464,024	25,566	91,182	38,869	Nil	2	196,911	3,082	314,693	50½	94,064	4,594	24,014	50,669	32½
28	513,662	468,816	26,161	87,566	39,578	Nil	2	196,968	3,021	314,670	50½	97,730	5,468	21,968	45,854	29½

COMPARATIVE STATEMENTS

JOINT STOCK BANKS OF ENGLAND AND WALES (EXCLUDING BANK OF ENGLAND)

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Deposits	% of Liabilities	Acceptances	% of Liabilities	Total Liabilities	Cash in Hand and Money at Call and Notice	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
1890	104	2,203	£ 67,826,000	14.5	£ 368,663,000	79.4	£ 22,693,000	4.9	£ 464,075,000	£ 83,955,000	18.0	£ 182,816,000	17.8	£ 269,507,000	58.0
1895	99	2,090	69,213,000	12.4	455,561,000	81.6	23,724,000	4.2	558,744,000	111,208,000	19.9	107,498,000	19.2	311,078,000	56.7
1900	77	3,757	73,847,000	11.3	586,726,000	84.0	21,530,000	3.0	698,762,000	144,400,000	20.7	127,766,000	18.3	395,313,000	56.6
1905	59	4,558	82,010,000	10.8	627,529,000	82.6	39,225,000	5.2	758,712,000	179,530,000	23.6	131,731,000	17.3	401,485,000	52.9
1910	45	5,202	80,946,000	9.4	720,687,000	83.6	52,263,000	6.0	862,134,000	199,724,000	23.0	137,711,000	16.8	467,880,000	54.3
1915	37	6,027	81,731,000	7.1	902,555,000	86.4	62,512,000	5.5	1,146,807,000	262,453,000	22.9	310,771,000	14.2	503,617,000	43.9
1916	35	5,993	81,089,000	6.2	1,154,877,000	87.9	68,726,000	5.2	1,316,220,000	369,460,000	28.0	323,002,000	27.0	542,773,000	41.4
1917	34	6,004	84,475,000	5.5	1,365,297,000	89.2	65,775,000	4.3	1,528,631,000	427,855,000	28.0	339,631,000	24.6	685,677,000	44.9
1918	26	6,501	92,902,000	5.3	1,583,412,000	90.9	58,850,000	3.4	1,742,724,000	481,220,000	27.6	347,230,000	22.2	834,668,000	47.9
1919	21	7,195	106,273,000	5.0	1,874,184,000	87.9	151,138,000	7.1	2,137,908,000	452,755,000	21.3	398,611,000	20.0	1,129,582,000	53.0
1920	20	7,612	128,154,000	5.8	1,961,527,000	89.0	102,920,000	4.7	2,200,317,000	449,153,000	20.4	368,734,000	18.7	1,263,091,000	57.4
1921	20	7,963	129,131,000	5.9	1,974,898,000	90.0	74,166,000	3.4	2,185,438,000	438,519,000	20.0	375,564,000	16.7	1,280,171,000	58.3
1922	20	8,235	129,173,000	6.3	1,833,971,000	89.0	85,687,000	4.2	2,056,242,000	423,092,000	20.6	424,413,000	17.1	1,102,643,000	53.7
1923	19	8,491	129,004,000	6.2	1,822,067,000	88.1	111,490,000	5.4	2,069,847,000	413,532,000	20.0	404,392,000	20.6	1,116,866,000	54.0
1924	18	8,676	132,103,000	6.3	1,813,513,000	86.9	132,318,346	6.3	2,085,016,802	437,889,000	20.9	361,416,000	19.5	1,132,070,000	54.8
1925	18	8,873	134,846,000	6.5	1,806,810,000	87.1	125,005,000	6.0	2,073,810,000	441,787,000	21.3	317,572,000	17.3	1,167,952,000	56.3
1926	18	9,105	138,717,000	6.6	1,848,174,000	87.9	108,686,000	5.2	2,102,747,000	444,014,000	21.1	307,661,000	15.3	1,208,975,000	57.5
1927	17	9,381	139,444,000	6.4	1,892,948,000	86.8	140,159,000	6.4	2,179,372,000	492,652,000	22.6	290,544,000	14.6	1,220,983,000	56.0
1928	16	9,595	141,516,505	6.1	1,951,477,697	83.5	237,140,923	10.1	2,337,234,765	493,841,201	21.1	293,156,061	13.3	1,268,803,457	54.3
1929	16	9,815	141,593,545	6.3	1,911,007,360	85.4	179,295,205	8.0	2,238,855,706	481,341,704	21.5	285,176,223	12.5	1,250,763,477	55.8
1930	16	10,082	144,323,133	6.4	1,976,805,092	87.6	128,023,846	5.7	2,255,681,859	472,358,357	20.9	329,286,947	12.7	1,281,039,732	56.6
1931	16	10,178	134,472,636	6.5	1,820,986,812	87.9	109,740,433	5.3	2,071,539,059	414,540,355	20.0	329,472,822	14.6	1,165,818,695	56.3
1932	16	10,066	135,224,636	5.9	2,064,334,875	89.5	96,673,580	4.2	2,302,302,796	446,214,089	19.4	520,853,312	22.6	1,188,312,612	51.6
1933	16	10,060	135,352,136	5.9	2,025,230,732	88.5	122,069,412	5.2	2,288,936,892	446,089,501	19.5	612,298,669	26.8	1,057,004,290	46.1
1934	16	10,086	137,709,293	5.9	2,061,910,349	88.1	131,156,679	5.6	2,337,238,827	477,430,516	20.4	636,807,780	27.2	1,040,032,750	44.5
1935	15	10,118	137,741,609	5.7	2,172,713,497	89.5	109,137,702	4.5	2,425,754,979	498,889,932	20.6	653,702,429	27.0	1,113,833,463	45.9
1936	15	10,074	138,529,709	5.5	2,329,107,565	92.1	85,564,837	3.4	2,529,458,732	566,088,487	22.2	691,628,326	30.0	1,173,840,689	46.4

PRIVATE BANKS

Year	Number of Banks	LIABILITIES						ASSETS					
		Capital and Reserves	Per Cent. of Liabilities	Notes	Per Cent. of Liabilities	Miscellaneous	Per Cent. of Liabilities	Cash in Hand and Money at Call and Notice	Per Cent. of Assets	Investments	Per Cent. of Assets	Discounts and Advances	Per Cent. of Assets
1895	38	£ 11,834,400	13.9	£ 412,600	0.5	£ 2,864,800	3.4	£ 70,372,000	82.2	£ 85,483,700	23.9	£ 36,320,000	42.5
1900	19	6,192,800	12.8	151,750	0.3	1,264,100	2.6	40,420,500	84.3	48,029,200	21.8	20,919,600	43.5
1905	12	4,393,900	13.2	83,500	0.3	1,018,000	3.1	27,775,000	83.4	33,270,400	21.8	14,738,600	44.3
1910	9	5,535,100	11.2	57,920	0.2	1,096,700	3.5	26,808,000	85.1	30,369,900	20.6	15,912,700	50.3
1915	7	3,180,707	8.6	60,400	0.2	786,018	2.1	32,890,739	89.1	37,158,216	21.7	18,635,160	50.7
1916	7	3,182,584	7.4	77,495	0.2	591,666	1.4	39,183,354	90.9	36,917,864	23.5	22,855,849	53.0
1917	7	3,189,219	6.7	93,755	0.2	675,379	1.4	44,696,800	91.8	43,035,099	24.6	25,135,069	51.7
1918	7	3,735,082	6.7	122,930	0.2	821,163	1.5	51,271,230	91.6	48,655,163	29.0	24,625,406	44.4
1919	6	3,536,591	5.8	153,690	0.3	1,188,226	1.9	56,246,064	92.0	55,950,395	29.0	26,214,429	46.0
1920	6	3,123,098	5.7	...	...	1,024,666	1.9	50,864,631	92.4	61,124,571	21.4	24,325,897	42.7
1921	5	3,186,738	6.1	...	...	970,412	1.9	48,306,822	92.0	55,012,385	21.4	24,325,897	42.7
1922	8	3,813,420	6.8	...	...	1,124,254	2.0	48,306,822	92.0	55,012,385	21.4	24,325,897	42.7
1923	5	2,816,442	7.2	...	...	2,557,537	6.6	50,955,682	91.2	52,463,972	21.4	24,325,897	42.7
1924	4	2,575,000	7.1	...	...	4,431,214	12.3	29,151,063	80.6	38,859,363	21.4	24,325,897	42.7
1925	4	2,625,000	7.4	...	...	4,968,029	14.1	27,780,929	78.5	36,157,277	21.4	24,325,897	42.7
1926	4	2,875,000	7.2	...	...	4,573,707	12.3	29,928,971	80.5	35,373,958	21.4	24,325,897	42.7
1927	4	2,775,000	7.2	...	...	5,530,068	14.3	30,366,826	78.5	37,177,678	21.4	24,325,897	42.7
1928	4	3,300,000	7.9	...	...	7,398,769	17.7	31,004,479	74.4	38,671,894	21.4	24,325,897	42.7
1929	4	3,450,000	8.7	...	...	7,077,700	17.8	29,182,776	73.5	41,703,238	21.4	24,325,897	42.7
1930	4	3,475,000	9.5	...	...	6,414,745	17.5	26,790,315	73.0	39,710,476	21.4	24,325,897	42.7
1931	4	3,175,000	10.5	...	...	4,663,988	15.5	22,246,034	74.0	36,680,061	21.4	24,325,897	42.7
1932	4	2,425,000	11.7	...	...	3,413,679	16.4	14,907,214	71.9	20,745,893	21.4	24,325,897	42.7
1933	4	2,425,000	11.1	...	...	2,880,952	13.2	16,451,840	75.7	21,757,792	21.4	24,325,897	42.7
1934	4	3,165,000	22.5	...	...	2,757,272	19.6	8,132,052	57.9	14,054,324	21.4	24,325,897	42.7
1935	4	3,165,000	20.9	...	...	2,751,486	18.2	9,204,709	60.9	15,121,185	21.4	24,325,897	42.7
1936	4	3,165,000	19.3	...	...	3,026,455	18.4	10,231,978	62.3	16,423,484	21.4	24,325,897	42.7

JOINT STOCK BANKS OF SCOTLAND

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Deposits	% of Liabilities	Notes	% of Liabilities	Total Liabilities	Cash in Hand, and Money at Call	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
			£		£		£		£	£		£		£	
1890	10	975	14,755,000	12.6	91,610,000	77.9	6,468,000	5.5	117,874,000	21,427,000	18.2	29,349,000	24.9	60,103,000	51.4
1895	10	1,013	15,090,000	12.3	94,592,000	77.8	7,264,000	5.9	122,525,000	22,795,000	18.6	30,770,000	25.3	62,241,000	51.1
1900	10	1,075	16,217,000	11.8	107,154,000	77.9	8,056,000	5.9	137,498,000	26,438,000	19.2	33,401,000	24.3	70,395,000	51.2
1905	11	1,159	17,246,000	13.0	100,643,000	76.1	7,545,000	5.7	132,261,000	23,937,000	18.1	31,396,000	23.7	68,714,000	51.9
1910	9	1,221	17,559,000	12.7	106,652,000	77.5	7,126,000	5.2	137,850,000	25,604,000	18.6	33,322,000	24.2	70,661,000	51.5
1915	9	1,253	16,205,000	9.1	140,569,000	82.0	12,555,000	7.1	177,004,000	36,730,000	20.7	67,019,000	37.9	64,621,000	36.5
1916	8	1,251	15,631,000	7.5	166,620,000	80.2	15,461,000	7.5	207,376,000	42,026,000	20.3	69,693,000	33.5	85,136,000	41.1
1917	8	1,243	16,064,000	6.7	196,538,000	81.7	19,023,000	7.9	240,550,000	47,788,000	19.8	71,584,000	29.6	112,159,000	46.5
1918	8	1,242	16,577,000	6.6	222,055,000	81.1	25,141,000	9.2	273,658,000	57,250,000	20.9	93,889,000	34.3	113,961,000	41.6
1919	8	1,249	17,009,000	5.3	259,610,000	81.2	28,032,000	8.8	318,754,000	65,556,000	20.6	111,985,000	35.0	129,962,000	40.6
1920	8	1,264	17,911,000	5.3	279,228,000	82.1	29,363,000	8.7	339,167,000	72,974,000	21.5	102,968,000	30.4	153,122,000	45.0
1921	8	1,283	18,521,000	5.4	291,060,000	84.6	25,188,000	7.3	344,974,000	70,232,000	21.0	114,531,000	32.2	150,850,000	43.9
1922	8	1,352	19,731,000	6.1	277,791,000	83.2	23,321,000	7.3	321,781,000	63,814,000	19.8	126,025,000	39.2	122,366,000	38.1
1923	8	1,417	20,468,000	6.8	247,226,600	82.5	22,106,500	7.4	299,359,100	64,015,300	21.4	112,137,800	37.5	114,277,300	38.1
1924	8	1,468	22,632,000	7.6	242,572,000	81.3	22,181,000	7.4	298,693,000	61,330,000	20.5	103,927,000	34.8	122,977,000	41.2
1925	8	1,536	23,947,000	8.0	240,945,000	81.0	21,668,000	7.3	297,839,000	60,341,000	20.3	95,204,000	32.0	131,309,000	44.1
1926	8	1,565	24,578,200	8.4	238,821,400	81.4	20,716,800	7.1	293,678,000	59,592,900	20.3	91,208,300	31.1	133,057,000	45.3
1927	8	1,589	25,165,200	8.4	241,965,600	81.1	21,165,000	7.1	298,421,400	61,223,800	20.5	88,592,300	29.7	138,745,500	46.5
1928	8	1,614	25,884,288	8.4	248,800,347	80.7	21,053,087	6.8	308,091,180	63,322,077	20.5	83,378,875	27.0	149,622,489	48.5
1929	8	1,633	27,766,320	9.2	250,853,396	80.5	21,361,931	6.9	311,356,958	62,307,357	20.0	83,657,183	26.9	154,113,494	49.5
1930	8	1,659	30,099,368	9.5	256,083,505	80.6	21,405,253	6.7	317,490,148	63,804,561	20.1	98,092,554	30.9	146,104,641	46.1
1931	8	1,718	30,717,118	10.1	243,568,271	80.0	21,373,373	7.0	304,444,942	60,416,949	19.8	101,410,598	33.3	133,960,315	43.7
1932	8	1,663	30,777,118	9.1	276,463,502	81.9	21,018,222	6.2	337,605,909	68,065,589	20.2	136,749,832	40.5	122,939,694	36.4
1933	8	1,826	30,917,118	9.0	281,678,416	82.0	19,175,467	5.6	343,580,047	66,598,014	19.4	157,662,428	45.9	108,250,955	31.4
1934	8	1,852	31,017,118	8.8	286,687,897	81.3	21,373,931	6.1	352,617,287	70,503,482	20.0	161,109,262	45.7	106,317,853	30.4
1935	8	1,868	31,393,336	8.3	308,499,225	81.5	21,890,839	5.8	379,035,738	75,868,284	20.0	177,731,804	46.9	107,093,128	28.4
1936	8	1,849	31,630,364	8.1	317,313,052	81.2	23,113,387	5.9	392,268,373	76,014,643	19.4	186,258,000	47.5	105,293,560	26.9

ENGLISH JOINT STOCK BANKS

1 Name of Bank	2 Date	3 No. of Branches & Sub-branches	4 Capital Subscribed	5 Uncalled Capital		6 Capital Paid up	7 Reserve Funds	8 Un-divided Profits	9 Notes in Circulation (d)	10 Drafts, etc.	11 Acceptances and Endorsements
				Callible	Reserved						
1 Barclays Bank	Dec. 31, '36	2,106	15,858,217	Nil	Nil	158,582,17	102,500,000	...	...	...	9,266,151
2 Baring Bros. & Co....	Dec. 31, '36	1	2,050,000	Nil	Nil	2,050,000	1,000,000	22,251	...	...	3,424,240
3 Brit. Mut. Bankg. Co.	Dec. 31, '36	None	300,000	120,000	Nil	180,000	130,600	27,213	...	...	...
4 Coutts and Co.	Dec. 31, '36	4	1,000,000	Un-limited	...	1,000,000	1,000,000	...	...	...	500,745
5 District Bank	Dec. 31, '36	555	10,560,428	1,264,000	6,320,000	2,976,428	2,976,428	269,237	...	...	7,282,046
6 Glyn Mills and Co....	Dec. 31, '36	2	1,060,000	Un-limited	...	1,060,000	810,000	...	...	...	3,203,905
7 Isle of Man Bank ...	Dec. 31, '36	10	300,000	Un-limited	200,000	100,000	240,000	19,488	97,713	6,721	...
8 Lloyds Bank	Dec. 31, '36	1,901	73,302,076	3,593,239	53,898,585	158,102,52	9,000,000	122,462,9	6,291	...	32,971,501
9 London Merch. Bank	Dec. 31, '36	None	1,350,000	525,000	Nil	825,000	...	...	...	...	889,339
10 Martins Bank	Dec. 31, '36	555	20,602,272	5,167,558	11,274,672	4,160,042	3,300,000	587,251	20,761	...	7,850,465
11 Midland Bank	Dec. 31, '36	2,136	41,504,262	7,172,697	20,083,553	14,248,012	11,500,000	547,084	...	...	18,600,273
12 National Provincial...	Dec. 31, '36	1,335	43,617,080	5,839,611	28,298,053	9,479,416	8,000,000	970,667	...	...	8,376,087
13 Union Bk. of Mchstr.	Dec. 31, '36	169	1,500,000	750,000	Nil	750,000	500,000	14,513	...	...	1,282,875
14 Westminster Bank...	Dec. 31, '36	1,090	30,533,127	7,070,990	14,141,980	9,320,157	9,320,157	110,937,0	13,774	...	20,556,532
15 Williams Deacon's Bk	Dec. 31, '36	205	8,125,000	1,562,500	4,687,500	1,875,000	800,000	102,046	...	...	1,360,678
Totals		10,074	251,662,462	33,065,595	13,890,434	79,692,524	58,837,185	489,374,9	138,539	6,721	85,564,837

(d) In Isle of Man.

SCOTTISH BANKS

1 Bank of Scotland	Feb. 29, '37	262	2,250,000	750,000	Nil	1,500,000	2,300,000	358,933	3,239,247	665,602	2,451,834
2 British Linen Bank....	Jan. 15, '37	216	1,250,000	Nil	Nil	1,250,000	2,500,000	174,993	2,640,870	1,895,571	815,099
3 Clydesdale Bank	Dec. 31, '36	207	5,300,000	Nil	4,000,000	1,300,000	1,650,000	263,523	3,002,690	...	942,586
4 Com. Bank of Scotland	Oct. 31, '36	377	7,500,000	2,450,000	2,800,000	2,250,000	3,050,000	191,042	3,628,810	...	3,298,843
5 Nat. Bk. of Scotland	Oct. 31, '36	190	5,000,000	900,000	3,000,000	1,100,000	1,600,000	218,265	2,720,481	...	2,203,130
6 N. of Scotland Bank	Dec. 31, '36	161	3,260,000	163,000	1,956,000	1,141,000	1,265,000	182,018	2,310,633	...	...
7 Royal Bank of Scot.	Oct. 12, '36	255	3,780,192	Nil	Nil	3,780,192	3,944,172	245,004	2,929,938	606,456	3,533,850
8 Union Bank of Scot.	Apr. 2, '37	181	5,200,000	Nil	4,000,000	1,200,000	1,800,000	367,981	2,640,729	...	1,593,747
Totals		1,849	33,540,192	4,263,000	15,756,000	13,521,192	18,109,172	200,175,9	231,133,98	3,167,629	148,390,69

NORTHERN IRISH BANKS

1 Belfast Banking Co.	Dec. 31, '36	51	2,500,000	200,000	1,500,000	800,000	800,000	148,539	942,675	...	...
2 Northern Bank, Ltd.	Dec. 31, '36	93	3,500,000	700,000	2,100,000	700,000	500,000	66,665	1,188,210	...	145,270
3 Ulster Bank	Dec. 31, '36	115	3,000,000	Nil	2,000,000	1,000,000	1,000,000	84,470	1,577,358	...	...
Totals		259	9,000,000	900,000	5,600,000	2,500,000	2,300,000	299,674	3,708,243	...	145,270

PRIVATE BANKS

	Date	Partners' Capital and Reserve	Deposit and Current Accounts	Miscellaneous	Total Liabilities	Cash on Hand, etc., at Call and Short Notice	Investments	Advances, Bills, Loans, and Other Securities	Miscellaneous (Premises, etc.)	Total Assets
		1	2	3	4	5	6	7	8	9
1 Blydenstein (B. W.) & Co.	1936 Sept. 30	100,000	3,557,078	3,019	3,660,098	2,033,759	475,368	1,025,459	25,512	3,660,098
2 Grace Bros. & Co., Ltd.	June 30	1,015,000	453,954	442,222	1,911,176	663,612	120,856	171,869	144,037	1,911,176
3 Hoare (Chas.) & Co.	July 6	500,000	3,853,504	...	4,353,504	1,176,466	1,552,607	1,524,432	100,000	4,353,504
4 S. Japhet & Co.	Dec. 31	1,550,000	2,367,442	2,581,214	6,498,656	1,912,194	834,408	990,840	2,761,214	6,498,656
Totals.....		3,165,000	10,231,978	3,026,455	16,423,434	5,786,031	2,983,239	3,712,600	3,030,763	16,423,434

ENGLISH JOINT STOCK BANKS

11 Deposit and Current Accounts	12 TOTAL LIABILITIES AND ASSETS	13 Cash		14 Investments		15 Discounts and Advances		16 Premises and Sundries, including Cover for Acceptances	17 Name of Bank
		In Hand and at Bank of England	At Call and Short Notice	British Govt. Secs. Where Stated Separately	Bonds, Stocks and Other Investments	Discounts Where Stated Separately	Advances, Loans, etc.		
429,538,418	464,912,784	66,630,908	26,318,800	100,023,564	16,293,331	59,248,252	179,655,011	16,722,917	Barclays Bank.
21,420,013	27,916,504	6,686,742	...	5,918,753	2,131,749	6,874,716	...	6,304,543	Baring Bros. & Co.
1,083,367	1,421,180	107,037	...	40,916	567,378	...	689,316	16,534	Brit. Mut. Bankg. Co.
23,864,920	26,365,665	3,180,455	1,676,500	5,451,845	3,473,276	1,292,653	10,378,191	912,745	Coutts & Co.
78,218,013	91,903,248	10,972,877	8,764,618	27,147,242	2,251,006	6,533,395	27,398,273	8,835,836	District Bank.
41,039,208	46,113,112	9,182,981	14,170,100	9,478,250	924,868	662,360	7,750,649	3,943,905	Glyn Mills and Co.
3,446,942	3,910,864	459,778	...	2,025,721	994,363	...	401,003	30,000	Isle of Man Bank.
406,060,950	465,073,623	64,583,213	37,781,806	98,479,733	21,027,656	45,070,460	157,559,059	40,571,696	Lloyds Bank.
229,243	1,943,583	33,452	370,000	43,109	70,327	101,912	220,324	1,003,459	London Merch. Bank.
93,475,145	109,393,664	13,695,277	5,535,000	26,842,825	6,140,096	3,496,363	42,999,470	10,446,680	Martins Bank.
486,947,988	532,712,486	75,033,470	28,687,886	125,308,880	11,265,894	74,413,998	189,516,488	28,485,879	Midland Bank.
320,898,299	347,983,222	44,864,137	29,436,454	81,573,193	10,134,490	44,190,103	122,077,391	15,707,454	National Provincial.
17,129,372	19,676,760	6,593,950	...	1,577,462	514,445	360,933	8,918,032	1,711,937	Union Bk. of Mchstr.
367,877,506	408,197,496	53,291,340	44,983,298	109,262,251	4,787,061	44,741,280	125,336,406	25,795,860	Westminster Bank.
37,577,981	41,834,541	6,458,137	5,600,269	11,354,253	1,524,189	2,499,609	11,955,042	2,443,141	Williams Deacon's Bk.
232,910,756	252,945,873	361,763,756	204,324,731	604,528,197	87,100,129	289,486,034	884,354,655	162,934,586	Totals.

SCOTTISH BANKS

37,635,698	48,201,414	5,322,884	3,663,000	24,755,660	921,572	851,424	9,799,939	2,886,934	Bank of Scotland.
36,042,168	45,321,703	9,297,029	...	23,346,210	436,280	...	9,028,290	1,188,756	British Linen Bank.
34,893,533	42,102,312	5,733,530	2,717,000	14,884,785	3,278,138	890,912	12,018,100	1,579,847	Clydesdale Bank.
42,017,265	54,435,960	7,098,345	3,419,000	25,234,155	220,615	1,143,545	13,101,457	4,213,843	Com. Bank of Scot.
36,532,163	44,374,039	4,774,646	5,006,000	18,280,338	960,767	1,302,559	11,215,767	2,773,962	Nat. Bank of Scot.
30,554,156	35,452,807	5,009,710	2,333,000	19,555,828	615,300	135,228	7,628,396	175,345	N. of Scotland.
66,800,985	81,840,597	7,258,212	7,719,504	28,975,313	3,756,555	4,114,747	23,333,076	4,683,189	Royal Bank of Scot.
32,837,084	40,439,541	3,611,382	3,051,401	16,632,554	4,403,930	1,503,674	9,217,448	2,019,050	Union Bank of Scot.
317,313,052	392,268,373	47,545,757	28,468,886	171,664,843	14,593,157	9,942,089	95,351,474	19,520,926	Totals.

NORTHERN IRISH BANKS

14,044,212	16,735,426	2,732,715	...	6,813,918	629,861	202,757	6,313,972	42,202	Belfast Banking Co.
14,043,884	16,644,029	1,635,218	...	4,958,078	1,566,452	...	8,039,011	345,270	Northern Bank, Ltd.
21,769,446	25,498,258	2,627,375	...	11,909,951	1,430,458	...	9,247,967	282,507	Ulster Bank.
49,857,542	58,877,713	6,995,308	...	23,681,947	3,626,771	202,757	23,600,950	669,779	Totals.

DISCOUNT COMPANIES

	Date	Capital and Reserves	Loans, Deposits, etc. (inc. Undivided Profits)	Bills Rediscounted	Rebate, etc.	Total Liabilities	Cash at Bankers	Investments	Bills Discounted	Loans and Sundry Accounts	Total Assets
		1	2	3	4	5	6	7	8	9	10
Alexanders ...	1936 Dec. 31	2,000,000	28,222,417	898,838	140,250	31,473,929	646,584	13,439,281	15,705,114	1,682,949	31,473,929
National	Dec. 31	2,000,000	36,348,796	18,472,103	258,191	57,401,981	1,033,418	11,186,620	44,484,008	597,936	57,401,981
Union of Lond.	Dec. 31	3,750,000	57,285,704	8,164,125	346,593	69,851,452	1,525,946	16,125,831	50,356,870	1,450,556	69,851,452
Totals..		7,750,000	121,856,917	27,535,066	745,034	158,727,362	3,205,948	40,751,732	110,545,992	3,731,441	159,727,362

JOINT STOCK BANKS OF ENGLAND AND WALES

BARCLAYS BANK LIMITED
(Member of London Clearing)

ESTABLISHED AS A PRIVATE BANK PRIOR TO 1729, INCORPORATED 1896 AS BARCLAY AND COMPANY, LIMITED,
NAME CHANGED AS ABOVE FEBRUARY, 1917.

1896—Formed by amalgamation of 20 private banks.
1897—Absorbed Woods and Company.
1899—Swaledale and Wensleydale Banking Company, Limited, taken over.
1900—Milbanke, Woodbridge and Company, Woodbridge, Lacy and Company, and Parsons, Thomson and Company absorbed.
1902—York Union Banking Company, Limited, Marten Part and Company, J. and J. W. Pease, and Roper and Priestman absorbed.
1904—Absorbed Thomas Ashby and Company, Staines, etc.
1905—Absorbed Bolitho, Williams, Foster, Coode, Grylls and Company, Limited, Hammond and Company, Newmarket.
1906—Absorbed Leatham, Tew and Company, Wakefield and Pontefract.
1909—Wootton and Company, Oxford, absorbed.
1911—Stanford, Spalding and Boston Banking Company, Limited, acquired.
1913—Absorbed J. and C. Simonds and Company.
1914—Neville Reid and Company acquired.
1916—Absorbed United Counties Bank, Limited.
1918—Absorbed London, Provincial and South-Western Bank, Limited (see below).
1919—Absorbed Gillett and Company, Oxford, etc.
The Union Bank of Manchester Limited and The British Linen Bank affiliated to Barclays Bank Limited.
1920—Absorbed Tubb and Company, Bicester.
1922—Sole control secured of Cox and Company (France) Limited, and business now conducted under the title of Barclays Bank (France) Limited.
1925—Barclays Bank S.A.I., Rome, established.

1925—Affiliation with Barclays Bank (Dominion, Colonial and Overseas), formerly the Colonial Bank, with which are amalgamated the Anglo-Egyptian Bank Limited, and the National Bank of South Africa Limited.

1929—Barclays Bank (Canada), Montreal, established.
A branch was afterwards opened at Toronto.
1932—Barclays Trust Company of Canada, Montreal, established.

1864—Provincial Banking Corporation, Limited, formed to take over the firm of Day, Nicholson and Stone and the East of England Bank.
1865—Absorbed the Bank of Wales.
1870—Name changed to London and Provincial Bank, Limited.

1871—Absorbed Fincham and Simpson, Diss and Eye.
1873—Absorbed J. and J. W. Walters, Haverfordwest, &c.
1878—Absorbed North Kent Bank.
1918—Amalgamated with London and South Western Bank, Limited.

	Subscribed	Paid-up	Callible	Reserved
"A" Shares	3,430,356	3,430,356	Nil	Nil
"B" Shares	11,760,811	11,760,811	Nil	Nil
"C" Shares	667,050	667,050	Nil	Nil
Per Share	£4	£4	Nil	Nil
"C"	£1	£1	Nil	Nil

Year Ended Dec. 31	Net Profits	Per Cent. of Resources	Dividends		Reserve, Investments, etc.	Carried Forward
			Amount	Rate		
1926.....	2,427,162	0.69	1,651,462	A Shs 10 B & C 14	800,000	512,285
1927.....	2,306,329	0.65	1,666,349	A Shs 10 B & C 14	800,000	532,265
1928.....	2,301,285	0.60	1,666,349	A Shs 10 B & C 14	650,000	537,201
1929.....	2,331,580	0.65	1,666,349	A Shs 10 B & C 14	650,000	552,432
1930.....	1,821,207	0.47	1,614,275	A Shs 10 B & C 14	200,000	559,964
1931.....	1,794,825	0.48	1,588,239	A Shs 10 B & C 14	200,000	565,950
1932.....	1,574,013	0.38	1,562,202	A Shs 10 B & C 14	...	577,761
1933.....	1,604,680	0.39	1,562,202	A Shs 10 B & C 14	80,000	570,238
1934.....	1,708,174	0.41	1,614,275	A Shs 10 B & C 14	100,000	584,137
1935.....	1,783,784	0.40	1,614,275	A Shs 10 B & C 14	150,000	583,645
1936.....	1,894,361	0.47	1,588,239	A Shs 10 B & C 14	250,000	639,768

Dec. 31	Number of Branches	LIABILITIES					Total Liabilities or Assets	ASSETS												
		Capital and Reserves	Per Cent.	Acceptances and Endorsements	Per Cent.	Deposit and Current Accounts (c)		Per Cent.	Cash in Hand and at Bank, &c. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments (b)	Per Cent.	Discounts	Per Cent.	Advances	Per Cent.	Buildings and Sundries, including Cover for Acceptances	Per Cent.
1926....	1894	26,108,217	7.5	12,446,160	3.6	309,883,690	88.9	348,438,067	55,248,882	15.9	21,284,818	6.1	82,172,062	17.8	36,617,279	10.5	155,454,795	44.6	17,860,231	5.1
1927....	1945	26,108,217	7.3	12,830,669	3.6	318,373,472	89.1	357,312,358	59,635,277	16.7	26,041,049	7.3	59,410,287	16.5	32,518,234	9.1	161,987,908	45.3	18,239,055	5.1
1928....	1979	26,108,217	6.8	24,874,317	6.5	335,081,222	86.7	386,063,756	60,914,638	15.8	28,988,400	6.2	63,906,320	16.7	38,258,569	9.6	174,454,652	45.2	20,375,354	7.9
1929....	2032	26,108,217	6.8	21,991,928	5.7	337,439,214	87.5	385,539,359	62,968,721	16.3	23,582,200	6.1	60,010,605	15.6	36,966,988	9.6	174,454,652	45.2	22,756,512	7.2
1930....	2090	26,108,217	6.7	12,710,524	3.9	349,273,283	90.0	388,092,024	63,109,418	16.3	22,316,100	5.7	73,061,811	16.3	50,901,977	13.1	169,672,248	43.7	19,030,670	4.9
1931....	2080	26,108,217	6.3	10,796,794	2.9	335,565,144	90.1	372,470,155	56,310,345	15.3	21,766,450	5.8	63,257,960	17.0	40,791,393	10.9	172,197,631	46.3	17,546,073	4.7
1932....	2070	26,108,217	6.3	6,279,470	1.5	381,846,610	92.2	414,234,297	62,344,879	15.0	24,817,550	6.0	94,048,105	22.7	66,289,257	16.0	153,158,668	37.0	13,575,836	3.3
1933....	2080	26,108,217	6.3	7,181,741	1.7	378,759,772	92.0	412,058,730	62,249,186	15.1	21,383,300	5.2	104,698,868	25.5	59,953,329	14.5	148,835,468	36.1	14,788,759	3.6
1934....	2091	26,108,217	6.3	7,205,554	1.7	380,093,769	92.0	413,407,530	65,304,917	14.8	25,604,250	6.1	110,463,639	26.7	47,572,778	11.6	155,979,234	37.7	14,853,979	3.6
1935....	2116	26,108,217	5.8	7,857,821	1.6	406,782,270	92.3	440,748,308	65,304,917	14.8	25,604,250	5.8	118,134,893	25.7	60,695,872	13.8	160,549,222	36.4	15,458,164	3.5
1936....	2108	26,108,217	5.6	9,266,151	2.0	429,536,416	92.4	464,912,784	66,630,908	14.3	26,318,800	5.7	116,366,895	25.0	59,248,252	12.7	179,655,011	38.6	16,722,917	3.6
Weekly Averages, April, 1937		26,108,000	5.6	10,544,000	2.2	416,761,000	92.2	453,413,000	52,841,000	11.7	25,128,000	5.8	116,445,000	25.3	51,806,000	11.5	189,188,000	41.8	17,422,000	3.9

a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom, in account with subsidiary banks. (b) Includes investments in affiliaions. (c) Including balances

BRITISH MUTUAL BANKING COMPANY, LIMITED

ESTABLISHED 1857

CAPITAL			
Subscribed	Paid-up	Callible	Reserved
300,000	180,000	120,000	Nil
Per Share	Per Share	Per Share	Per Share
£3	£2	£2	Nil

This Bank has no branches.

Year Ended Dec. 31	Net Profits	Per cent. of Resources	Dividends		Reserve, Investments, etc.	Carried Forward
			Amount	Rate		
1926.....	15,010	1.86	7,200	12	5,000	6,832
1927.....	16,363	1.94	8,000	12	5,000	8,363
1928.....	17,780	1.99	8,600	12	5,000	9,775
1929.....	20,292	1.68	14,400	12	6,000	9,467
1930.....	27,181	2.72	14,400	12	12,500	9,788
1931.....	24,315	2.44	14,400	12	10,000	9,673
1932.....	18,756	1.84	14,400	12	5,600	7,539
1933.....	20,081	1.48	14,400	12	6,800	7,710
1934.....	29,809	2.87	14,400	12	15,000	8,119
1935.....	38,524	3.95	14,400	12	21,800	8,748
1936.....	21,570	1.84	17,900	10	5,100	9,718

Continued on page 28

THE
BANK OF INDIA
LIMITED

ESTABLISHED 7th SEPTEMBER, 1906

CAPITAL SUBSCRIBED ... Rs. 2,00,00,000
CAPITAL PAID UP ... " 1,00,00,000
RESERVE FUND ... " 1,05,50,000

HEAD OFFICE:—ORIENTAL BUILDINGS, BOMBAY

LOCAL BRANCHES:
Bullion Exchange, Shaikh Memon Street
Malabar Hill, Hughes Road
Kalbadevi, Picket Road
Colaba, Cusrow Baug

BRANCHES:
Ahmedabad, Ahmedabad (Station Branch), Bandra, Calcutta (Clive Street), Calcutta (Bara Bazar), Nagpur City, Poona, Poona City, Rajkot, Surat.

LONDON AGENTS:
The Westminster Bank, Ltd.

DIRECTORS:

Sir Chunilal V. Mehta, K.C.S.I. (Chairman)
Mr Ambalal Sarabhai
Sir Joseph Kay, Knight
Mr A. Geddis
Sir Cowasjee Jehangir, Baronet, K.C.I.E., O.B.E.
Mr Dinsha K. Daji
Mr Ramnivas Ramnarain

Current Deposit Accounts.—Interest is allowed on daily balances from Rs. 300 to Rs. 1,00,000 at $\frac{1}{4}$ per cent. per annum. Interest on balances in excess of Rs. 1,00,000 allowed only by special arrangement. No credit will be given in account for interest amounting to less than Rs. 5 per half year.

Fixed Deposits.—Deposits are received fixed for one year or for shorter periods at rates of interest which can be ascertained on application.

Savings Bank.—Accounts opened on favourable terms. Rules on application.

The Bank undertakes Executor and Trustee Business.—Rules may be obtained on application.

General Banking Business transacted, rules for which can be obtained upon application.

A. G. GRAY, Manager.

THE BANK OF ADELAIDE

(Incorporated with Limited Liability in Australia)
EST. 1865

Paid-up Capital - - - - - £1,250,000
Reserve Fund - - - - - 1,000,000
Reserve Liability of Shareholders - 1,250,000
£3,500,000

Head Office: Adelaide, South Australia

MELBOURNE OFFICE: 267, COLLINS STREET

SYDNEY OFFICE: 279, GEORGE STREET

BRISBANE OFFICE: 305, QUEEN STREET

PERTH (Western Australia) OFFICE: ST. GEORGE'S TERRACE

FREMANTLE OFFICE: 78/80, HIGH STREET

London Office:

11, LEADENHALL STREET, E.C.3

Bills on Australasia purchased or collected.
Drafts and Letters of Credit issued, and Remittances cabled. Accounts opened in Australia for Overseas Banks. Every other description of Banking and Exchange business transacted.
Enquiries regarding Australian Trade invited.

A. BUTTERWORTH, Manager

THE
PIONEER LIFE
ASSURANCE COMPANY LTD.

Chief Offices:
31 Dale Street, LIVERPOOL

Established
1891

Assets Exceed:
£1,000,000

Claims Paid Exceed:
£1,800,000

Security
with Economy

The utmost safety is assured for valuables and documents placed in the Safe Deposit at the Head Office building of the Midland Bank in Poultry, London, E.C. 2.

Private persons and accredited officers of companies, corporations, firms and associations may become renters and derive the following advantages of this service:

SECURITY A specially constructed strong room, protected by a circular door and frame weighing 35 tons, contains many thousands of private safes fitted with deed boxes. Each renter is supplied with the only two keys of his safe, to which he thus has sole access as often as desired.

PRIVACY Renters may examine the contents of their boxes, deal with correspondence and conduct interviews in private rooms equipped with telephone and stationery.

LOW FEES The inclusive annual fee ranges from 10s. to 60s., according to the size of safe selected.

INSPECTION IS CORDIALLY INVITED.

A copy of

"SAFE DEPOSIT SERVICE"

containing full particulars and illustrations is obtainable upon personal or written application to the Head Office, Poultry, London, E.C. 2, or the following branches where similar facilities are available:

140 LEADENHALL STREET, LONDON, E.C. 3.

100 KING STREET, MANCHESTER 2.

MIDLAND BANK
LIMITEDSECURITY
FIRST

FUNDS EXCEED
£47,000,000

CLAIMS PAID
OVER
£200,000,000

All classes of
Insurance
transacted

Head Offices:

NORTH JOHN ST., LIVERPOOL

LONDON: LOMBARD STREET

BRITISH MUTUAL BANKING COMPANY, LIMITED—Continued from page 26

Year Ended December 31	LIABILITIES						Total Liabilities or Assets	ASSETS							
	Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bankers	Per Cent.	Invest- ments	Per Cent.	Loans and Advances	Per Cent.	Premises and Sundries	Per cent.
1926	146,604	17.5	13,832	1.7	650,880	80.8	805,316	99.728	12.4	91,142	11.3	611,156	75.9	£ 290	0.4
1927	155,000	18.3	17,995	2.1	671,217	79.6	844,212	118.291	14.0	78,128	9.3	644,655	76.3	3,140	0.4
1928	163,000	18.2	18,175	2.1	713,599	79.7	894,774	118.361	7.6	110,482	12.6	712,941	79.5	2,990	0.3
1929	200,000	19.3	22,867	2.2	814,460	78.5	1,037,327	123.805	16.7	151,041	14.0	685,300	64.2	47,115	4.5
1930	212,500	21.3	23,158	2.3	759,625	76.4	995,283	108.014	10.8	126,199	12.7	712,634	71.6	48,436	4.9
1931	222,500	22.3	23,073	2.3	750,885	75.4	996,458	124.781	12.5	167,973	16.9	690,732	66.3	42,972	4.3
1932	222,500	21.8	21,929	2.2	773,022	76.0	1,017,451	152.336	14.9	219,368	21.6	627,012	61.7	18,735	1.8
1933	228,000	16.5	22,110	1.5	1,130,008	82.0	1,380,178	96,827	7.0	398,505	28.8	896,210	82.8	18,636	1.8
1934	243,000	21.0	22,519	1.9	895,464	77.1	1,160,983	108,064	9.3	367,848	31.7	662,272	57.0	22,799	2.0
1935	254,500	20.4	25,143	2.0	963,472	77.6	1,243,115	92,392	7.4	472,133	38.0	662,146	53.3	16,534	1.4
1936	310,600	21.8	27,213	1.8	1,083,367	76.4	1,421,180	107,037	7.5	608,244	42.7	689,316	48.4	16,534	1.4

BARING BROTHERS & CO., LIMITED

ESTABLISHED 1890

		Subscribed		Paid-up		CAPITAL		Reserved	
		£		50,000		Callable.		Nil	
Ordinary.....		1,000,000		1,000,000		Nil		Nil	
4% cum. 1st Pref.....		1,000,000		1,000,000		Nil		Nil	
4½% non-cum. Red. Pref.....		1,000,000		1,000,000		Nil		Nil	

Year Ended December 31	Number of Branches.	LIABILITIES						Total Liabi- lities or Assets	ASSETS											
		Capital and Reserves	Per Cent.	Balance Carried Forward.	Per Cent.	Accept- ances	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand, at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills Receiv- able	Per Cent.	Adv's & Liability of Custom- ers on Accep- tances	Per Cent.	Prem- ises	Per Cent.
1926	1	£ 2,025,000	6.3	16,839	...	£ 7,661,022	23.8	22,512,055	69.9	32,214,916	82,599,914	25.6	1,058,237	3.3	13,528,522	42.0	9,240,243	28.7	127,000	0.4
1927	1	2,025,000	6.3	16,964	...	7,638,264	23.8	22,462,368	69.9	32,142,596	7,651,115	23.8	2,088,308	6.5	12,348,739	38.4	9,826,434	30.9	127,000	0.4
1928	1	2,025,000	6.1	17,266	0.1	9,253,107	27.8	22,096,857	68.1	33,392,230	7,393,421	22.1	1,066,301	3.2	11,331,487	33.9	13,474,021	40.4	127,000	0.4
1929	1	2,025,000	7.0	18,440	0.1	6,695,344	23.2	20,069,186	69.7	28,807,940	6,822,887	23.7	1,420,502	4.9	9,428,284	32.7	11,011,267	38.3	127,000	0.4
1930	1	3,050,000	11.6	19,283	0.1	5,508,494	21.1	17,557,057	67.2	26,134,834	6,323,962	24.2	3,715,247	14.2	7,000,415	26.8	8,988,210	34.3	127,000	0.5
1931	1	3,050,000	13.0	20,540	0.1	2,735,714	11.7	17,640,574	75.2	23,446,828	6,073,108	25.9	2,915,224	12.4	6,998,954	29.8	7,332,542	31.3	127,000	0.5
1932	1	3,050,000	13.2	21,385	0.1	2,529,109	11.0	17,411,784	75.7	23,012,278	5,855,572	24.6	4,640,609	20.2	6,223,092	27.0	6,365,945	27.6	127,000	0.5
1933	1	3,050,000	12.5	21,598	0.1	1,795,521	7.4	19,540,425	80.1	24,407,542	5,394,166	22.1	5,787,619	23.7	6,197,177	25.4	6,901,582	28.3	127,000	0.5
1934	1	3,050,000	12.3	21,812	0.1	2,104,732	8.5	19,669,010	79.1	24,845,554	5,565,472	22.4	7,054,632	28.4	5,119,454	20.6	6,978,996	28.1	127,000	0.5
1935	1	3,050,000	12.2	22,030	0.1	2,696,813	10.7	19,312,257	77.0	25,081,100	5,892,942	23.5	6,372,703	25.5	5,675,712	22.6	7,012,743	27.9	127,000	0.5
1936	1	3,050,000	10.9	22,251	0.1	3,424,240	12.2	21,420,013	76.8	27,916,504	6,886,742	23.9	6,050,502	28.8	6,874,716	24.6	6,177,543	22.2	127,000	0.5

COUTTS AND COMPANY

440 Strand, W.C.

(Members of London Clearing.)

(Affiliated with National Provincial Bank, Limited.)

City Office: 15 Lombard Street (formerly Roberts, Lubbock, and Company). Branches: 1 Park Lane, 16 Cavendish Square; Sloane Street (1 Cadogan Place) and 1 Brook Gate, Park Lane.

Established 1892, and Incorporated 1892 as a Joint Stock company, with unlimited liability. The businesses of Coutts and Company and Roberts, Lubbock, and Company were amalgamated in 1914.

Year Ended Dec. 31	LIABILITIES						Total Liabilities or Assets	ASSETS									
	Capital and Reserve	Per Cent.	Accept- ances	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bank, etc. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Buildings & Sundries, including Cover for Acceptance's	Per Cent.
1926	1,600,000	8.4	265,272	1.4	17,119,599	90.2	18,984,871	2,908,814	15.3	1,548,450	8.1	4,257,807	22.4	9,653,098	51.0	611,702	3.3
1927	2,000,000	10.4	270,456	1.4	18,996,453	88.2	19,266,909	2,730,859	14.2	1,635,950	8.5	4,228,708	21.9	10,030,938	52.1	642,456	3.3
1928	2,000,000	9.9	463,613	2.3	17,715,988	87.8	20,179,601	2,938,070	14.6	1,717,000	8.6	3,774,434	18.7	10,914,484	54.0	835,613	4.3
1929	2,000,000	9.0	400,020	1.8	19,801,165	89.2	22,201,185	3,098,242	14.0	2,103,050	9.5	3,787,454	17.0	12,440,419	56.0	772,020	3.6
1930	2,000,000	9.1	534,018	2.4	19,487,171	88.5	22,021,189	2,951,895	13.4	3,525,920	16.0	3,758,115	17.2	10,871,741	49.3	913,518	4.1
1931	2,000,000	10.2	497,316	2.5	17,030,426	87.3	19,527,742	2,445,055	12.5	2,213,000	11.3	3,901,799	20.0	10,091,075	51.7	876,818	4.4
1932	2,000,000	8.8	590,222	2.6	20,084,821	88.6	22,674,883	2,911,156	12.8	1,840,900	8.1	6,082,901	26.8	10,837,664	47.9	1,002,282	4.4
1933	2,000,000	8.6	769,189	3.3	20,512,016	88.1	23,281,205	2,988,189	11.8	2,270,659	9.8	7,334,488	31.4	9,596,839	41.2	1,181,189	5.1
1934	2,000,000	8.5	709,493	3.0	20,741,995	88.5	23,451,438	2,991,532	11.7	2,410,300	10.3	7,870,748	33.6	9,238,299	39.6	1,121,492	4.7
1935	2,000,000	7.8	798,456	3.1	22,751,748	89.1	25,550,204	3,180,455	12.1	2,839,700	11.1	8,519,163	33.4	9,989,353	39.1	1,210,456	4.7
1936	2,000,000	7.6	500,745	1.9	23,864,920	90.5	26,365,665			1,676,500	6.4	8,925,122	33.8	11,870,844	44.2	912,745	3.6
Weekly Av'gs. 1937	2,000,000	7.0	491,000	1.7	25,927,000	91.3	28,418,000	2,887,000	10.1	2,826,000	9.9	9,101,000	32.0	12,701,000	44.7	903,000	3.3

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

DISTRICT BANK LIMITED

ESTABLISHED 1829—(Member of the London Bankers' Clearing House)

1863—Business of Loyd, Entwistle, Bury, and Jervis, of King Street, Manchester, acquired.

1891—Business of Wm. John and Thos. Brocklehurst, Macclesfield, taken over.

1907—Amalgamation with Lancaster Banking Company, Limited.

1916—Absorbed Bank of Whitehaven Limited.

1924—Title shortened from Manchester and Liverpool District Banking Company, Limited, to above.

1935—Amalgamation with County Bank Limited.

Year Ended Dec. 31	CAPITAL				Market Value, April 30, 1937	PROFITS AND DIVIDENDS				To Reserve, etc.	Carried Forward
	Subscribed	Paid-up	Callable	Reserved		Net Profits	Per Cent. of Resources	Dividends Amount	Rate		
1926	10,560,428	2,976,428	1,264,000	6,320,000	12,603,926	450,139	0.78	347,800	18%	86,000	287,245
1927						452,521	0.77	347,800	18%	144,000	258,187
1928						455,132	0.77	347,800	18%	40,000	325,669
1929						502,727	0.85	579,200	18%	90,000	189,225
1930						451,239	0.77	379,200	18%	90,000	201,284
1931						424,239	0.75	347,800	A 18% B 10	60,000	217,903
1932						418,412	0.66	347,800	A 18% B 10	60,000	226,716
1933						418,528	0.66	347,800	A 18% B 10	60,000	237,645
1934						430,229	0.68	347,800	A 18% B 10	70,000	250,274
1935						419,589†	0.49	318,759*	A & C 16% B 10	90,000	261,108
1936						480,324	0.53	362,192*	A & C 16% B 10	120,000	289,237

* Tax paid. † Including capitalised bonus of £200,000.

‡ Net Profits for 1935 and 1936 are shown after payment of all tax.

§ Expenditure on bank properties, formerly charged against net profits, is now charged to Bank Property Account.

Continued on page 30

LLOYDS BANK LIMITED

Chairman

The Rt. Hon. Lord Wardington

Deputy Chairman

Sir Austin E. Harris, K.B.E.



Vice-Chairman

Francis A. Beane

Chief General Manager

G. F. Abell

Joint General Managers

W. G. Johns, D.S.O., R. A. Wilson, Sydney Parkes, S. P. Cherrington

TOTAL ASSETS EXCEED
£465,000,000

The Bank transacts every kind of banking business and offers a complete and efficient service with facilities throughout the World.

Head Office: 71 LOMBARD STREET, LONDON, E.C.3

THE STANDARD BANK OF SOUTH AFRICA LIMITED.

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

CAPITAL AUTHORISED & SUBSCRIBED - £10,000,000
CAPITAL PAID-UP - £2,500,000
RESERVE FUND - £2,500,000
CAPITAL UNCALLED - £7,500,000

Head Office: 10, CLEMENTS LANE, LOMBARD STREET,
and 77, KING WILLIAM STREET, LONDON, E.C.4

LONDON WALL BRANCH: 63, London Wall, E.C.2 WEST END BRANCH: 9, Northumberland Ave., W.C.2
New York Agency: 67, Wall Street Hamburg Agency: 49, Schauenburgerstrasse

Over 370 Branches, Sub-Branches and Agencies in South, East and Central Africa

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE

The Bank has over 370 Branches in Africa, and Agents and Correspondents throughout the world. The closest touch with Trade and Industrial conditions is maintained, with special attention to Commercial and Credit Intelligence. This service is available to Exporters, Importers and others wishing to develop trade with South, East and Central Africa.

DISTRICT BANK LIMITED Continued from page 28

Year ended Dec. 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS													
		Capital and Re- serve	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank, etc. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills of Exchange	Per Cent.	Advances	Per Cent.	Buildings and Sundries, including Cover for Accept- ances	Per Cent.
1926	378	3,792,000	6.8	471,045	0.8	899,450	1.6	52,321,532	91.0	57,484,027	7,791,947	13.6	4,590,420	8.0	14,544,836	25.3	4,768,582	8.3	24,188,792	42.1	1,599,450	2.8
1927	382	3,886,000	6.6	431,987	0.7	1,029,527	1.7	53,721,367	91.0	59,078,861	8,246,430	14.0	5,786,020	9.8	14,783,705	25.1	5,402,174	5.8	25,120,405	42.4	1,729,527	2.9
1928	387	3,886,000	6.6	499,490	0.8	2,464,878	4.2	52,254,948	88.4	56,115,326	8,045,460	13.6	4,724,125	8.0	14,786,850	25.0	5,146,318	8.7	23,249,093	39.3	1,161,878	5.4
1929	391	4,212,000	7.1	378,825	0.6	2,400,469	4.0	52,240,453	88.2	56,231,747	8,048,197	13.6	3,857,140	6.8	14,827,220	25.0	5,029,778	8.5	24,327,283	41.1	3,126,566	5.2
1930	396	4,212,000	7.2	390,864	0.7	1,071,945	1.8	52,443,952	90.3	58,118,761	7,846,197	13.5	4,409,670	7.6	16,651,547	28.7	6,798,985	11.7	20,577,119	35.3	1,832,243	3.2
1931	400	4,212,000	7.4	391,703	0.7	1,796,045	3.2	50,322,361	88.7	56,722,109	7,108,669	12.5	4,274,545	7.5	18,883,208	33.3	3,847,726	6.9	19,952,329	35.2	1,606,634	4.6
1932	400	4,212,000	6.8	400,516	0.6	1,999,927	3.2	56,828,351	89.6	63,441,694	8,476,068	13.3	5,441,085	8.6	21,805,876	34.4	7,188,260	11.3	17,690,457	27.9	2,839,400	4.5
1933	400	4,212,000	6.6	411,445	0.6	2,399,159	5.1	53,857,893	84.5	62,901,645	7,708,349	12.1	4,436,950	6.6	23,565,795	36.9	4,886,484	7.7	17,107,871	26.8	6,114,948	9.6
1934	405	4,212,000	6.7	424,074	0.7	3,376,885	8.5	52,888,708	84.1	62,901,645	7,708,349	12.1	4,436,950	6.6	23,565,795	36.9	4,886,484	7.7	17,107,871	26.8	6,114,948	9.6
1935	583	5,952,856	7.0	445,168	0.5	5,194,213	7.2	72,984,452	85.3	85,576,689	9,504,439	12.4	4,728,285	5.5	29,417,700	34.3	8,113,319	9.5	24,963,760	29.2	7,759,189	9.1
1936	555	5,952,856	6.5	450,332	0.5	7,282,046	7.9	78,218,013	85.2	91,903,248	10,972,877	11.9	8,764,618	9.5	29,398,248	32.0	6,533,395	7.1	27,398,273	29.8	8,835,896	9.6
Weekly Averages, April, 1937		5,952,000	6.6			10,457,000	11.6	73,845,000	81.8	90,254,000	9,444,000	10.4	8,486,000	9.4	29,984,000	33.1	2,148,000	4.2	28,181,000	31.3	1,201,000	13.3

(a) Including balances with, and cheques in course of collection on other banks in Great Britain and Ireland.

GLYN, MILLS AND CO.

(Member of London Clearing)

ESTABLISHED 1753. Incorporated as Unlimited Liability Company, 1885.

1923—Acquired Holt and Company.—1 Branch.

1924—Acquired Child and Company.—2 Branches.

Members of London Clearing

Capital subscribed and Paid-up £1,060,000

Number of Stockholders 14

Year Ended Dec. 31	LIABILITIES										Total Liabilities or Assets	ASSETS									
	Capital and Reserve	Per Cent.	Reduction of Pre- mises Account	Per Cent.	Accept- ances	Per Cent.	Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank, etc. (a)	Per Cent.		Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts, Loans and Other Securities	Per Cent.	Premises and Cover for Ac- ceptances	Per Cent.		
1926.....	1,590,000	4.7	£83,498	0.5	1,428,288	4.2	80,766,210	90.6	33,967,996	6,764,456	19.9	6,095,400	17.9	7,499,649	22.1	11,485,203	32.8	2,123,288	6.2		
1927.....	1,590,000	4.2	191,116	0.5	1,560,975	4.1	34,875,006	91.2	38,217,097	7,066,378	18.5	8,327,100	21.8	8,905,061	23.3	11,662,583	30.5	2,255,975	5.9		
1928.....	1,590,000	4.0	200,000	0.5	2,081,205	5.2	35,928,161	90.3	39,799,366	7,368,652	18.5	7,620,250	19.1	7,818,875	19.1	14,415,385	36.2	2,776,204	7.0		
1929.....	1,590,000	3.6	210,000	0.5	2,689,728	6.1	39,458,433	89.8	43,958,361	8,639,319	19.7	7,051,500	16.0	8,430,410	19.2	16,442,404	37.4	3,394,728	7.7		
1930.....	1,590,000	3.6	220,000	0.5	2,552,658	5.9	39,535,509	90.1	43,986,167	8,732,397	19.8	7,051,500	16.0	8,430,410	19.2	16,442,404	37.4	3,394,728	7.7		
1931.....	1,590,000	4.4	230,000	0.6	2,339,290	6.5	32,104,080	88.5	36,283,370	7,356,292	20.3	6,102,450	16.8	6,639,253	15.1	17,133,459	39.0	3,247,658	7.4		
1932.....	1,590,000	4.0	240,000	0.6	1,767,023	4.5	35,731,879	89.9	39,329,902	7,129,281	18.1	6,555,000	16.7	11,545,881	29.4	12,674,572	34.9	3,034,299	6.4		
1933.....	1,590,000	4.0	250,000	0.6	1,551,925	3.9	36,535,215	91.5	39,927,140	7,733,738	19.4	7,241,000	18.1	11,580,788	29.0	11,636,717	29.6	2,492,023	6.3		
1934.....	1,590,000	3.8	260,000	0.6	1,750,479	4.2	38,137,375	91.4	41,737,854	7,734,089	17.6	8,251,930	19.8	11,258,105	27.0	12,383,231	29.6	2,490,479	6.0		
1935.....	1,590,000	3.8	270,000	0.6	1,533,582	3.7	38,200,591	91.9	41,594,173	8,151,909	19.6	8,733,300	21.1	11,879,160	28.5	10,556,222	25.3	2,273,582	5.5		
1936.....	1,590,000	3.4	280,000	0.6	3,203,905	7.0	41,039,207	89.0	46,113,112	9,182,986	19.9	14,170,100	30.7	10,403,118	22.6	8,413,009	18.2	3,943,905	8.6		
Weekly Averages, April, 1937	1,590,000	3.8	280,000	0.7	3,024,000	7.2	37,082,000	88.3	41,956,000	4,740,000	11.3	9,669,000	23.1	10,819,000	25.8	12,964,000	30.9	3,764,000	8.9		

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

ISLE OF MAN BANK LIMITED

(Late Isle of Man Banking Company, Limited)

ESTABLISHED 1865. Incorporated in the Isle of Man.

CAPITAL				Profits and Dividends		Reserves, Investment, etc.		Carried Forward	
Subscribed	Paid-up	Callable	Reserved	Per Cent.	Dividends	Reserves, Investment, etc.	Carried Forward		
£	£	£	£		Amount	Rate	£		
300,000	100,000	Nil	200,000						
Per Share	Per Share	Per Share	Per Share						
£10	£3 6s. 8d.	...	£6 13s. 4d.						
Authorised note issue, £120,000.									

Year Ended	Net Profit	Per Cent.	Dividends	Rate	Reserves, Investment, etc.	Carried Forward
Dec. 31	£		£	%	£	£
1925	21,523	0.90	9,000	18	12,000	6,301
1926	22,258	0.89	9,500	19	12,000	7,059
1927	22,911	0.89	9,500	19	12,000	6,470
1928	24,271	0.97	10,000	20	12,000	10,741
1929	23,629	0.89	11,000	11	12,000	11,370
1930	23,635	0.88	11,000	11	12,000	11,632
1931	24,019	0.69	11,000	11	12,000	12,287
1932	26,544	0.73	14,000	11	12,000	10,807
1933	28,751	0.77	15,000	18	12,000	9,851
1934	30,386	0.77	18,000	18	12,000	10,102
1935						10,488

Includes £3,000 bonus.

LIABILITIES										ASSETS									
Year ended	Number of	Capital and	Per Cent.	Un-	Per Cent.	Notes	Per Cent.	Miscel-	Per Cent.	Deposit	Total	Cash in	Per Cent.	Invest-	Per Cent.	Discounts	Per Cent.	Premises	Per Cent.
Dec. 31	Branches	Reserves		divided				laneous		and	Liability	Hand		ments		and			
				Profits				Credits,		Current	or	at				Ad-			
								etc.		Accounts	Assets	Bankers				vances			
1926	8	170,000	7.1	11,551	0.5	84,864	3.5	11,974	0.5	2,118,450	88.4	2,367,839	21.6	1,243,537	51.8	606,815	25.3	30,000	1.2
1927	8	182,000	7.2	12,059	0.5	86,028	3.4	14,309	0.6	2,221,728	88.3	2,516,124	29.3	1,192,044	47.4	556,067	22.1	30,000	1.2
1928	9	194,000	7.5	13,470	0.5	80,896	3.1	12,958	0.5	2,293,065	88.4	2,594,389	29.3	1,359,899	52.4	536,364	20.6	30,000	1.2
1929	9	208,000	8.2	16,241	0.7	80,444	3.2	6,057	0.3	2,194,017	87.6	2,502,759	21.8	1,349,102	53.9	578,905	23.1	30,000	1.2
1930	9	288,000	10.0	17,870	0.7	82,380	3.1	7,613	0.3	2,286,340	85.9	2,664,183	20.8	1,564,306	58.7	522,380	19.6	30,000	1.2
1931	9	280,000	10.6	17,152	0.7	84,881	3.2	4,682	0.2	3,014,280	85.3	2,440,540	15.6	1,648,721	62.4	550,481	20.9	30,000	1.1
1932	9	292,000	8.5	17,788	0.5	86,663	2.5	8,197	0.2	2,253,925	88.2	2,418,928	15.6	2,365,664	69.2	488,168	14.9	30,000	0.8
1933	9	304,000	8.6	18,807	0.5	84,559	2.4	4,252	0.1	3,115,205	88.0	3,526,823	13.0	2,565,464	73.4	451,512	12.8	30,000	0.8
1934	9	316,000	8.6	18,100	0.5	84,829	2.3	23,131	0.6	3,213,409	88.0	3,655,469	10.1	2,866,494	78.5	388,008	10.6	30,000	0.8
1935	10	328,000	8.7	19,102	0.5	87,284	2.3	8,333	0.2	3,307,855	88.3	3,750,574	10.0	2,937,108	78.3	406,685	10.9	30,000	0.8
1936	10	340,000	8.7	19,488	0.5	97,713	2.5	6,721	0.1	3,446,942	88.2	3,910,864	11.7	3,020,084	77.2	401,003	10.3	30,000	0.8

* Includes money at call.

LLOYDS BANK LIMITED

(Member of the London Bankers' Clearing House)

Incorporated as a Joint Stock Company in 1865 under the title of Lloyds Banking Company, Limited. Name changed to Lloyds Bank and Bosanquets Bank, Limited, in 1884, and to the present title in 1889.

The following have been incorporated with Lloyds

Bank:—
 1865—Lloyds and Company, Birmingham Old Bank.
 1865—Molliet and Sons, Birmingham.
 1865—P. and H. Williams, Wednesbury Old Bank.
 1866—Stevenson, Salt and Company, Stafford Old Bank.
 1866—Warwick and Leamington Banking Company.

1868—A. Butlin and Son, Rugby Old Bank.
 1872—R. and W. F. Fryer, Wolverhampton Old Bank.
 1874—Shropshire Banking Company.
 1879—Coventry and Warwickshire Banking Company.
 1880—Beck and Company, Shrewsbury and Welshpool Old Bank.
 1884—Barnetts, Hoares and Company, London.

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

OVER 400 BRANCHES IN

THE UNION OF SOUTH AFRICA

KENYA . TANGANYIKA . UGANDA . NYASALAND

NORTHERN & SOUTHERN RHODESIA . PORTUGUESE EAST AFRICA

SOUTH-WEST AFRICA . BRITISH WEST AFRICA

MALTA . GIBRALTAR . CYPRUS . EGYPT . SUDAN . PALESTINE

MAURITIUS . BRITISH WEST INDIES . BRITISH GUIANA

LONDON . LIVERPOOL . MANCHESTER . HAMBURG . NEW YORK

HEAD OFFICE:

54 LOMBARD STREET, LONDON, E.C.3

BARCLAYS BANK (CANADA)
Montreal and Toronto

OTTOMAN BANK

(INCORPORATED IN TURKEY WITH LIMITED LIABILITY)
Founded 1863

Capital: £10,000,000

Paid-up: £5,000,000

Reserve: £1,250,000

General Committee

LONDON	General Committee	PARIS
General the Hon. SIR HERBERT A. LAWRENCE, G.C.B.	SIR JOHN P. HEWETT, G.C.S.I., K.B.E., C.I.E.	RAOUL MALLET
E. W. H. BARRY	LORD HILLINGDON	RENÉ BECHMANN
ALBERT C. GLADSTONE	A. G. A. JAMIESON	JEAN BOISSONNAS
VISCOUNT GOSCHEN, G.C.S.I., G.C.I.E., G.B.E., V.D.	SIR JOHN GORDON NAIRNE, Bart.	CHARLES DE GERJAT
SIR W. GUY GRANET, G.B.E.	Lieut.-Col. SIR ALBERT STERN, K.B.E., G.M.C.	HORACE FINLAY
		BARON HENRI HOTTINGUER
		JACQUES DE NEUFILIZE
		LE COMTE PILLET-WILL
		ANATHASE ROUDY
		EDOUARD VERNES

LONDON: 26 THROGMORTON STREET, E.C.2

Manager: E. W. H. Barry
Assistant Manager: F. Fisher
Deputy Manager: R. S. C. Pearce
Sub-Managers: A. Sampson, A. Brown
Secretary to the Committee: W. Stewart McKim

PARIS: 7 RUE ME

LLOYDS BANK LIMITED—Continued from page 30

1884—Bosanquet, Salt and Company, London.
 1888—Pritchard, Gordon and Company, Broseley and Bridgnorth.
 1889—Birmingham Joint Stock Bank, Limited.
 1889—Worcester City and County Banking Company, Limited.
 1890—Wilkins and Company, Old Bank, Brecon, Cardiff, etc.
 1890—Beechings and Company, Tunbridge Wells, Hastings, etc.
 1891—Praeds and Company, London.
 1891—Cobb and Company, Margate, etc.
 1891—Hart, Fellows and Company, Nottingham.
 1892—R. Twining and Company, London.
 1892—Bristol and West of England Bank, Limited.
 1893—Curteis, Pomfret and Company, Rye.
 1893—Herries, Farquhar and Company, London.
 1894—Bromage and Company, Old Bank, Monmouth.
 1895—Paget and Company, Leicester Bank.
 1897—County of Gloucester Bank, Limited.
 1897—Williams and Company, Chester, etc.
 1898—Jenner and Company, Sandgate and Shorncliffe Bank.
 1899—Burton Union Bank, Limited.
 1899—Stephens, Blandy and Company, Reading, etc.
 1900—Vivian, Kitson and Company, Torquay Bank.
 1900—Liverpool Union Bank, Limited.
 1900—Cunliffes, Brooks and Company, Manchester, etc.
 1900—Brooks and Company, London.
 1900—William Williams Brown and Company, Leeds.
 1900—Brown, Janson and Company, London.
 1902—Bucks and Oxon Union Bank, Limited.
 1902—Pomfret, Burra and Company, Ashford Bank.
 1903—Hodgkin, Barnett and Company, Newcastle-upon-Tyne, etc.
 1903—Grant and Maddison's Union Banking Company, Limited.

1905—Hedges, Wells and Company, Wallingford Bank.
 1906—Devon and Cornwall Banking Company, Limited.
 1908—Lambton and Company, Newcastle-upon-Tyne, etc.
 1909—David Jones and Company, Llandoverly, etc.
 1911—Hill and Sons, West Smithfield, E.C., etc.
 1912—Peacock, Willson and Company, Sleaford, etc.
 1914—Wilts and Dorset Banking Company, Limited.
 1918—Capital and Counties Bank, Limited.
 1919—West Yorkshire Bank, Limited.
 1921—Fox, Fowler and Company, Wellington (Som.), etc.
 1923—Cox and Company, London, etc.
 1923—Henry S. King and Company, London, etc.

	Subscribed	Capital (December 31, 1936)	Callable	Reserved	Market Value
"A" shares	71,864,780	14,372,956	3,593,239	53,808,585	April 30, 1937
"B" shares	1,437,296	1,437,296	Nil	Nil	£13,478,200
Per Share	£5	£1	5s.	£3 15s.	£1,972,532
	£1	£1	Nil	Nil	£3 0s. 6d.
					£1 7s. 6d.

Year Ended Dec. 31	Net Profits	Per Cent. of Resources	Dividends	Rate	Reserves, etc.	Carried Forward
1926	2,523,582	0.65	1,973,888	"A" 10% "B" 5	550,000	533,992
1927	2,475,674	0.58	1,973,888	"A" 10% "B" 5	550,000	485,780
1928	2,528,143	0.58	1,973,888	"A" 10% "B" 5	550,000	490,037
1929	2,542,084	0.59	1,973,888	"A" 10% "B" 5	550,000	508,235
1930	2,129,518	0.49	1,728,551	"A" 10% "B" 5	400,000	511,199
1931	1,926,904	0.49	1,510,048	"A" 10% "B" 5	400,000	522,055
1932	1,550,511	0.35	1,357,820	"A" 10% "B" 5	200,000	514,746
1933	1,438,822	0.33	1,347,465	"A" 10% "B" 5	100,000	506,104
1934	1,651,508	0.37	1,392,380	"A" 10% "B" 5	250,000	515,290
1935	1,642,785	0.36	1,392,380	"A" 10% "B" 5	250,000	515,635
1936	1,743,955	0.37	1,369,922	"A" 10% "B" 5	350,000	539,667

Year ended December 31	Number of Offices	LIABILITIES						Total Liabilities or Assets	ASSETS													
		Paid-up Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances and Endorse- ments	Per Cent.		Current, Deposit and Other Accounts	Per Cent.	Cash in Hand and at Bank, etc.	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills of Ex- change	Per Cent.	Advances	Per Cent.	Buildings and Sundries, including Cover for Accept- ances	Per Cent.
		£		£		£		£	(a)	£	(b)		£	(c)		£	(d)	£	(e)	£	(f)	
1926	1,712	25,810,252	6.6	1,520,935	0.4	16,950,606	4.3	346,132,523	88.7	390,414,316	55,641,977	14.2	16,458,305	4.2	53,038,139	13.6	47,182,971	12.1	194,757,510	49.9	23,335,405	6.0
1927	1,772	25,810,252	6.0	1,472,723	0.3	13,768,116	10.2	357,189,821	83.5	428,240,912	57,945,584	13.5	27,797,328	6.5	46,149,711	10.8	52,048,834	12.1	187,798,225	43.9	56,501,230	13.2
1928	1,813	25,810,252	5.9	1,476,980	0.3	60,341,184	13.7	352,161,962	80.1	439,790,378	55,457,101	12.6	29,005,684	6.6	44,553,811	10.1	49,281,472	11.2	194,373,479	44.2	67,118,831	15.3
1929	1,853	25,810,252	5.9	1,495,178	0.3	52,226,285	12.1	351,650,804	81.6	431,182,519	57,002,848	13.2	31,150,461	7.2	43,868,232	10.2	39,625,277	9.2	200,351,693	46.5	59,184,008	13.7
1930	1,947	25,810,252	5.9	1,281,649	0.3	42,513,352	9.8	364,655,289	84.0	434,260,542	55,787,776	12.8	30,492,445	7.0	58,789,393	13.5	53,733,112	12.4	185,329,180	42.7	50,128,636	11.6
1931	1,963	23,310,252	5.9	1,267,652	0.3	36,134,878	9.2	333,741,091	84.6	394,453,873	51,134,804	12.9	22,188,477	5.6	56,659,358	14.4	42,587,499	10.8	177,861,605	45.1	44,022,130	11.4
1932	1,924	23,810,252	5.4	1,116,614	0.3	31,978,804	7.3	382,148,416	87.0	439,054,086	54,475,674	12.4	25,588,689	5.8	90,991,685	20.5	76,788,343	17.5	152,219,480	34.7	39,890,215	9.1
1933	1,915	23,810,252	5.3	1,179,836	0.3	42,640,910	9.8	364,559,963	84.4	432,190,961	54,270,905	12.6	23,479,970	5.4	104,481,080	24.2	56,887,317	13.1	142,601,089	33.0	50,470,600	11.7
1934	1,917	24,310,252	5.5	1,211,420	0.3	46,214,918	10.4	372,146,372	83.8	443,882,962	56,854,348	12.8	36,313,120	8.2	102,829,629	23.2	47,214,847	10.6	146,626,866	33.0	54,044,152	12.2
1935	1,913	24,310,252	5.3	1,211,825	0.3	31,741,415	6.9	400,375,711	87.5	457,639,203	59,805,857	13.1	33,053,075	7.2	120,683,911	24.5	63,377,093	13.8	149,784,184	32.8	39,550,603	8.6
1936	1,901	24,810,252	5.3	1,224,629	0.3	32,971,501	7.1	406,060,950	87.3	465,073,623	64,583,213	13.9	37,781,806	8.1	119,073,888	25.7	45,070,460	9.7	157,559,059	33.8	40,571,696	8.7
Weekly Averages Apr., 1937	24,810,000	5.4	...	...	36,339,000	7.9	399,488,000	86.7	460,644,000	51,163,000	11.1	31,773,000	6.9	120,810,000	26.2	48,853,000	10.6	164,620,000	35.7	43,954,000	9.8	

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom, and balances with Banks abroad.
 (b) Includes investments in affiliations. (x) Includes balances in account with subsidiary companies, items in transit, and other assets and accounts.

LONDON MERCHANT BANK, LIMITED

Late LONDON AND HANSEATIC BANK, LIMITED

ESTABLISHED 1873

The Bank has no Branches

CAPITAL			
Subscribed	Paid-up	Callable	Reserved
£	£	£	£
1,860,000	828,000	525,000	Nil
Per Share	Per Share	Per Share	Per Share
"A" £5	£5	Nil	Nil
"B" £7	£8 10s.	£3 10s.	Nil

Year Ended Dec. 31	Net Profits	Per Cent. of Resources	Dividends	Rate	Reserve, etc.	Carried Forward
1926	70,218	1.59	47,250	"A" 7% "B" 5	25,000	24,900
1927	67,011	1.37	47,250	"A" 7% "B" 5	20,000	24,721
1928	71,845	1.28	47,250	"A" 7% "B" 5	20,000	29,817
1929	74,419	1.35	47,250	"A" 7% "B" 5	25,000	31,486
1930	80,898	1.05	42,000	"A" 7% "B" 4	10,000	30,323
1931	42,799	1.78	Nil	Nil	78,122	Nil
1932	18,755	0.96	Nil	Nil	189,884	Dr. 175,129
1933	14,188	0.75	Nil	Nil	14,188	Dr. 175,129
1934	17,762	0.89	Nil	Nil	17,762	Dr. 175,129
1935	15,680	0.79	Nil	Nil	15,680	Dr. 175,129
1936	15,549	0.80	Nil	Nil	15,549	Dr. 175,129

* Of which £148,884 is provision for loss on debts.

Continued on page 34

The BRITISH OVERSEAS BANK

LIMITED

Incorporating FREDK. HUTH & Co.

THROUGH its world-wide connections and agencies the Bank is able to offer to its clients at home and abroad exceptional facilities in foreign exchange and in the financing of foreign trade, and also to provide up-to-date credit reports and information as to international business conditions. Correspondence invited.

33 GRACECHURCH STREET, Lombard Court, LONDON, E.C.3

TELEGRAPHIC ADDRESS

Inland: "SAESREVO, PHONE, LONDON" Foreign: "SAESREVO, LONDON"

TELEPHONE NO. MANSION HOUSE 7842

Established
1833
—
NATIONAL
PROVINCIAL
BANK
LIMITED

BRANCHES THROUGHOUT
ENGLAND AND WALES

Banking Business of Every Description

HEAD OFFICE:
15 Bishopsgate, London, E.C.2

Affiliated Banks:
Coutts & Co. Grindlay & Co., Ltd.

World-wide
facilities

Martins
Bank
Limited

1563



1831

London Office:
68 LOMBARD STREET, E.C.3
Head Office:
WATER ST., LIVERPOOL 2
555 Branches

Agents throughout the World
Total Assets over £109,000,000

LONDON MERCHANT BANK LIMITED—Continued from page 32

Year Ended Dec. 31	LIABILITIES							Total Liabilities or Assets	ASSETS										
	Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances	Per Cent.	Deposit & Current Accounts (inc. Pen- sions Fund)		Per Cent.	Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Dis- counts and Ad- vances	Per Cent.	Premises and Cover for Ac- ceptances	Per Cent.
1926.....	£ 825,000	18.7	£ 40,710	0.9	£ 2,068,502	46.9	£ 1,476,824	33.5	£ 4,411,036	115.880	2.6	£ 845,000	19.2	£ 148,414	3.4	£ 1,192,098	27.0	£ 2,109,634	47.8
1927.....	825,000	16.9	40,471	0.8	2,614,522	53.7	1,393,204	28.6	4,873,197	69,511	1.4	715,000	14.7	169,519	3.4	1,296,287	28.0	2,855,900	54.5
1928.....	825,000	14.5	45,066	0.8	3,377,291	59.4	1,437,214	25.3	5,884,571	74,544	1.3	705,000	12.4	162,759	2.9	1,324,901	23.3	3,417,373	60.1
1929.....	825,000	14.9	47,235	0.9	3,293,152	59.6	1,356,754	24.6	5,522,141	80,237	1.5	979,283	17.8	165,101	3.0	965,622	17.6	3,331,888	60.1
1930.....	825,000	17.0	40,823	0.8	2,924,603	60.2	1,067,059	22.0	4,857,485	58,287	1.2	744,886	15.3	157,413	3.2	934,981	19.2	2,961,938	61.1
1931.....	825,000	33.3	...	...	1,403,036	56.7	247,138	10.0	2,475,174	37,676	1.0	308,113	12.4	41,748	1.7	597,022	24.1	1,490,615	60.3
1932.....	825,000	43.0	...	...	899,555	46.9	193,601	10.1	1,818,159	30,295	1.6	292,000	15.2	74,244	3.9	400,191	20.8	1,121,429	58.5
1933.....	825,000	43.5	...	...	875,779	46.3	195,638	10.2	1,898,417	24,610	1.3	309,186	16.3	98,886	5.2	370,241	19.6	1,165,264	57.6
1934.....	825,000	41.5	...	...	941,192	47.2	226,361	11.3	1,992,553	26,180	1.3	346,000	17.4	88,163	4.4	368,946	18.4	1,093,514	58.8
1935.....	825,000	41.6	...	...	926,287	46.7	231,323	11.7	1,982,610	34,133	1.7	330,000	16.7	111,873	5.6	360,518	18.2	1,146,086	57.8
1936.....	825,000	42.4	...	...	889,339	45.8	229,243	11.8	1,943,583	33,452	1.7	370,000	19.0	113,436	5.5	322,236	16.6	1,104,459	51.2

MARTINS BANK LIMITED

Member of the London Bankers' Clearing House.
ESTABLISHED in 1831 as the Bank of Liverpool.

Absorbed:—

- 1883—Arthur Heywood, Sons and Company, Liverpool.
1889—Liverpool Commercial Banking Company, Limited.
1893—Wakefield, Crewdson and Company, Kendal, etc.
1906—Craven Bank, Limited.
1911—Carlisle and Cumberland Banking Company, Limited.
1914—North-Eastern Banking Company, Limited.

1918—Martins Bank Limited, London (a sixteenth-century bank first registered as a private banking firm in 1890); and name changed to Bank of Liverpool and Martins Limited.

- 1919—Palatine Bank, Limited, Manchester.
1919—Cocks, Biddulph and Company, London.
1920—Halifax Commercial Banking Company, Limited.
1923—Cattle Trade Bank, Limited, Birkenhead.
1927—Equitable Bank, Limited.

1928—Amalgamated with Lancashire and Yorkshire Bank, Limited; and name changed to Martins Bank Limited.

PROFITS AND DIVIDENDS

Year ended Dec. 31	Net Profits	Per Cent. of Resources	Dividends Amount	Rate	Reserve, Invest- ments, etc.	Carried Forward
1926.....	542,731	0.77	375,822	16	200,000	105,265
1927.....	555,229	0.75	383,822	16	175,000	101,671
1928.....	825,424	0.88	665,607	16	150,000	111,499
1929.....	836,240	0.85	665,607	16	150,000	132,132
1930.....	793,551	0.86	665,607	16	150,000	110,076
1931.....	703,154	0.80	582,406	14	100,000	130,824
1932.....	636,950	0.65	582,406	14	50,000	185,368
1933.....	654,940	0.70	582,406	14	50,000	207,968
1934.....	672,258	0.71	582,406	14	75,000	222,755
1935.....	693,117	0.69	582,406	14	100,000	233,466
1936.....	769,988	0.70	582,406	14	125,000	296,048

Year ended December 31	LIABILITIES							Total Liabilities or Assets	ASSETS													
	Number of Branches.	Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances, Endorse- ments, etc.	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank, etc. a	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills of Ex- change	Per Cent.	Short Loans on Stocks and Ad- vances	Per Cent.	Buildings & Sundries including Cover for Acceptances	Per Cent.
1926	389	4,348,890	6.2	294,189	0.4	6,078,122	8.6	59,819,326	84.8	70,540,527	8,046,100	11.4	5,826,728	8.3	9,349,216	13.2	2,981,480	4.2	36,702,937	52.1	7,634,088	10.8
1927	417	4,698,890	6.3	298,731	0.4	6,389,255	8.6	62,890,872	84.7	74,277,748	9,976,920	13.4	6,676,920	9.0	10,421,738	14.0	2,646,294	3.8	36,572,971	49.3	7,980,294	10.7
1928	560	7,617,914	7.5	445,915	0.4	10,949,041	10.7	82,932,881	84.4	101,962,502	12,116,604	11.9	5,420,745	5.6	12,510,788	12.8	2,646,294	3.6	42,800,479	41.8	13,017,759	12.8
1929	564	7,667,914	7.8	464,935	0.4	7,184,161	7.4	82,620,494	84.4	97,953,529	13,309,171	13.6	6,278,861	6.4	17,807,808	18.2	7,232,087	7.4	43,942,731	44.8	9,382,811	9.6
1930	571	7,667,914	8.3	442,879	0.5	5,599,786	6.1	78,562,604	85.1	92,289,957	11,969,514	13.0	6,952,126	7.5	18,877,489	20.2	7,382,145	8.0	39,134,819	42.4	8,174,205	8.9
1931	578	7,060,042	8.0	422,027	0.5	4,750,674	5.4	75,927,392	86.1	88,176,777	11,166,374	12.7	7,094,914	8.0	18,947,309	21.5	7,313,868	8.3	36,098,900	40.9	7,555,412	8.6
1932	555	7,060,042	7.2	476,571	0.5	4,752,518	4.8	85,832,398	87.5	98,121,469	12,586,850	12.8	6,176,814	6.3	30,560,921	31.1	7,313,868	7.3	36,098,900	40.9	7,555,412	8.6
1933	555	7,160,042	7.6	499,106	0.5	4,714,436	5.0	81,578,545	86.8	99,952,129	12,323,624	13.1	5,291,182	5.6	32,181,908	34.3	6,893,785	7.0	36,098,900	40.9	7,555,412	8.6
1934	550	7,160,042	7.5	513,958	0.5	4,693,136	4.9	82,620,032	87.1	94,987,168	12,619,902	13.3	5,671,209	6.0	32,181,908	34.3	6,893,785	7.0	36,098,900	40.9	7,555,412	8.6
1935	550	7,160,042	7.2	524,669	0.5	5,695,696	5.6	87,287,563	86.6	100,767,970	13,178,457	13.1	4,945,000	4.9	34,905,292	34.6	6,368,960	6.3	30,784,584	30.6	8,585,677	8.5
1936	553	7,460,042	6.8	587,251	0.5	7,871,226	7.2	93,475,145	85.5	109,393,664	13,695,277	12.5	5,535,000	5.1	32,982,921	30.1	13,496,363	3.3	42,989,470	39.2	10,446,660	9.6
Weekly Averages, Apr., 1937	7,460,000	7.0	...	...	9,228,000	8.7	89,695,000	84.3	106,404,000	11,969,000	10.3	5,833,000	5.5	28,678,000	27.0	2,591,000	2.2	49,000,000	45.9	12,000,000	11.2	

Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.
† Includes an amount of Treasury Bonds and first-class securities maturing within six months.

* Exclusive of Lancashire and Yorkshire Branches.

MIDLAND BANK LIMITED

Member of the London Bankers' Clearing House

ESTABLISHED 1836 as The Birmingham and Midland Bank.

Amalgamations and absorptions have been as follows:—

- 1851—Bate and Robins, Stourbridge.
1862—Nichols, Baker and Crane, Bewdley.
1883—Union Bank of Birmingham, Limited.
1889—Coventry Union Banking Company.
1889—Leamington Priors and Warwickshire Banking Company, Limited.
1890—Leeds and County Bank, Limited.
1890—Derby Commercial Bank, Limited.
1890—Exchange and Discount Bank, Limited, Leeds.
1891—Central Bank of London, Limited. New title—The London and Midland Bank Limited.
1891—Lacy, Hartland, Woodbridge and Company, West Smithfield.
1892—Manchester Joint Stock Bank, Limited.
1893—Bank of Westmorland, Limited.
1894—Preston Banking Company, Limited.
1896—Carlisle City and District Banking Company, Limited.
1897—Channel Islands Bank, Limited.
1897—Huddersfield Banking Company, Limited.
1897—North-Western Bank, Limited, Liverpool.
1898—Oldham Joint Stock Bank, Limited.
1898—City Bank Limited. New title—The London City and Midland Bank Limited

- 1899—City of Birmingham Bank, Limited.
1900—Leicestershire Banking Company, Limited.
1901—Sheffield Union Banking Company, Limited.
1901—Yorkshire Banking Company, Limited.
1905—Nottingham Joint Stock Bank, Limited.
1908—North and South Wales Bank, Limited.
1910—Bradford Banking Company, Limited.
1913—Sheffield and Hallamshire Bank, Limited.
1913—Lincoln and Lindsey Banking Company, Limited.
1914—Metropolitan Bank (of England and Wales), Limited.
1917—Belfast Banking Company, Limited. Purchase of share capital.
1918—London Joint Stock Bank Limited. New title—London Joint City and Midland Bank Limited.
1920—Clydesdale Bank Limited. Purchase of share capital.
1923—New title—Midland Bank Limited.
1924—North of Scotland Bank Limited. Purchase of share capital.

- 1893—London Joint Stock Bank amalgamated with Imperial Bank, Limited.
1909—London Joint Stock Bank amalgamated with York City and County Bank, Limited.

Continued on page 36



The UNION BANK OF AUSTRALIA

LIMITED
Established 1837

CAPITAL AUTHORISED AND ISSUED - £12,000,000

Paid up Capital - £4,000,000

Reserve Liability of Proprietors £8,000,000
(Not capable of being called up except in the event of and for the purpose of the Bank being wound up.)

Reserve Fund - £3,250,000

Special Currency Reserve - £1,600,000

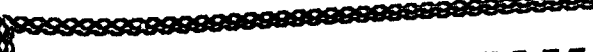
DIRECTORS:
Maj.-Gen. Sir JOHN H. DAVIDSON, K.C.M.G., C.B., D.S.O., *Chairman*.
COLIN S. ANDERSON, Esq. ARTHUR TERENCE MAXWELL, Esq.
HUGH D. FLOWER, Esq. ROBERT C. NESBITT, Esq.
J. W. HELY-HUTCHINSON, Esq. The Hon. EDMUND W. PARKER
The Rt. Hon. LORD HILLINGDON P.C., G.C.M.G., D.S.O.
Sir MALCOLM HOGG ALFRED W. TURNBULL, Esq.

HEAD OFFICE:
71 Cornhill, London, E.C.3

Manager:—F. H. McINTYRE Assistant Manager:—C. E. MURCH
Secretary:—C. R. PHARSE

BRANCHES THROUGHOUT AUSTRALIA AND NEW ZEALAND

Drafts upon the Branches are issued by Head Office, and may be obtained from the Bank's Agents throughout England, Scotland and Ireland.
Commercial and Circular Letters of Credit and Travellers' Cheques issued—available throughout the World.
Telegraphic Remittances are also made.
Bills on the Australian States and Dominion of New Zealand are purchased or sent for collection.
Deposits are received at Head Office at rates of interest and for periods which may be ascertained on application.



SWISS BANK CORPORATION

(A COMPANY LIMITED BY SHARES, INCORPORATED IN SWITZERLAND)
1872

**BASLE, ZURICH, ST. GALL,
GENEVA, LAUSANNE,
LA CHAUX-DE-FONDS,
NEUCHÂTEL, SCHAFFHOUSE**

Capital paid-up - S.Fcs. 160,000,000

Reserves - S.Fcs. 32,000,000

LONDON OFFICE - 99, GRESHAM STREET, E.C.2

WEST END BRANCH : 11, REGENT STREET (WATERLOO PLACE), S.W.1

**All descriptions of Banking and
Exchange Business Transacted.**

*Correspondents in all
Parts of the World*



DISTRICT BANK

LIMITED

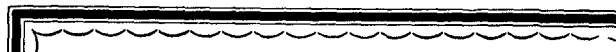
**EVERY FACILITY FOR
BRITISH, COLONIAL, AND
FOREIGN BANKING BUSINESS**

— **PRINCIPAL LONDON OFFICE** —
75, Cornhill, E.C.3

— **FOREIGN DEPARTMENT** —
13, Spring Gardens, Manchester, 2
76, Cornhill, London, E.C. 3
2, Castle Street, Liverpool, 2

HEAD OFFICE:
SPRING GARDENS, MANCHESTER, 2

Member of the London Bankers' Clearing House



Trading Abroad

The existence of restrictions in a given country may temporarily prohibit dealings in Forward Exchange, but up-to-date information on this and on all points bearing on Forward Exchange generally may be obtained through any branch of the Westminster Bank. For any who may be unfamiliar with the facility, a very brief outline entitled

*Forward Exchange is always
available at its
counters*

**WESTMINSTER BANK
LIMITED**

Head Office: 41 Lothbury, London, E.C.2

MIDLAND BANK LIMITED—Continued from page 34

CAPITAL, May 1937						Market Value, April 30 1937
Authorised	Subscribed	Paid-up	Callable	Reserved		
No. of Shares	Denomi- nation					
2,869,079	£12	34,428,948	7,172,697	7,172,697	20,083,553	29,049,400
2,000,000	2½	4,804,192	4,804,192	Nil	Nil	21,138,400
5,771,052	1	2,271,122	2,271,122	Nil	Nil	10,106,500
...	...	Per Share	Per Share	Per Share	Per Share	Per Share
...	...	£12	£12	£12	£12	£12
...	...	10s.	10s.	10s.	10s.	10s.
...	...	£1	£1	£1	£1	£1

		LIABILITIES										Total Liabilities or Assets	ASSETS									
December 31	Number of Offices, Dec. 31	Paid-up Capital and Reserve Fund	Per Cent.	Profit Balance and Dividend Payable	Per Cent.	Accept- ances, etc.	Per Cent.	Current, Deposit and Other Accounts	Per Cent.	Per Cent.	Cash in Hand and at Bank of England		Per Cent.	Money at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills Dis- counted	Per Cent.	Ad- vances	Premises, Cover for Accept- ances, etc., & Invest- ment in Affiliations	Per Cent.
1926	1,904	25,331,596	5.9	1,736,959	0.4	37,065,445	8.6	366,423,103	85.1	430,557,103	52,994,044	12.3	41,009,343	9.5	38,853,582	9.0	46,744,312	10.9	200,459,993	46.6	50,405,829	11.7
1927	1,969	25,331,596	5.8	1,747,735	0.4	36,997,594	8.4	374,375,147	85.4	438,452,072	49,763,778	11.4	46,150,346	10.5	35,435,530	8.1	49,314,778	11.2	206,487,910	47.1	51,299,730	11.7
1928	2,013	26,865,936	5.4	1,815,737	0.4	37,441,134	8.4	394,591,227	79.3	497,714,034	45,440,918	9.1	47,928,380	9.6	36,868,698	7.4	63,347,503	12.8	214,050,972	43.0	90,077,563	18.1
1929	2,044	26,865,936	5.0	1,826,432	0.4	37,474,366	8.4	379,622,758	85.2	445,789,492	46,918,243	10.6	40,046,111	9.0	32,928,890	7.4	58,783,637	13.2	212,338,674	47.6	54,773,916	2.2
1930	2,090	28,496,024	6.3	1,845,086	0.4	37,310,193	5.6	399,605,549	87.7	455,256,852	47,219,369	10.4	36,835,769	8.1	38,671,576	8.5	58,922,558	18.4	205,470,167	45.1	43,137,415	9.5
1931	2,128	25,748,012	5.6	1,704,897	0.4	37,222,279	4.7	360,247,498	98.6	406,922,686	38,505,989	9.4	31,335,676	7.7	42,940,262	10.6	57,132,250	14.0	199,685,856	49.1	37,322,653	9.2
1932	2,103	25,748,012	5.6	1,714,278	0.4	37,222,279	3.4	419,282,966	90.6	457,055,452	42,333,852	9.2	34,856,830	7.6	41,883,369	26.6	62,828,431	13.8	164,440,337	36.0	33,859,633	7.4
1933	2,105	25,748,012	5.6	1,721,363	0.4	37,222,279	3.4	419,282,966	90.6	457,055,452	42,333,852	9.2	34,856,830	7.6	41,883,369	26.6	62,828,431	13.8	164,440,337	36.0	33,859,633	7.4
1934	2,120	25,748,012	5.6	1,721,363	0.4	37,222,279	3.4	419,282,966	90.6	457,055,452	42,333,852	9.2	34,856,830	7.6	41,883,369	26.6	62,828,431	13.8	164,440,337	36.0	33,859,633	7.4
1935	2,132	25,748,012	5.6	1,721,363	0.4	37,222,279	3.4	419,282,966	90.6	457,055,452	42,333,852	9.2	34,856,830	7.6	41,883,369	26.6	62,828,431	13.8	164,440,337	36.0	33,859,633	7.4
1936	2,136	25,748,012	4.8	1,416,213	0.3	18,600,273	3.5	486,947,988	91.4	532,712,466	52,941,373	9.9	50,779,983	9.5	128,295,38	24.2	47,133,998	13.9	189,516,488	35.6	36,231,106	6.8
Weekly Averages, Apr., 1937	2,574	25,748,000	4.9	...	...	22,095,000	4.3	469,282,000	90.8	517,135,000	49,575,000	9.6	41,239,000	8.0	12,592,000	24.4	53,452,000	10.3	207,142,000	40.0	39,807,000	7.7

a Including balances with, and cheques in course of collection on, other banks in Great Britain and Ireland.

NATIONAL PROVINCIAL BANK LIMITED

(Member of London Clearing.)

Established in 1833 as the National Provincial Bank of England, and registered as limited in 1880; the Union of London and Smiths Bank was established in 1839, and registered as limited in 1882. Amalgamation took place under title of National Provincial and Union Bank of England, Limited, as from December 31, 1917, and on February 15, 1924, name changed as above. As from December 31, 1917, the Bradford District Bank, Limited, as from December 31, 1918, the Sheffield Banking Company, Limited, and as from December 31, 1919, the North-

amptonshire Union Bank, Limited, were acquired. From January 1, 1920, Messrs Coutts and Company became affiliated, December 31, 1919, Messrs Richards and Company, Llangollen, and June 30, 1920, Messrs Shilson, Coode and Company, St. Austell, and as from Aug. 23, 1922, Messrs Dingley and Company, of Launceston, and Messrs Dingley, Pearce and Company, of Okehampton, were acquired. December 31, 1923, the Guernsey Banking Company, Limited, and the business of Messrs Grindlay and Company were acquired, the latter undertaking being continued as a private limited company.

CAPITAL					Market Value, April 30, 1937
Subscribed	Paid-up	Callable	Reserved		
48,617,080	9,479,416	5,839,611	28,298,053		£36,277,500
Per Share	Per Share	Per Share	Per Share	Per Share	Per Share
£25	£3 10s.	£4 16s. 8d.	£16 13s. 4d.		£13½
£20	£4	£2 13s. 4d.	£13 6s. 8d.		£15½
£5	£5	Nil	Nil		£20½

Year Ended Dec. 31	Number of Branches	LIABILITIES								Total Liabi- lities or Assets	ASSETS									
		Capital and Res- erves	Per Cent.	Un- div- id- ed Prof- its	Per Cent.	Accept- ances	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bank, etc.	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts and Ad- vances	Per Cent.	Buildings and Sundries including Cover for Accept- ances	Per Cent.
1926	1,172	18,958,832	6.6	876,319	0.3	9,166,822	3.2	258,249,807	89.9	268,251,780	37,930,824	13.2	18,768,651	6.5	40,098,804	13.9	177,230,858	61.5	14,181,643	4.9
1927	1,220	18,958,832	6.2	883,476	0.3	12,024,760	3.9	273,587,202	89.8	305,444,270	41,816,515	13.7	21,817,485	7.1	38,640,116	12.7	185,708,682	60.8	17,461,603	5.7
1928	1,262	18,958,832	5.8	885,846	0.3	13,593,740	5.9	280,310,253	88.0	328,986,671	44,170,901	13.4	25,920,942	7.9	40,217,188	12.2	194,071,259	58.8	25,318,871	7.7
1929	1,308	18,958,832	6.2	849,253	0.3	15,174,188	5.0	271,712,337	88.5	306,934,612	41,884,704	13.7	19,413,495	6.3	39,276,378	12.8	184,888,967	60.8	21,251,086	6.9
1930	1,363	18,958,832	5.9	873,814	0.3	10,089,723	3.1	292,379,798	90.5	322,102,162	42,783,078	13.3	26,206,334	8.1	41,790,563	13.0	200,853,859	62.2	16,756,128	5.2
1931	1,374	17,479,416	6.0	804,116	0.3	8,225,529	2.2	261,825,540	90.5	289,436,891	39,047,981	13.5	18,792,824	6.5	36,242,148	12.5	179,968,174	61.9	16,287,678	5.6
1932	1,371	17,479,416	5.6	857,038	0.3	6,395,008	2.0	288,397,118	92.1	313,128,675	43,000,715	13.7	18,167,664	5.8	31,840,265	9.8	181,180,364	57.3	18,416,489	4.2
1933	1,381	17,479,416	5.4	878,881	0.3	5,868,022	1.8	297,368,848	92.5	321,560,167	43,300,852	13.5	20,867,367	6.4	31,840,265	9.8	181,180,364	57.3	18,416,489	4.2
1934	1,380	17,479,416	5.4	878,881	0.3	5,868,022	1.8	297,368,848	92.5	321,560,167	43,300,852	13.5	20,867,367	6.4	31,840,265	9.8	181,180,364	57.3	18,416,489	4.2
1935	1,343	17,479,416	5.3	922,406	0.3	8,519,824	2.6	302,703,643	91.8	329,625,489	41,984,337	12.7	25,580,037	7.8	31,840,265	9.8	181,180,364	57.3	18,416,489	4.2
1936	1,335	17,479,416	5.1	970,667	0.3	8,376,087	2.4	321,157,051	92.3	347,983,222	44,864,137	12.9	29,436,454	8.6	31,840,265	9.8	181,180,364	57.3	18,416,489	4.2
Weekly Averages, Apr., 1937	1,747	17,479,000	5.8	...	...	9,123,000	2.8	302,039,000	91.4	328,641,000	37,470,000	11.4	23,949,000	7.3	31,880,000	28.0	158,869,000	48.4	16,473,000	4.9

a Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

b Includes investments in affiliations.

WILLIAMS DEACON'S BANK LTD.

MEMBER OF THE LONDON BANKERS' CLEARING HOUSE

World-wide facilities
for Banking business
of every description

Principal London Offices:
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Principal Manchester Offices:
MOSLEY STREET — ST. ANN STREET

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Offices throughout London, Lancashire, Yorkshire,
Cheshire, Derbyshire, Staffordshire and North Wales.

ASSOCIATED BANK: THE ROYAL BANK OF SCOTLAND.

STOCKHOLMS ENSKILDA BANK AKTIEBOLAG

STOCKHOLM

Established in 1856

Capital: 100,000,000 Kronor

TELEGRAPHIC ADDRESS:
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HEAD OFFICE:
STOCKHOLM 16

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Over 2,800 Branches

FOREIGN BANKING BUSINESS OF EVERY DESCRIPTION TRANSACTED

AGENTS AND CORRESPONDENTS
IN ALL PARTS OF THE WORLD

CHIEF LONDON CORRESPONDENTS:

BANK OF ENGLAND LLOYDS BANK LIMITED
MOSCOW NARODNY BANK LIMITED.

HOARE (CHAS.) AND COMPANY

Year Ended July 5	LIABILITIES				Total Liabilities or Assets	ASSETS									
	Partners' Capital and Reserves	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand, at Bank, and at Call and Short Notice	Per Cent.	British Government Securities	Per Cent.	Other Securities and Investments	Per Cent.	Discounts and Advances	Per Cent.	Premises, etc.	Per Cent.
1926	£500,000	13.4	£3,236,729	86.6	£3,736,729	£1,163,360	31.1	£1,166,500	31.2	£362,381	9.7	£944,488	25.3	£100,000	2.7
1927	500,000	14.1	3,051,358	85.9	3,551,358	1,051,250	29.6	1,096,750	28.3	377,482	10.6	1,015,876	28.7	100,000	2.8
1928	500,000	13.9	3,093,254	86.1	3,593,254	1,097,214	30.5	972,632	32.5	258,746	1.8	1,164,662	32.4	100,000	2.8
1929	500,000	14.3	2,994,121	85.7	3,494,121	1,018,670	29.1	955,521	28.4	181,001	5.2	1,198,929	31.3	100,000	2.9
1930	500,000	15.5	2,718,857	84.5	3,218,857	720,808	22.4	850,004	26.4	186,457	5.8	1,361,588	42.3	100,000	3.1
1931	500,000	15.9	2,629,718	84.1	3,129,718	825,480	26.4	647,550	20.7	121,774	3.9	1,434,910	45.8	100,000	3.2
1932	500,000	16.9	2,463,636	83.1	2,963,636	858,682	28.9	588,850	19.9	162,688	5.5	1,253,410	42.3	100,000	3.4
1933	500,000	12.2	3,592,297	87.8	4,092,297	1,179,450	28.9	894,483	21.9	271,719	6.0	1,046,645	40.2	100,000	2.4
1934	500,000	13.2	3,288,995	86.8	3,788,995	1,022,367	27.1	1,159,200	30.6	205,741	5.4	1,301,687	34.3	100,000	2.6
1935	500,000	11.9	3,711,318	88.1	4,211,318	1,122,347	26.7	1,341,086	31.8	200,467	4.8	1,417,418	34.3	100,000	2.4
1936	500,000	11.4	3,853,504	88.6	4,353,504	1,176,466	27.0	1,291,210	29.6	261,397	6.1	1,524,432	35.0	100,000	2.3

S. JAPHET AND COMPANY, LIMITED

December 31	LIABILITIES			ASSETS						
	Capital and Reserves	Deposit, Current and Other Accounts	Acceptances for Customers	Cash in Hand and at Bankers	Cash at Call and Short Notice	Treasury Bills and other Govt. Securities	Other Securities	Bills Discounted	Advances, Balances Abroad, and Other Accounts	Premises
1932	£1,550,000	£1,974,227	£3,401,048	£201,761	£911,991	£423,830	£225,473	£53,355	£1,431,940	£180,000
1933	1,550,000	1,679,073	2,886,495	211,093	1,001,359	392,810	195,985	60,944	1,186,882	180,000
1934	1,550,000	1,874,850	2,508,763	215,205	1,216,749	320,585	234,046	71,161	1,187,104	180,000
1935	1,550,000	1,960,077	2,437,241	246,285	1,196,447	338,225	274,200	97,536	1,177,384	180,000
1936	1,550,000	2,367,442	2,581,214	384,295	1,527,899	416,269	418,139	43,900	916,939	180,000

LONDON DISCOUNT COMPANIES

ALEXANDERS DISCOUNT COMPANY, LIMITED

(Formerly Alexanders and Company, Limited.)

ESTABLISHED 1810. REGISTERED 1891.

	CAPITAL				Year Ended Dec. 31	PROFITS AND DIVIDENDS					
	Subscribed	Paid-up	Callable	Reserved		Net Profits	Per Cent. of Resources	Ordinary Amount	Dividend Rate	Reserves, etc.	Carried Forward
Ordinary	£1,600,000	£800,000	Nil	£800,000	1926	106,045	0.43	100,000	2.0	33,185	
Preference	200,000	200,000	Nil	Nil	1927	109,051	0.41	100,000	2.0	36,216	
					1928	138,773	0.47	127,000	2.0	47,989	
					1929	132,100	0.51	127,000	2.0	53,089	
					1930	198,682	0.67	113,000	1.5	82,784	
					1931	134,388	0.46	113,000	1.5	70,006	
					1932	176,222	0.60	152,000	1.9	5,000	
					1933	174,330	0.62	152,000	1.9	75,336	
					1934	403,477	1.56	152,000	1.9	104,813	
					1935	385,061	1.48	152,000	1.9	125,875	
					1936	345,769	1.10	152,000	1.9	126,425	

† Includes preference dividend.

‡ Bonus 5 per cent., free of tax.

Year Ended Dec. 31	LIABILITIES										Total Liabilities or Assets	ASSETS							
	Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Loans, Deposits, and Other Accounts	Per Cent.	Bills Re-dis- counted	Per Cent.	Rebate, etc.	Per Cent.		Cash at Bankers	Per Cent.	Invest- ments	Per Cent.	Bills Dis- counted	Per Cent.	Loans and Sundry Accounts	Per Cent.
1926	£1,060,000	4.3	£98,665	0.4	£17,344,837	71.1	£5,709,378	23.4	£197,063	0.8	24,469,943	505,411	2.1	£2,544,915	10.4	£21,021,784	86.1	£337,833	1.4
1927	1,350,000	5.1	101,716	0.4	19,109,251	72.0	5,756,939	21.7	210,372	0.8	26,528,278	508,839	1.9	3,335,289	12.6	21,995,533	82.9	690,837	2.6
1928	1,350,000	4.5	125,864	0.4	21,374,593	71.9	6,666,883	22.4	236,108	0.8	29,753,448	569,687	1.9	5,107,044	17.2	23,827,180	80.1	249,557	0.8
1929	1,350,000	5.2	130,904	0.5	19,385,468	74.4	4,959,892	19.0	240,855	0.8	29,067,119	586,527	2.2	5,107,044	17.2	23,827,180	80.1	249,557	0.8
1930	2,000,000	6.7	166,396	0.6	23,207,444	78.0	4,134,325	13.9	234,545	0.8	29,742,712	604,344	2.0	4,590,176	15.4	21,888,919	84.0	570,656	2.6
1931	2,000,000	6.9	178,784	0.4	23,269,915	80.0	—	—	289,062	1.0	29,092,700	612,911	2.1	5,139,221	17.6	24,191,547	81.3	356,645	1.3
1932	2,000,000	6.8	156,007	0.4	25,643,627	87.6	1,356,699	4.6	182,854	0.6	29,339,187	618,136	2.1	5,105,776	17.4	22,821,215	78.8	519,353	1.8
1933	2,000,000	7.2	161,336	0.6	25,159,642	89.5	597,410	2.1	180,506	0.6	29,339,187	618,136	2.1	5,105,776	17.4	22,821,215	78.8	519,353	1.8
1934	2,000,000	7.8	190,813	0.7	22,341,653	86.3	1,199,984	4.6	180,051	0.6	29,889,594	622,597	2.2	10,164,045	36.8	18,722,224	59.7	840,628	2.5
1935	2,000,000	7.7	211,875	0.8	22,298,649	85.7	1,361,657	5.2	161,374	0.6	26,033,555	642,261	2.5	12,904,809	49.6	11,873,728	44.8	876,555	3.3
1936	2,000,000	6.4	212,425	0.7	28,222,417	89.6	898,838	2.8	140,250	0.5	31,473,929	646,584	2.1	13,939,281	44.2	15,705,114	49.9	1,692,949	5.4

NATIONAL DISCOUNT COMPANY, LIMITED

ESTABLISHED 1856

CAPITAL					Market Value, April 30, 1937	Year Ended Dec. 31	Net Profits	Profits Per Cent. of Resources	AND DIVIDENDS		Reserves, etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserved	Amount					Rate			
£	£	£	£	£					£	%	£	£
2,153,335	1,000,000	1,153,335	Nil	4,281,800	1926.....	153,081	0.27	139,973	A 10 B 23	10,000	228,723	
					1927.....	178,007	0.32	139,973	A 10 B 23	60,000	204,787	
					1928.....	175,860	0.39	139,973	A 10 B 23	25,000	215,844	
					1929.....	179,881	0.28	144,587	A 10 B 24	39,076	211,842	
Per Share	Per Share	Per Share	Per Share	Per Share	1930.....	219,414	0.44	140,068	A 10 B 24	115,000	176,188	
A £2 10s.	£2 10s.	Nil	Nil	£5½	1931.....	131,524	0.27	135,406	A 10 B 24	...	172,808	
B £7 10s.	£2 10s.	£5	Nil	£14½	1932.....	136,084	0.27	135,550	A 10 B 24	...	178,790	
					1933.....	137,766	0.28	135,550	A 10 B 24	...	178,006	
					1934.....	161,003	0.35	140,068	A 10 B 24	10,000	188,941	
					1935.....	179,456	0.35	149,006	A 10 B 26	10,000	209,390	
					1936.....	179,215	0.66	146,003	A 10 B 26	10,000	232,000	

Continued on page 41

NATIONAL DISCOUNT COMPANY, LIMITED—Continued from page 40

Year Ended Dec. 31	LIABILITIES								Total Liabilities or Assets	ASSETS							
	Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Deposits and Sundry Balances	Per Cent.	Bills Re-dis- counted	Per Cent.		Cash at Bankers	Per Cent.	Securi- ties	Per Cent.	Loans at Call, Short and Fixed Dates	Per Cent.	Bills Dis- counted	Per Cent.
1926	£1,800,000	3.1	£308,243	0.5	£2,108,243	50.7	£25,706,910	44.7	£25,735,153	£702,682	1.2	£2,277,647	4.0	£2,033,556	3.5	£52,393,603	91.1
1927	1,850,000	3.3	286,277	0.5	2,136,277	52.0	24,201,139	43.1	24,227,416	595,713	1.1	2,847,684	5.1	2,213,187	3.9	50,357,207	89.7
1928	1,865,000	4.1	297,164	0.7	2,162,164	55.5	25,182,037	55.5	25,182,037	602,311	1.3	3,205,021	7.1	1,225,388	2.7	40,239,735	88.6
1929	1,890,000	3.6	297,976	0.6	2,187,976	50.8	26,570,013	50.8	26,570,013	659,417	1.3	2,911,915	5.6	1,360,007	2.6	47,141,632	90.3
1930	2,000,000	4.0	259,629	0.5	2,259,629	55.2	26,858,059	55.2	26,858,059	694,907	1.4	4,038,844	8.1	1,319,845	2.4	44,813,614	88.9
1931	2,000,000	4.0	251,085	0.5	2,251,085	53.1	26,011,337	53.1	26,011,337	713,099	1.4	3,533,104	5.1	1,319,845	2.4	44,813,614	88.9
1932	2,000,000	3.9	256,541	0.5	2,256,541	53.1	26,044,346	53.1	26,044,346	733,297	1.5	3,518,457	6.9	1,319,845	2.4	44,813,614	88.9
1933	2,000,000	3.7	258,750	0.6	2,258,750	56.3	26,387,614	56.3	26,387,614	789,099	1.5	4,533,505	12.0	567,799	1.0	46,008,565	85.2
1934	2,000,000	4.4	272,382	0.6	2,272,382	61.2	27,525,346	61.2	27,525,346	815,218	1.8	8,666,263	18.9	557,377	1.2	35,633,675	77.7
1935	2,000,000	3.9	301,770	0.6	2,301,770	63.4	28,363,796	63.4	28,363,796	874,501	1.7	8,684,745	16.8	437,912	0.8	41,610,156	80.3
1936	2,000,000	3.5	322,891	0.6	2,322,891	63.4	28,363,796	63.4	28,363,796	874,501	1.7	8,684,745	16.8	437,912	0.8	41,610,156	80.3

UNION DISCOUNT COMPANY OF LONDON, LIMITED

ESTABLISHED 1885

CAPITAL*			Market Value. April 30, 1937	Year Ended Dec. 31	Net Profit	PROFITS AND DIVIDENDS		Reserves, etc.	Carried Forward	
Authorised and Issued	Reserved	£				Per Cent.	(Dividend) Amount			Rate
£	£	£	£			Resources	%	£	£	
2,750,000	Nil	7,046,875		1926	220,240	0-40	191,250	20**	10,000	251,556
				1927	232,915	0-39	191,250	20**	70,000	223,221
				1928	245,365	0-36	196,980	20**	30,000	241,807
				1929	260,186	0-42	212,500	20**	20,000	268,292
				1930	268,177	0-40	207,813	20**	299,658	
				1931	203,850	0-42	189,843	20**	10,000	303,689
				1932	225,828	0-36	187,500	20†	15,000	326,997
				1933	228,016	0-37	187,500	20†	15,000	352,514
				1934	230,833	0-38	193,750	20†	15,000	374,597
				1935	233,840	0-33	193,750	20†	15,000	399,687
				1936	319,776	0-46	204,286	20*	265,000	173,976

* For 6 months ended 30th June, 1936, dividend of 15 per cent. per annum on shares of £5 each, £2 10s. paid, and 2 per cent. interest on instalments on new shares. For 6 months ended 31st December, 1936, dividend of 15 per cent. per annum and bonus of 6d. per £1 unit (equal to 2½ per cent. 7½ per cent. per annum and bonus of 6d. per £1 unit (equal to 2½ per cent. per annum on £1 units of stock fully paid). (All less tax.)

† Dividend of 15 per cent. + bonus of 5 per cent., both less tax.

** Bonus of 5 per cent., free of tax.

Per £1 of Stock
£2½

* For 6 months ended 31st December, 1936.

BANK OF SCOTLAND—Continued from page 41

Year Ended Feb. 28	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Un- divi- dend Profits	Per Cent.	Notes	Per Cent.	Accept- ances	Per Cent.	Miscel- laneous Credits, etc.	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank	Per Cent.	Invest- ments and Money at Call	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries, including Cover for Accept- ances	Per Cent.
1926	225	3,007,500	8-0	237,709	0-6	3,046,114	8-1	768,123	2-0	843,818	2-2	29,993,512	79-1	37,806,776	5,378,899	14-2	14,596,936	38-0	16,526,920	43-8	1,304,021	3-4
1927	226	3,132,500	7-9	249,466	0-6	3,015,709	7-4	1,045,003	2-6	269,877	0-7	31,936,520	79-1	38,039,078	5,710,749	14-4	14,480,219	36-5	17,890,809	45-1	1,567,238	4-0
1928	229	3,257,500	8-3	274,801	0-7	2,874,100	7-4	864,579	2-2	784,256	2-0	30,984,420	79-1	38,039,656	5,414,397	13-9	15,876,227	40-6	16,387,454	42-0	1,361,578	3-5
1929	238	3,382,500	8-5	278,084	0-7	2,776,147	7-0	834,124	2-1	266,951	0-7	32,068,386	81-1	39,606,182	4,806,224	12-4	13,372,478	33-8	20,043,356	50-5	1,294,124	3-1
1930	237	3,500,000	8-7	280,456	0-7	3,040,542	7-5	802,408	2-0	470,320	1-2	32,258,308	79-9	40,356,034	5,138,225	12-7	14,025,388	34-9	19,950,011	49-4	1,232,408	3-0
1931	240	3,600,000	8-8	304,702	0-7	2,995,337	7-4	622,408	1-6	664,167	1-6	32,535,468	79-9	40,722,082	5,229,048	12-8	15,708,428	38-6	18,762,188	46-1	1,022,408	2-5
1932	243	3,600,000	8-3	317,007	0-8	3,063,722	8-0	500,094	1-3	235,434	0-6	30,828,264	80-0	38,544,521	4,541,078	11-8	16,282,286	42-2	10,821,063	43-7	900,094	2-3
1933	249	3,600,000	8-3	327,407	0-7	3,040,873	6-9	831,707	1-9	381,280	0-9	36,028,264	80-0	42,290,362	5,020,224	11-3	25,088,699	56-7	12,939,732	29-2	1,231,707	2-8
1934	251	3,700,000	8-5	351,929	0-8	2,980,601	6-9	625,424	1-4	413,352	1-0	35,470,014	81-1	43,541,320	4,355,031	12-3	25,101,584	57-7	12,059,281	27-7	1,025,424	2-3
1935	252	3,750,000	8-5	358,942	0-8	3,053,576	6-8	535,346	1-2	164,805	0-4	36,853,815	82-3	44,514,848	4,918,107	11-0	25,944,188	58-8	12,716,843	28-5	935,346	2-1
1936	258	3,800,000	7-7	358,783	0-7	3,128,569	6-4	1,855,968	3-8	537,188	1-1	39,518,484	80-3	49,198,992	5,381,274	11-0	28,403,050	57-7	13,158,701	26-7	2,255,967	4-6
1937	262	3,850,000	8-0	358,933	0-7	3,239,247	6-7	2,451,934	5-1	665,602	1-4	37,635,698	79-1	48,201,414	5,322,884	11-0	29,340,232	60-8	10,651,363	22-1	2,886,934	6-1

THE BRITISH LINEN BANK

ESTABLISHED 1746. 1919—AFFILIATED WITH BARCLAYS BANK LIMITED

CAPITAL				Year Ended Jan. 15	Net Profits £	PROFITS AND DIVIDENDS Per Cent.			Reserves, Investments, etc.	Carried Forward £
Subscribed	Paid-up	Callable	Reserved			Resources	Amount	Dividends Rate %		
£	£	£	£	1926.....	320,234	0-94	158,883	16	175,000	55,821
				1927.....	317,750	0-93	160,000	16	170,000	43,371
				1928.....	321,361	0-94	160,000	16	170,000	54,732
1,250,000	1,250,000	Nil	Nil	1929.....	330,040	0-94	160,000	16	150,000	74,772
				1930.....	325,954	0-96	160,000	16	150,000	90,726
				1931.....	327,420	0-94	155,000	16	200,000	63,146
				1932.....	293,530	0-88	150,000	16	120,000	68,677
				1933.....	292,045	0-77	150,000	16	130,000	98,722
				1934.....	272,861	0-71	150,000	16	125,000	96,584
				1935.....	286,310	0-76	155,000	16	130,000	97,894
				1936.....	289,963	0-71	155,000	16	150,000	82,857
				1937.....	293,388	0-76	152,500	16	125,000	98,745

THE CLYDESDALE BANK LIMITED

ESTABLISHED 1838

AFFILIATED WITH MIDLAND BANK LIMITED, 1920

CAPITAL			Year Ended Dec. 31	Net Profits of £	PROFITS AND DIVIDENDS		To Reserve, etc., £	Carried Forward
Subscribed £	Paid-up £	Reserved £			Per Cent.	Dividends Amount £		
5,300,000	1,300,000	4,000,000	1926.....	334,191	0-91	223,000	18	78,796
			1927.....	335,485	0-91	223,000	18	82,284
			1928.....	340,136	0-91	225,000	18	92,420
			1929.....	331,684	0-93	234,000	18	90,064
			1930.....	336,468	0-90	234,000	18	92,544
			1931.....	330,920	0-93	208,000	16	90,468
			1932.....	310,010	0-79	208,000	16	92,472
			1933.....	301,265	0-79	208,000	16	85,738
			1934.....	310,195	0-81	208,000	16	97,983
			1935.....	312,472	0-75	208,000	16	102,400
			1936.....	315,518	0-75	208,000	16	104,922

THE CLYDESDALE BANK LIMITED

ESTABLISHED 1838

AFFILIATED WITH MIDLAND BANK LIMITED, 1920

																		ASSETS				
Year Ended	Number of	LIABILITIES										ASSETS										
Dec. 31	Branches	Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes	Per Cent.	Acceptances	Per Cent.	Miscellaneous Credits, etc.	Per Cent.	Cash in Hand and at Bank	Per Cent.	Investments and Money at Call	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries, including Cover for Acceptances	Per Cent.			
1926	189	3,050,000	9-0	135,621	0-4	2,698,952	7-9	657,338	1-9	423,200	1-2	27,078,222	7-9	34,043,333	7,361,185	21-6	13,816,258	40-6	11,588,479	34-0	1,277,411	3-8
1927	192	3,200,000	9-4	140,000	0-4	2,720,000	8-4	680,000	2-1	440,000	1-3	27,500,000	8-4	35,000,000	7,500,000	21-6	14,000,000	41-3	12,000,000	37-5	1,300,000	4-0
1928	197	3,350,000	9-8	145,000	0-4	2,755,000	8-2	700,000	2-1	460,000	1-3	28,000,000	8-2	36,000,000	7,600,000	22-1	14,200,000	42-0	12,200,000	38-0	1,350,000	4-1
1929	202	3,500,000	10-2	150,000	0-4	2,800,000	8-0	720,000	2-1	480,000	1-3	28,500,000	8-0	37,000,000	7,700,000	22-1	14,400,000	42-7	12,400,000	38-5	1,400,000	4-2
1930	207	3,650,000	10-6	155,000	0-4	2,845,000	7-8	740,000	2-1	500,000	1-3	29,000,000	7-8	38,000,000	7,800,000	22-1	14,600,000	43-0	12,600,000	39-0	1,450,000	4-3
1931	212	3,800,000	11-0	160,000	0-4	2,890,000	7-6	760,000	2-1	520,000	1-3	29,500,000	7-6	39,000,000	7,900,000	22-1	14,800,000	43-7	12,800,000	39-5	1,500,000	4-4
1932	217	3,950,000	11-4	165,000	0-4	2,935,000	7-4	780,000	2-1	540,000	1-3	30,000,000	7-4	40,000,000	8,000,000	22-1	15,000,000	44-0	13,000,000	40-0	1,550,000	4-5
1933	222	4,100,000	11-8	170,000	0-4	2,980,000	7-2	800,000	2-1	560,000	1-3	30,500,000	7-2	41,000,000	8,100,000	22-1	15,200,000	44-7	13,200,000	40-5	1,600,000	4-6
1934	227	4,250,000	12-2	175,000	0-4	3,025,000	7-0	820,000	2-1	580,000	1-3	31,000,000	7-0	42,000,000	8,200,000	22-1	15,400,000	45-0	13,400,000	41-0	1,650,000	4-7
1935	232	4,400,000	12-6	180,000	0-4	3,070,000	6-8	840,000	2-1	600,000	1-3	31,500,000	6-8	43,000,000	8,300,000	22-1	15,600,000	45-7	13,600,000	41-5	1,700,000	4-8
1936	237	4,550,000	13-0	185,000	0-4	3,115,000	6-6	860,000	2-1	620,000	1-3	32,000,000	6-6	44,000,000	8,400,000	22-1	15,800,000	46-0	13,800,000	42-0	1,750,000	4-9
1937	242	4,700,000	13-4	190,000	0-4	3,160,000	6-4	880,000	2-1	640,000	1-3	32,500,000	6-4	45,000,000	8,500,000	22-1	16,000,000	46-7	14,000,000	42-5	1,800,000	5-0
1938	247	4,850,000	13-8	195,000	0-4	3,205,000	6-2	900,000	2-1	660,000	1-3	33,000,000	6-2	46,000,000	8,600,000	22-1	16,200,000	47-0	14,200,000	43-0	1,850,000	5-1
1939	252	5,000,000	14-2	200,000	0-4	3,250,000	6-0	920,000	2-1	680,000	1-3	33,500,000	6-0	47,000,000	8,700,000	22-1	16,400,000	47-7	14,400,000	43-5	1,900,000	5-2
1940	257	5,150,000	14-6	205,000	0-4	3,295,000	5-8	940,000	2-1	700,000	1-3	34,000,000	5-8	48,000,000	8,800,000	22-1	16,600,000	48-0	14,600,000	44-0	1,950,000	5-3
1941	262	5,300,000	15-0	210,000	0-4	3,340,000	5-6	960,000	2-1	720,000	1-3	34,500,000	5-6	49,000,000	8,900,000	22-1	16,800,000	48-7	14,800,000	44-5	2,000,000	5-4
1942	267	5,450,000	15-4	215,000	0-4	3,385,000	5-4	980,000	2-1	740,000	1-3	35,000,000	5-4	50,000,000	9,000,000	22-1	17,000,000	49-0	15,000,000	45-0	2,050,000	5-5
1943	272	5,600,000	15-8	220,000	0-4	3,430,000	5-2	1,000,000	2-1	760,000	1-3	35,500,000	5-2	51,000,000	9,100,000	22-1	17,200,000	49-7	15,200,000	45-5	2,100,000	5-6
1944	277	5,750,000	16-2	225,000	0-4	3,475,000	5-0	1,020,000	2-1	780,000	1-3	36,000,000	5-0	52,000,000	9,200,000	22-1	17,400,000	50-0	15,400,000	46-0	2,150,000	5-7
1945	282	5,900,000	16-6	230,000	0-4	3,520,000	4-8	1,040,000	2-1	800,000	1-3	36,500,000	4-8	53,000,000	9,300,000	22-1	17,600,000	50-7	15,600,000	46-5	2,200,000	5-8
1946	287	6,050,000	17-0	235,000	0-4	3,565,000	4-6	1,060,000	2-1	820,000	1-3	37,000,000	4-6	54,000,000	9,400,000	22-1	17,800,000	51-0	15,800,000	47-0	2,250,000	5-9
1947	292	6,200,000	17-4	240,000	0-4	3,610,000	4-4	1,080,000	2-1	840,000	1-3	37,500,000	4-4	55,000,000	9,500,000	22-1	18,000,000	51-7	16,000,000	47-5	2,300,000	6-0
1948	297	6,350,000	17-8	245,000	0-4	3,655,000	4-2	1,100,000	2-1	860,000	1-3	38,000,000	4-2	56,000,000	9,600,000	22-1	18,200,000	52-0	16,200,000	48-0	2,350,000	6-1
1949	302	6,500,000	18-2	250,000	0-4	3,700,000	4-0	1,120,000	2-1	880,000	1-3	38,500,000	4-0	57,000,000	9,700,000	22-1	18,400,000	52-7	16,400,000	48-5	2,400,000	6-2
1950	307	6,650,000	18-6	255,000	0-4	3,745,000	3-8	1,140,000	2-1	900,000	1-3	39,000,000	3-8	58,000,000	9,800,000	22-1	18,600,000	53-0	16,600,000	49-0	2,450,000	6-3
1951	312	6,800,000	19-0	260,000	0-4	3,790,000	3-6	1,160,000	2-1	920,000	1-3	39,500,000	3-6	59,000,000	9,900,000	22-1	18,800,000	53-7	16,800,000	49-5	2,500,000	6-4
1952	317	6,950,000	19-4	265,000	0-4	3,835,000	3-4	1,180,000	2-1	940,000	1-3	40,000,000	3-4	60,000,000	10,000,000	22-1	19,000,000	54-0	17,000,000	50-0	2,550,000	6-5
1953	322	7,100,000	19-8	270,000	0-4	3,880,000	3-2	1,200,000	2-1	960,000	1-3	40,500,000	3-2	61,000,000	10,100,000	22-1	19,200,000	54-7	17,200,000	50-5	2,600,000	6-6
1954	327	7,250,000	20-2	275,000	0-4	3,925,000	3-0	1,220,000	2-1	980,000	1-3	41,000,000	3-0	62,000,000	10,200,000	22-1	19,400,000	55-0	17,400,000	51-0	2,650,000	6-7
1955	332	7,400,000	20-6	280,000	0-4	3,970,000	2-8	1,240,000	2-1	1,000,000	1-3	41,500,000	2-8	63,000,000	10,300,000	22-1	19,600,000	55-7	17,600,000	51-5	2,700,000	6-8
1956	337	7,550,000	21-0	285,000	0-4	4,015,000	2-6	1,260,000	2-1	1,020,000	1-3	42,000,000	2-6	64,000,000	10,400,000	22-1	19,800,000	56-0	17,800,000	52-0	2,750,000	6-9
1957	342	7,700,000	21-4	290,000	0-4	4,060,000	2-4	1,280,000	2-1	1,040,000	1-3	42,500,000	2-4	65,000,000	10,500,000	22-1	20,000,000	56-7	18,000,000	52-5	2,800,000	7-0
1958	347	7,850,000	21-8	295,000	0-4	4,105,000	2-2	1,300,000	2-1	1,060,000	1-3	43,000,000	2-2	66,000,000	10,600,000	22-1	20,200,000	57-0	18,200,000	53-0	2,850,000	7-1
1959	352	8,000,000	22-2	300,000	0-4	4,150,000	2-0	1,320,000	2-1	1,080,000	1-3	43,500,000	2-0	67,000,000	10,700,000	22-1	20,400,000	57-7	18,400,000	53-5	2,900,000	7-2
1960	357	8,150,000	22-6	305,000	0-4	4,195,000	1-8	1,340,000	2-1	1,100,000	1-3	44,000,000	1-8	68,000,000	10,800,000	22-1	20,600,000	58-0	18,600,000	54-0	2,950,000	7-3
1961	362	8,300,000	23-0	310,000	0-4	4,240,000	1-6	1,360,000	2-1	1,120,000	1-3	44,500,000	1-6	69,000,000	10,900,000	22-1	20,800,000	58-7	18,800,000	54-5	3,000,000	7-4
1962	367	8,450,000	23-4	315,000	0-4	4,285,000	1-4	1,380,000	2-1	1,140,000	1-3	45,000,000	1-4	70,000,000	11,000,000	22-1	21,000,000	59-0	19,000,000	55-0	3,050,000	7-5
1963	372	8,600,000	23-8	320,000	0-4	4,330,000	1-2	1,400,000	2-1	1,160,000	1-3	45,500,000	1-2	71,000,000	11,100,000	22-1	21,200,000	59-7	19,200,000	55-5	3,100,000	7-6
1964	377	8,750,000	24-2	325,000	0-4	4,375,000	1-0	1,420,000	2-1	1,180,000	1-3	46,000,000	1-0	72,000,000	11,200,000	22-1	21,400,000	60-0	19,400,000	56-0	3,150,000	7-7
1965	382	8,900,000	24-6	330,000	0-4	4,420,000	0-8	1,440,000	2-1	1,200,000	1-3	46,500,000	0-8	73,000,000	11,300,000	22-1	21,600,000	60-7	19,600,000	56-5	3,200,000	7-8
1966	387	9,050,000	25-0	335,000	0-4	4,465,000	0-6	1,460,000	2-1	1,220,000	1-3	47,000,000	0-6	74,000,000	11,400,000	22-1	21,800,000	61-0	19,800,000	57-0	3,250,000	7-9
1967	392	9,200,000	25-4	340,000	0-4	4,510,000	0-4	1,480,000	2-1	1,240,000	1-3	47,500,000	0-4	75,000,000	11,500,000	22-1	22,000,000	61-7	20,000,000	57-5	3,300,000	8-0
1968	397	9,350,000	25-8	345,000	0-4	4,555,000	0-2	1,500,000	2-1	1,260,000	1-3	48,000,000	0-2	76,000,000	11,600,000	22-1	22,200,000	62-0	20,200,000	58-0	3,350,000	8-1
1969	402	9,500,000	26-2	350,000	0-4	4,600,000	0-0	1,520,000	2-1	1,280,000	1-3	48,500,000	0-0	77,000,000	11,700,000	22-1	22,400,000	62-7	20,400,000	58-5	3,400,000	8-2
1970	407	9,650,000	26-6	355,000	0-4	4,645,000	0-0	1,540,000	2-1	1,300,000	1-3	49,000,000	0-0	78,000,000	11,800,000	22-1	22,600,000	63-0	20,600,000	59-0	3,450,000	8-3
1971	412	9,800,000	27-0	360,000	0-4	4,690,000	0-0	1,560,000	2-1	1,320,000	1-3	49,500,000	0-0	79,000,000	11,900,000	22-1	22,800,000	63-7	20,800,000	59-5	3,500,000	8-4
1972	417	9,950,000	27-4	365,000	0-4	4,735,000	0-0	1,580,000	2-1	1,340,000	1-3	50,000,000	0-0	80,000,000	12,000,000	22-1	23,000,000	64-0				

NORTH OF SCOTLAND BANK LIMITED—Continued from page 43

Year Ended Dec. 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS										
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Build- ings and Sundries
1926	157	£ 2,024,500	8.3	£ 192,807	0.8	£ 2,208,853	9.1	£ 19,883,442	81.8	£ 24,279,602	3,152,093	13.0	£	10,319,753	42.5	£ 10,644,409	43.8	£ 163,347	0.7
1927	155	2,074,500	8.5	197,504	0.8	2,223,345	8.3	21,781,999	81	24,287,348	3,016,216	12.4	...	10,091,913	41.2	11,094,493	45.7	174,728	0.7
1928	158	2,206,000	8.4	208,162	0.8	2,174,254	8.3	18,811,626	82.5	26,398,042	3,578,531	13.5	...	9,754,284	37.0	12,880,905	48.8	184,322	0.7
1929	158	2,256,000	8.7	203,345	0.8	2,166,879	8.4	21,277,613	82.1	25,903,937	3,468,390	13.4	...	9,914,320	38.2	12,326,872	47.6	194,285	0.8
1930	158	2,306,000	8.7	204,438	0.8	2,158,772	8.8	20,682,403	81.6	25,359,613	3,725,555	14.7	...	9,926,538	39.6	11,503,595	45.4	200,922	0.8
1931	158	2,306,000	8.5	158,472	0.6	2,159,647	7.8	19,704,992	81.0	24,329,111	4,353,390	17.9	...	9,926,538	39.6	11,503,595	45.4	200,922	0.8
1932	159	2,306,000	8.7	161,673	0.6	2,085,462	7.8	22,036,632	82.9	26,589,757	5,547,793	20.8	...	9,856,311	40.6	9,917,600	40.7	201,810	0.8
1933	159	2,306,000	8.7	161,673	0.6	2,003,769	7.3	24,130,254	84.8	24,440,944	3,440,944	12.0	1,500,000	10,776,707	40.8	11,053,842	37.7	199,345	0.7
1934	161	2,306,000	8.7	162,924	0.6	2,148,078	7.3	24,635,948	84.7	29,253,850	1,011,298	11.5	...	15,383,887	53.6	8,174,059	28.6	195,001	0.7
1935	160	2,356,000	7.0	172,792	0.5	2,182,225	6.4	29,159,287	88.2	33,870,304	3,895,625	11.5	1,360,150	17,189,906	58.7	7,868,410	26.9	195,248	0.7
1936	161	2,406,000	6.8	182,018	0.5	2,310,633	6.5	30,554,156	86.2	35,452,807	5,009,710	14.2	2,333,000	18,842,618	55.6	9,583,504	28.9	188,407	0.6
														20,171,128	56.6	7,763,624	21.9	175,345	0.5

ROYAL BANK OF SCOTLAND

ESTABLISHED 1727

1864—Acquired Dundee Banking Company.

1924—Acquired Messrs Drummonds Bank.

1930—Acquired Williams Deacon's Bank, Limited (shares).

1930—Acquired banking business of Bank of England at their western branch, Burlington Gardens.

CAPITAL					Market Value
Subscribed	Paid-up	Callable	Reserved	...	
£ 3,780,192	£ 3,780,192	Nil	Nil	...	£ 17,880,241

Fully-paid stock. Market price on April 30, 1937, £173.

Year Ended October	PROFITS AND DIVIDENDS				Reserve, etc.	Carried Forward*
	Net Profits £	Per Cent. of Resources	Dividends Amount £	Rate %		
1926	476,545	0.96	320,000	16	50,000	2,571,250
1927	481,977	0.89	420,000	21	50,000	2,683,227
1928	502,561	0.91	340,000	17	50,000	2,795,788
1929	504,532	0.89	340,000	17	50,000	2,910,320
1930	533,665	0.82	413,059	17	50,000	3,580,928†
1931	611,118	0.99	490,007	17	50,000	3,780,928†
1932	804,765	0.88	481,975	17	55,000	3,780,928
1933	612,052	0.85	481,975	17	55,000	3,780,928
1934	821,427	0.83	498,040	17	55,000	3,780,928
1935	629,258	0.79	498,040	17	55,000	3,857,144
1936	632,035	0.78	490,007	17	55,000	3,944,172

* Includes U.S. dollars.

* Includes "Rest" or Reserve Funds. † Including £800,000 premium on issue of shares to shareholders of Williams Deacon's. ‡ Including £200,000 premium on above issue but excluding £71,109 carried to inner reserve.

Year Ended October	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS								
		Capital and Reserves	Per Cent.	Notes	Per Cent.	Accept- ances	Per Cent.	Drafts Out- standing	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Dis- counts and Ad- vances	Per Cent.	Buildings and Sundries, including Cover for Accept- ances
1926...	218	5,071,250	10.2	2,529,189	5.1	592,837	1.2	868,333	1.7	40,457,711	81.5	49,679,319	4.6	1,098,886	12.4	13,870,196	27.9	23,388,581	47.1	1,580,593	3.1
1927...	224	5,183,227	9.6	2,707,112	5.0	1,134,344	2.1	687,422	1.3	44,186,574	81.6	54,158,679	5.0	622,622	12.4	13,883,103	25.6	26,453,671	48.9	2,138,426	4.4
1928...	230	5,285,788	9.6	2,685,251	4.9	1,166,599	3.2	746,607	1.4	44,674,152	80.6	55,348,397	4.9	494,471	12.4	13,883,155	22.4	28,555,826	51.6	2,795,683	5.5
1929...	236	5,410,320	9.6	2,758,043	4.9	1,177,823	2.0	796,557	1.5	46,235,129	81.8	56,487,872	5.1	512,859	12.4	13,883,155	22.4	28,555,826	51.6	2,116,888	4.2
1930...	242	6,843,668	11.3	2,773,277	4.5	780,814	1.3	428,426	0.7	50,387,090	81.8	61,561,346	5.4	544,105	12.4	13,883,155	22.4	28,555,826	51.6	2,146,888	4.2
1931...	247	7,561,118	11.2	2,780,755	4.5	833,148	1.5	402,026	0.7	49,416,138	80.6	61,334,172	5.1	512,859	12.4	13,883,155	22.4	28,555,826	51.6	1,831,944	3.7
1932...	249	7,561,118	11.1	2,780,720	4.4	1,075,271	1.6	774,479	1.1	55,898,688	81.7	68,331,258	6.2	512,859	12.4	13,883,155	22.4	28,555,826	51.6	2,006,542	3.5
1933...	252	7,561,118	10.2	2,858,652	5.0	1,508,549	2.2	864,572	1.8	50,257,331	81.7	72,381,063	6.7	512,859	12.4	13,883,155	22.4	28,555,826	51.6	2,146,888	4.2
1934...	253	7,561,118	11.2	2,792,801	3.7	1,386,055	5.2	1,076,775	1.5	58,944,630	79.9	79,028,165	6.8	833,148	12.4	13,883,155	22.4	28,555,826	51.6	2,749,310	5.3
1935...	255	7,637,336	9.6	2,812,642	3.5	731,639	4.7	588,354	0.7	64,009,174	81.0	79,028,165	6.8	833,148	12.4	13,883,155	22.4	28,555,826	51.6	2,749,310	5.3
1936...	255	7,724,364	9.5	2,929,938	3.6	533,850	4.3	606,456	0.7	66,800,985	81.6	81,840,597	7.2	558,212	12.4	13,883,155	22.4	28,555,826	51.6	2,749,310	5.3

UNION BANK OF SCOTLAND, LIMITED

ESTABLISHED 1830

CAPITAL					Market Value
Subscribed	Paid-up	Callable	Reserved Liability for Liquidation	...	
£ 5,200,000	£ 1,200,000	Nil	4,000,000	...	£ 5,525,000

Per Share £5 Per Share £1 "A" Shares Nil Per Share £4 "B" Shares Nil

Authorised note issue, £454,346

Year Ended April	PROFITS AND DIVIDENDS					Reserve, etc.	Carried Forward
	Net Profits	Per Cent. of Resources	Dividends Amount	Rate %			
1927	£ 317,750	1.01	180,000	18	145,000	85,000	
1928	329,505	1.03	180,000	18	145,000	85,000	
1929	336,239	0.99	180,000	18	145,000	100,743	
1930	339,310	0.98	180,000	18	145,000	135,054	
1931	354,667	1.00	216,000	18	125,000	148,721	
1932	329,911	0.95	216,000	18	155,000	107,632	
1933	319,982	0.92	216,000	18	100,000	111,814	
1934	311,108	0.90	216,000	18	95,000	111,722	
1935	313,463	0.86	216,000	18	95,000	114,184	
1936	316,821	0.80	216,000	18	95,000	119,805	
1937	318,175	0.96	216,000	18	95,000	126,981	

Year Ended April	Number of Branches	LIABILITIES										Total Liabi- ties or Assets	ASSETS								
		Capital and Re- serves	Per Cent.	Notes	Per Cent.	Accept- ances	Per Cent.	Drafts on London	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts and Ad- vances, including Short Loans on Stocks	Per Cent.	Build- ings and Sundries, including Cover for Accept- ances
1927	189	2,400,000	7.6	2,506,379	8.0	572,135	1.8	94,216	0.3	25,619,821	81.5	31,465,550	8.8	2,753,680	8.7	12,063,410	38.4	12,742,898	40.5	1,141,969	3.5
1928	193	2,450,000	7.7	2,556,363	8.0	685,863	2.1	22,109	0.1	25,936,327	81.2	31,945,187	8.9	3,171,599	9.0	10,205,234	32.0	14,289,902	44.7	1,297,098	3.9
1929	195	2,500,000	7.4	2,478,485	7.3	1,221,092	3.6	17,461	...	27,280,189	80.6	33,802,970	8.2	2,857,433	8.9	9,220,201	27.2	16,187,058	47.9	1,809,099	5.5
1930	200	2,550,000	7.4	2,414,224	7.0	1,071,314	3.1	41,014	...	28,262,507	81.5	34,679,113	8.5	2,856,075	8.2	9,740,371	28.1	17,354,931	50.1	1,807,712	5.4
1931	210	3,000,000	8.7	2,406,820	6.8	606,995	1.7	56,380	...	29,133,282	82.0	35,953,198	8.2	2,622,001	7.4	9,853,403	11.1	11,199,715	31.1	1,224,800	3.7
1932	210	3,000,000	8.7	2,343,039	6.8	528,057	1.5	8,101	...	28,305,208	82.0	34,533,037	8.2	2,582,629	7.6	10,618,208	13.4	16,693,479	49.9	1,034,913	2.9
1933	212	3,000,000	8.6	2,339,577	6.7	485,763	1.4	...	...	28,546,761	82.3	34,724,715	8.2	2,468,704	7.1	10,618,208	13.4	16,693,479	49.9	970,874	2.8
1934	212	3,000,000	8.6	2,339,577	6.7	485,763	1.4	...	...	28,546,761	82.3	34,724,715	8.2	2,468,704	7.1	10,618,208	13.4	16,693,479	49.9	888,801	2.6
1935	212	3,000,000	8.3	2,494,221	6.9	447,229	1.4	...	...	31,556,543	80.5	39,753,164	8.2	2,762,298	7.0	10,618,208	13.4	16,693,479	49.9	2,099,450	6.3
1936	213	3,000,000	7.5	2,536,788	6.4	1,899,028	4.2	...	...	32,837,084	81.4	40,439,541	8.2	2,817,071	7.8	10,618,208	13.4	16,693,479	49.9	2,189,468	6.6
1937	181	3,000,000	7.4	2,640,729	6.5	1,593,747	3.9	...	...	32,837,084	81.4	40,439,541	8.2	2,817,071	7.8	10,618,208	13.4	16,693,479	49.9	2,189,468	6.6

JOINT STOCK BANKS OF NORTHERN IRELAND

BELFAST BANKING COMPANY, LIMITED

ESTABLISHED 1827

(Affiliated with Midland Bank, Limited)

Year Ended Dec. 31	Number of Branches	CAPITAL				Total Liabilities or Assets	ASSETS			
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UNSTER BANK, LIMITED *Continued from page 45*

Year Ended Nov. 30	Number of Branches*	LIABILITIES										Total Liabilities or Assets	ASSETS								
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Bills for Collection	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bankers	Per Cent.	Invest- ments	Per Cent.	Dis- counts, Advances and Short Loans	Per Cent.	Premises	Per Cent.	
1926...	115	1,500,000	6.2	49,621	0.2	1,703,922	7.0	77,488	0.3	20,823,751	86.3	24,154,782	100.0	2,540,243	10.6	10,116,897	41.9	11,281,533	46.0	216,109	0.9
1927...	114	1,600,000	6.6	75,439	0.3	1,660,984	6.8	51,026	0.2	20,997,853	86.1	24,385,302	100.0	2,684,047	11.0	10,228,493	42.0	11,256,653	46.1	223,493	0.9
1928...	114	1,700,000	7.0	72,215	0.3	1,535,367	6.3	44,609	0.2	21,037,705	86.2	24,389,806	100.0	2,387,101	9.8	10,508,694	43.1	11,270,599	46.2	233,585	0.9
1929...	115	1,750,000	7.1	62,650	0.3	1,340,926	5.4	52,702	0.2	21,588,158	87.0	24,809,436	100.0	2,645,010	10.7	10,742,505	43.4	11,179,336	45.0	233,585	0.9
1930...	115	1,800,000	7.3	60,122	0.2	1,389,716	5.6	46,654	0.2	21,444,824	86.7	24,809,436	100.0	2,645,010	10.7	10,742,505	43.4	11,179,336	45.0	233,585	0.9
1931...	116	1,850,000	7.5	70,438	0.3	1,390,219	5.3	40,530	0.2	21,467,434	86.7	24,741,316	100.0	2,293,351	9.3	11,326,912	45.8	10,445,891	42.2	258,530	1.0
1932...	116	1,900,000	7.1	81,544	0.3	1,308,784	4.8	54,847	0.2	23,466,141	87.6	26,811,316	100.0	2,716,570	11.0	11,326,912	45.8	10,887,468	44.0	135,042	0.9
1933...	116	1,950,000	7.6	74,014	0.3	1,345,053	5.2	44,457	0.2	22,379,482	86.7	25,793,008	100.0	2,727,942	13.9	12,229,563	45.8	10,445,891	42.2	258,530	1.0
1934...	115	2,000,000	8.0	71,355	0.3	1,431,917	5.7	50,224	0.2	21,564,253	85.8	25,793,008	100.0	2,274,158	8.8	12,229,563	45.7	10,580,908	39.3	286,095	1.1
1935...	115	2,000,000	7.9	76,869	0.3	1,515,191	6.0	54,581	0.2	21,694,129	85.6	25,330,770	100.0	2,680,750	10.7	12,774,980	50.8	9,484,952	36.8	303,233	1.3
1936...	115	2,000,000	7.8	81,470	0.3	1,577,358	6.2	66,984	0.3	21,769,446	85.4	25,330,770	100.0	2,504,163	9.9	13,292,071	52.4	9,227,029	36.5	317,507	1.2
												25,498,258	100.0	2,627,753	10.3	13,340,409	52.3	9,247,967	36.3	312,507	1.1

* Excluding agencies.

* Excluding agencies.

† December 31.

LATEST BALANCE SHEETS OF DOMINION BANKS HAVING LONDON OFFICES IRISH FREE STATE BANKS

BANK OF IRELAND

The governors and directors report that the net profits of the bank for the year ended December 31, 1936, after meeting all charges, and providing for bad and doubtful debts, interest due on deposits, rebate on bills not at maturity, pensions and other contingencies, amount to £378,927, to which must be added a sum of £86,775 brought forward from December, 1935, making a total of £465,701. Out of this total the proprietors declared an interim dividend of 6 per cent., less income tax, absorbing

£128,769. The governors and directors having transferred £75,000 to reserves for contingencies, now recommend that a final dividend of 7½ per cent., less income tax, be declared for the year ended December 31, 1936, which will absorb £160,961, making, together with the dividend paid on August 1, 1936, a distribution of 13½ per cent., less income tax, for the year, leaving a surplus of £100,871 to be carried forward.

LIABILITIES					ASSETS						
December 31	Capital	Government and Other Public Accounts	Deposit and Current Accounts including Contingencies	Notes in Circulation	Cash in Hand	Cash at Call and Short Notice	British Government Debt	Government Securities	Other Securities	Discounts and Advances	Premises
1932.....	£ 5,948,231	5,546,998	£ 37,717,111	1,868,413	£ 2,039,561	£ 4,473,638	£ 2,630,769	£ 20,051,865	£ 6,195,318	£ 15,034,073	£ 692,716
1933.....	5,949,231	5,231,470	31,658,596	1,857,639	2,064,495	3,114,287	2,630,769	16,322,189	5,896,760	14,004,861	698,707
1934.....	5,949,231	4,059,589	32,130,474	1,870,433	2,118,994	3,136,027	2,630,769	15,189,982	6,125,875	14,180,398	676,083
1935.....	5,949,231	4,072,903	32,244,813	1,949,608	2,586,918	2,837,133	2,630,769	14,766,501	6,732,803	14,044,952	642,197
1936.....	5,949,231	4,128,588	32,835,254	1,965,762	2,531,949	2,879,540	2,630,769	14,382,935	7,923,245	14,233,783	635,527

THE HIBERNIAN BANK LIMITED

The directors' report shows that after providing for rebate on bills, interest on deposits, bad and doubtful debts and contingencies, the net profits for the half-year ended December 31, 1936, amount to £40,750, to which has to be added the balance of undivided profits from last account £25,917, making a total

of £66,667. The directors recommend that the balance be applied as follows: In payment of a dividend for the half-year income tax, £30,000; in reduction of bank premises account, £7,500; to next account, £29,167.

LIABILITIES				ASSETS			
December 31	Capital and Reserves	Deposit and Current Accounts, etc.	Notes in Circulation	Cash in Hand and with Bankers	Investments	Discounts and Advances	Premises
	£	£	£	£	£	£	£
1932	1,130,000	12,078,892	482,808	1,382,852			
1933	1,150,000	11,321,554	480,329	1,046,974	6,231,694		205,585
1934	1,170,000	10,976,445	488,252	1,173,479	6,063,757	5,958,800	186,718
1935	1,190,000	10,898,771	492,406	1,180,258	5,283,092	5,827,572	187,417
1936	1,200,000	10,794,064	487,089	1,115,999	5,299,228	6,084,737	179,883
					5,304,233	5,973,331	175,508
						5,981,224	

MUNSTER AND LEINSTER BANK LIMITED

The directors' statement of the bank's affairs for the half-year ended December 31, 1936, shows that the profits, after deducting expenses, providing for interest on deposits, rebate on bills, and for all bad and doubtful debts, amount to £68,727, to which has to be added the balance from the last account

£43,257, making a total of £111,984. The directors recommend the payment of a dividend for the half-year at the rate of 12 per cent. per annum free of income tax £45,000, and after transferring to contingencies account £15,000, and applying in reduction of premises account £5,000, and placing to staff pension fund £5,000, there will remain to be carried to next account £41,984.

LIABILITIES				ASSETS					
December 31	Capital and Reserves	Notes in Circulation	Deposit and Current Accounts, etc.	Cash in Hand and with Bankers	Money at Call	Investments	Bills discounted	Advances on Securities and Current Accounts	Premises
1932	£ 1,750,000	£ 800,567	£ 27,054,258	£ 1,827,818	£ 2,200,000	£ 12,756,240	£ 1,196,988	£ 11,092,311	£ 370,086
1933	1,750,000	784,137	25,255,554	1,515,671	1,800,000	12,388,734	1,129,812	10,662,175	379,810
1934	1,750,000	801,826	24,280,387	1,598,790	1,300,000	11,775,984	1,073,291	10,786,814	384,658
1935	1,750,000	809,419	24,493,225	1,748,325	1,700,000	11,900,836	1,013,587	10,260,686	387,169
1936	1,750,000	807,093	24,437,421	1,528,770	1,400,000	12,511,882	970,888	10,286,754	386,702

THE NATIONAL BANK LIMITED

According to the report for the half-year ended December 31, 1936, including £37,084 brought forward from June 30th last, the profit and loss account shows a balance of £148,523 available for distribution. Full provision has been made for all bad and

doubtful debts. The board have declared a dividend for the past half-year at the rate of 12 per cent. per annum, and have transferred £10,000 to reserve fund and £10,000 in reduction of bank premises account. The sum of £38,523 has been carried forward.

LIABILITIES				ASSETS						
December 31	Capital and Reserves	Notes in Circulation	Deposit and Current Accounts, etc.	Cash in Hand	Money at Call and Short Notice	Govt. Securities	Other Investments	Advances on Securities and Current Accounts	Bills discounted	Premises
1932	£ 2,530,000	£ 1,263,065	39,131,746	£ 3,870,151	£ 5,035,051	£ 16,094,308	£ 932,480	£ 14,520,190	£ 1,849,197	£ 767,947
1933	2,550,000	1,237,297	38,537,292	4,220,507	3,321,267	16,092,133	1,569,563	14,729,747	1,781,466	773,714
1934	2,570,000	1,230,494	37,575,719	4,192,239	3,494,267	15,345,043	1,346,621	14,747,625	1,698,494	757,869
1935	2,590,000	1,276,203	37,225,166	4,641,879	3,158,601	14,563,200	1,318,919	15,186,137	1,629,377	738,567
1936	2,610,000	1,318,809	38,062,236	4,780,853	4,161,601	14,072,799	1,307,309	15,551,990	1,549,676	715,340

PROVINCIAL BANK OF IRELAND, LIMITED

The directors' statement for the half-year ending December 31, 1936, states that, including £33,246 brought forward from last account, there remains a profit of £69,838. Out of this the directors have declared a dividend for the half-year at the rate

of 12½ per cent. per annum, less income tax, which will require £25,734. They have added to reserve fund £5,000, written off bank premises account £5,000, and carried forward £34,103.

directors have declared a dividend for the half-year at the rate of 5 per cent.

LIABILITIES				ASSETS					
December 31	Capital and Reserves	Notes in Circulation	Deposits and Current Accounts, etc.	Cash in Hand at Branches and in London	Money at Call and Short Notice	Investments	Advances to Customers, etc.	Bills discounted	Premises
	£	£	£	£	£	£	£	£	£
1932	1,000,000	901,614	15,767,392	1,004,336	1,115,000	8,086,229	5,439,633	944,429	205,611
1933	1,015,000	909,873	15,141,372	774,521	824,000	8,291,693	5,782,060	941,467	211,158
1934	1,030,000	915,884	15,069,180	728,037	1,000,000	7,963,766	6,045,025	1,125,889	211,928
1935	1,040,000	936,818	15,180,857	717,542	1,064,000	7,905,351	5,770,819	927,739	205,142
1936	1,050,000	1,008,152	15,072,549	827,630	1,156,365	8,408,502	5,632,889	965,247	199,906

THE ROYAL BANK OF IRELAND LIMITED

The directors have to report that the net profits of the bank for the year ended December 31, 1936, after making provision for bad and doubtful debts, amounted to £43,189, which, with the amount brought forward from last year of £11,396, make together £54,585. From this an interim dividend at the rate of 8 per cent. per annum (less tax) for the first six months of the year, has been distributed to the shareholders, £9,300, leaving

a balance of £45,285, out of which the board have appropriated to reserve fund, officers' superannuation, and other contingencies £22,000, leaving available a balance of £23,285, which they recommend should be appropriated as follows: A further dividend at the rate of 10 per cent. per annum (less tax) for the six months ended December 31 last, £11,625; the balance to be carried forward to the credit of next year's account, £11,660.

Continued on page 48

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THE ROYAL BANK OF IRELAND—Continued from page 47

December 31	LIABILITIES					ASSETS				
	Capital and Reserves	Consolidated Notes outstanding	Deposit and Current Accounts, etc.	Bankers' Balances and Cash in hand and at Call	Investments	Bills discounted	Advances	Premises		
1932	£570,000	£233,800	£6,661,989	£1,424,547	£2,031,188	£107,006	£3,675,554	£250,000		
1933	580,000	231,142	6,458,309	1,155,890	2,056,701	108,088	3,721,463	250,000		
1934	590,000	233,355	6,243,379	574,593	2,260,209	92,280	3,913,022	250,000		
1935	600,000	229,623	6,415,156	671,234	2,509,611	89,631	3,747,323	250,000		
1936	605,000	238,347	6,432,826	649,417	2,397,780	88,960	3,913,922	250,000		

AFRICAN BANKS

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

The directors report that after payment of all charges, provision having been made for income tax, bad and doubtful debts and contingencies, the net profit for the year ended September 30, 1936, amounted to the sum of £401,192, to which has to be added the sum of £223,397 brought forward from September 30, 1935, making a total of £624,589 which has been appropriated as follows: to reserve fund, £75,000; to interim dividends paid June 16, 1936, at the rate of 8 per cent. per annum on the cumulative preference shares,

and at the rate of 5 per cent. per annum on the "A" and "B" shares, less income tax, £115,353; to final dividend at the rate of 8 per cent. per annum on the cumulative preference shares at the rate of 6 per cent. per annum on the "A" shares of £1 income tax, £72,800; balance to be carried forward, £128,903; making a total of £624,589.

September 30	LIABILITIES					ASSETS				
	Capital and Reserves	Deposit and Current Accounts, etc.	Notes in Circulation	Acceptances and Other Liabilities on account of Customers	Cash in Hand and Gold Bullion	Money at Call and Short Notice	Remittances in Transit	Bills discounted	Investments	Advances
1932	£6,625,500	£71,621,970	£744,210	£3,544,206	£14,501,871	£1,845,300	£1,332,500	£12,713,014	£18,314,991	£2,421,594
1933	6,625,500	74,521,924	735,992	3,342,453	15,698,691	1,825,954	2,168,421	10,843,159	27,170,192	2,482,208
1934	6,725,500	82,865,855	770,978	4,311,672	16,958,336	3,373,812	1,216,313	13,764,506	25,778,119	2,530,952
1935	6,825,500	87,781,143	850,648	3,982,657	24,409,002	2,029,994	1,368,221	12,494,916	23,445,438	2,531,699
1936	6,900,500	96,992,504	930,389	4,946,848	25,514,644	2,062,200	1,570,455	13,102,287	27,843,485	2,525,272

NETHERLANDS BANK OF SOUTH AFRICA

The directors' report for the year ended September 30, 1936, states that after making provision for bad and doubtful debts, etc., the accounts show a net profit of £104,191, to which has to be added the profit of £1,487 brought forward from last year, making a total of £105,678 which they recommend should be

applied as follows: Writing down bank premises, £8,434; provision for building in course of erection, £18,989; allocation to reserve fund, £27,925; reserve for taxes, £5,585; 6 per cent. dividend to shareholders, £37,682; tantièmes to directors, £5,244; balance carried forward to next account, £1,818.

Dec. 31	LIABILITIES					ASSETS				
	Capital and Reserves	Deposit and Current Accounts	Acceptances	Bills Payable	Bills for Collection	Cash in Hand	Treasury Bills and Dutch Treasury Bonds	Bills Discounted	Forward Exchange	Loans and Advances
1932	£827,714	£1,737,246	£45,693	£70,675	£19,655	£787,375	£249,800	£794,780	£135,884	£679,614
1933	974,923	2,099,391	91,876	33,956	14,674	711,249	480,880	1,003,238	361,064	738,761
Sept. 30—										
1934	1,105,756	1,895,763	50,263	40,061	10,243	766,594	333,974	722,794	380,292	1,080,092
1935	1,120,402	2,661,747	57,598	32,515	...	1,284,933	64,738	1,075,815	1,072,959	31,768
1936	929,629	2,769,291	169,603	51,987	...	1,309,386	291,396	864,170	1,236,421	49,218

* S.A. £'s (converted from guilders at the rate ruling at the end of the bank's financial year).

THE STANDARD BANK OF SOUTH AFRICA, LIMITED

Sept. 30	LIABILITIES					ASSETS				
	Capital and Reserves	Notes in Circulation	Deposit and Current Accounts	Drafts Outstanding and Acceptances	Customers' Bills for Collection	Cash in Hand and with Bankers	Cash at Call and Short Notice	Investments	Bills Purchased	Discounts and Advances, etc.
1932	£5,664,170	£471,532	£58,784,121	£1,085,965	£9,698,679	£5,726,458	£3,525,000	£7,348,242	£2,942,742	£42,754,565
1933	5,000,000	466,220	55,806,730	1,128,771	7,712,546	14,908,195	2,725,000	9,618,695	3,385,389	27,348,312
1934	5,000,000	499,014	58,710,437	1,129,930	7,881,053	13,151,735	2,650,000	11,999,295	4,363,923	29,274,700
1935	5,000,000	583,702	58,369,371	1,084,713	8,031,482	13,628,482	2,116,393	12,718,849	3,955,861	29,092,820
1936	5,000,000	692,404	61,636,933	1,394,288	8,967,433	9,374,961	2,050,000	14,597,184	4,485,187	34,301,099

BANK OF BRITISH WEST AFRICA, LIMITED

The directors' statement of accounts for the year ended March 31, 1936, states that after providing for current charges (including contributions to the staff profit sharing fund and the provident fund), rebate on bills and appropriations to contingency accounts, out of which accounts provision has been made for all bad and doubtful debts, there remains a balance of profit for the year of £85,298. To this must be added £54,674 brought forward from last year, making a total amount available of £139,972.

Of this sum £18,000, being an interim dividend of 1½ per cent., has already been distributed, less income tax, and the directors now recommend the payment of a final dividend of 3½ per cent. absorbing a further sum of £42,000, less income tax, making a total distribution for the year of 5 per cent., less income tax. The directors also recommend a transfer of £25,000 to premises and furniture account, leaving a balance of £54,972 to be carried forward.

March 31	LIABILITIES					ASSETS				
	Capital and Reserve	Deposit and Current Accounts, etc.	Drafts Issued	Bills for Collection	Acceptances	Cash in Hand and in Transit	Investments	Bills of Exchange	Loans and Advances, etc.	Premises
1932	£1,600,000	£5,548,258	£186,329	£691,008	£20,902	£1,008,959	£2,540,845	£1,130,382	£2,381,439	£341,476
1933	1,600,000	6,105,475	166,330	747,704	68,781	1,049,741	3,721,451	1,022,155	1,813,251	342,118
1934	1,600,000	6,130,770	141,605	620,042	65,030	769,313	3,697,105	937,628	2,214,117	334,116
1935	1,600,000	6,670,090	157,615	695,376	86,034	770,688	4,428,187	670,596	2,320,452	319,489
1936	1,600,000	7,372,929	128,390	708,630	122,197	1,738,834	3,894,330	714,194	2,558,599	394,379

AUSTRALASIAN BANKS

THE BANK OF ADELAIDE

The directors' report states that the balance of profit and loss for the year ended March 30, 1936 (including the balance brought forward from the previous year, £28,997) amounts to £86,970, out of which an interim dividend at the rate of 4 per cent. per

annum was paid in October, £25,000, leaving available £61,970, out of which the directors have declared a dividend for the half-year ended March 30, 1936, at the rate of 4 per cent. per annum, payable after the general meeting on May 6, 1936, £25,000, leaving a balance to carry forward of £36,970.

March 30	LIABILITIES					ASSETS				
	Capital and Reserve	Notes in Circulation	Bills in Circulation, etc.	Deposits	Cash in Hand including Bullion	Money at Call and Short Notice	Government Securities	Bills Receivable in London and Remittances in Transit	Discounts and Advances	Premises
1932	£2,250,000	£6,603	£240,054	£6,031,330	£949,561	£923,019	£631,368	£733,582	£5,108,010	£343,117
1933	2,250,000	6,599	61,745	6,667,038	1,073,644	1,485,000	658,136	600,936	5,115,381	345,361
1934	2,250,000	6,597	46,680	6,197,488	1,020,461	715,000	703,671	812,795	5,075,518	349,344
1935	2,250,000	6,592	79,496	6,372,697	1,020,597	595,700	972,699	606,394	5,252,802	352,837
1936	2,250,000	6,576	74,244	6,713,968	615,111	895,000	855,668	657,645	5,660,001	353,511

BANK OF AUSTRALASIA

The directors state that, after providing for rebate on bills current, for British, Australian and New Zealand rates and taxes, and making a transfer to the credit of Contingencies Account, out of which account provision for all bad and doubtful debts has been made, the net profit for the year ended October 12th last amounted to £300,962. To this has to be added £182,266 brought forward from the previous year's account, making a total of £483,228. From this, £120,094 was paid as an interim dividend

on October 2nd last, and the directors have now appropriated a further sum of £169,805 to pay a final dividend of 4s. 6d. per share, less income tax at 3s. 2½d. in the £, making, in all, £289,898, equal to 8s. per share, less tax, and representing for the year a distribution at the rate of 8 per cent., less tax. There will remain £193,329 to be carried forward to the next account.

October 13	LIABILITIES					ASSETS				
	Capital and Reserves	Deposits at Interest	Current Accounts	Bills Payable, Drafts in Transit, etc.	Acceptances	Cash in Hand	Loans at Call and Short Notice	Securities	Bills receivable and Remittances in Transit	Advances on Securities, etc.
1932	£8,975,000	£27,069,003	£11,051,627	£3,915,981	£182,138	£7,931,815	£60,000	£10,053,510	£2,124,952	£31,011,981
1933	8,975,000	26,041,279	11,792,072	4,576,979	195,188	8,127,891	50,000	9,160,558	2,991,323	31,247,132
1934	8,975,000	26,748,140	12,853,667	4,542,477	230,941	9,356,504	25,000	10,306,126	2,426,692	31,045,284
1935	8,975,000	23,895,133	13,162,970	4,613,493	237,151	5,035,420	...	10,566,078	2,476,286	32,391,472
1936	8,975,000	23,612,110	13,553,470	4,338,965	280,943	4,899,823	...	9,478,927	2,598,641	33,300,763

BANK OF NEW SOUTH WALES

The directors submitted to the proprietors the following statement:—The net profits for the year, after deducting rebate on current bills, interest on deposits, and paying income, land and other taxes (amounting to £217,102), reducing valuation of bank premises, providing for bad and doubtful debts, fluctuations in the value of investment securities, and other contingencies, and including recoveries from debts previously written off as bad, amount to £470,454, to which is added undivided balance from September 30, 1935, £119,996—£590,450; interim dividends

at the rate of 5s. per share (Australian currency) for quarters ended December 31, 1935, March 31, 1936, and June 30, 1936, paid out of the year's profits, in terms of Clause 105 of deed of settlement, £329,250, leaving a balance of £261,200, which the directors recommend to be dealt with as follows: To quarter's dividend to September 30, 1936, at the rate of 6s. per share Australian currency, £131,700; to balance carried forward, £129,500—£261,200.

September 30	LIABILITIES					ASSETS				
	Capital and Reserves	Notes in Circulation	Deposits, Accrued Interest and Rebate	Bills Payable, etc.	Out-standing Credits, etc.	Cash in Hand	Money at Short Call in London	Treasury Bills	Investments	Bills Receivable in London and Remittances in Transit
1932	£14,930,000	£564,772	£83,943,595	£5,164,381	£2,697,637	£11,400,865	£490,000	£13,468,333	£8,253,152	£3,654,906
1933	14,930,000	601,793	86,317,691	6,318,945	3,118,526	10,834,885	2,220,000	10,189,373	12,282,177	4,930,179
1934	14,930,000	297,491	91,840,970	5,687,257	4,014,119	14,396,166	490,000	6,455,000	18,926,496	4,852,496
1935	14,930,000	140,968	90,403,981	6,468,117	3,388,698	10,179,566	1,280,000	5,535,000	11,742,085	5,128,186
1936	14,930,000	81,450	89,145,169	7,139,652	3,592,971	11,274,953	1,470,000	7,235,000	3,952,607	7,361,895

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1912-1937
Importers, Exporters & General Merchants
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BANK OF NEW ZEALAND

The directors state that the profits for the year ended March 31, 1936, after providing for expenses of management, and for all bad and doubtful debts, and other contingencies, and after making provision for the annual donation to the provident fund, are £565,181, to which has to be added balance brought forward from last year, £348,138, making a total of £913,319. From which has been paid: Dividend on preference A shares, £50,000; interim dividend on C long-term mortgage shares, £7,031; interim dividend on D long-term mortgage shares, £17,578; interim dividend on preference B shares, £31,250;

interim dividend on ordinary shares, £187,500, leaving available for distribution, £619,960. This the directors propose should be disposed of as follows: Dividend on C long-term mortgage shares at 6 per cent. per annum, £7,031; dividend on D long-term mortgage shares at 7½ per cent. per annum, £17,578; dividend on preference B shares (making £100,000 for the year), £68,750; dividend at rate of 5 per cent. on ordinary shares (making £375,000 for the year, equal to 10 per cent.), £187,500, leaving balance to be carried forward £339,100.

March 31	LIABILITIES					ASSETS									
	Capital and Reserves	Notes in Circulation	Deposits	Bills Payable, etc.	Coin, Cash Balances, etc.	Money at Call and Short Notice	Bills Receivable in London and in Transit	Investments	Discounts	Remittances in Transit between Branches	Advances, Securities, Debts, Due to Bank, etc.	Long-term Mortgage Dept.	Premises		
1932	10,433,114	4,062,763	31,565,843	3,642,948	7,861,140	4,314,318	1,514,717	9,012,797	792,384	1,496,778	24,860,937	1,310,175	£22,825		
1933	10,433,114	4,338,747	32,573,239	3,529,578	8,508,559	6,286,397	1,631,598	7,949,372	594,419	1,356,646	28,485,449	1,310,175	632,771		
1934	10,433,114	4,259,149	34,328,004	3,555,784	7,795,367	4,163,347	1,475,538	14,119,390	408,187	1,439,410	21,962,154	1,310,175	667,490		
1935	9,903,125	503,778	33,198,614	3,777,295	7,177,791	7,585,468	2,274,871	8,299,157	519,341	1,369,451	20,971,391	1,310,175	673,678		
1936	9,903,125	324,452	35,740,430	3,759,175	7,076,654	8,172,420		8,393,217	495,697	1,784,411	21,683,676	1,310,175	673,143		

COMMERCIAL BANK OF AUSTRALIA, LIMITED

According to the report of the board of directors for the year ended June 30, 1936, the net profits amount to £234,481, to which is added amount brought forward £90,810, making a total of £325,291. From this amount the directors have made the following appropriations: To reduction of bank premises, £25,000; to interim dividend at 4 per cent. per annum on preference shares paid February, 1936, £42,347; to interim

dividend at 5 per cent. per annum on ordinary shares paid February, 1936, £50,000—£117,347; leaving a balance of £207,943 which it is proposed to apportion as follows: To dividend for six months on the preference shares at 4 per cent. per annum in Australian currency, £42,347; to dividend for six months on the ordinary shares at 6½ per cent. per annum in Australian currency, £66,667; to carry forward to next year, £98,930.

June 30	LIABILITIES					ASSETS									
	Capital and Reserve	Profit and Loss	Notes in Circulation	Bills and Other Liabilities	Deposits	Contingent Liabilities offset by equivalent Assets	Cash in Hand	Money at Call and Short Notice	Commonwealth and New Zealand Short-dated Treasury Bills	Other Investments	Bills Receivable in London, and Remittances in Transit	Discounts and Advances	Other Assets		
1932	6,367,350	212,659	178,350	1,053,408	21,702,170	622,045	3,509,903	170,000	2,729,166	1,392,650	925,720	19,412,158	267,390		
1933	6,367,350	171,599	188,500	1,011,116	22,380,269	674,008	3,233,293		2,046,918	1,735,539	1,486,595	20,300,762	168,036		
1934	6,367,350	176,059	178,986	1,170,409	24,554,505	854,398	3,682,890	20,000	2,141,812	1,981,453	1,412,368	21,725,548	321,663		
1935	6,367,350	199,823	19,780	1,192,315	24,853,164	981,364	3,299,966	150,000	1,755,000	2,627,822	1,242,083	22,100,326	292,921		
1936	6,367,350	207,943	14,980	1,291,292	25,863,666	898,338	3,437,657	125,000	2,440,000	2,560,277	1,450,113	22,211,474	156,418		

THE COMMERCIAL BANKING COMPANY OF SYDNEY, LIMITED

According to the annual report of the directors for the year ended June 30, 1936, the net profit for the year, after deducting rebate on current bills and accrued interest on fixed deposits, paying land, income and other taxes, and providing for bad and doubtful debts and other contingencies, amounts to £298,227, to which is added the amount brought forward from June 30, 1935, £121,340, making a total of £419,567, from which the

directors have made the following appropriations: To interim dividend for the half-year ended December 31, 1935, at the rate of 6 per cent. per annum paid on January 28, 1936, £142,170, and bank premises account £25,000, leaving a balance of £252,396, ended June 30, 1936, at the rate of 6 per cent. per annum, £142,170, leaving the amount to be carried forward £110,226,

June 30	LIABILITIES					ASSETS									
	Paid Up Capital and Reserve	Notes in Circulation	Bills in Circulation	Deposits and Other Liabilities	Cash in Hand	Money at Call and Short Notice	Treasury Bills	Government Stocks and Other Securities	Bills Receivable in London and Remittances in Transit	Discounts, etc.	Premises				
1932	9,039,013	13,815	1,158,933	44,466,426	5,899,452	1,035,000	4,860,000	4,988,833	1,869,125	34,643,037	1,318,090				
1933	9,039,013	13,792	1,043,988	45,071,545	6,684,105	1,140,000	3,840,000	5,837,799	1,791,241	34,768,799	1,293,390				
1934	9,039,013	13,759	1,240,483	48,629,115	7,697,536	960,000	4,640,000	5,654,059	2,070,820	35,888,549	1,269,690				
1935	9,039,013	13,703	1,173,911	49,191,296	7,892,626	1,150,000	3,885,000	5,985,759	2,111,077	36,940,268	1,247,813				
1936	9,039,013	13,669	1,121,006	49,777,559	7,410,342	1,085,000	4,550,000	5,409,699	2,143,034	37,853,871	1,231,789				

ENGLISH, SCOTTISH, AND AUSTRALIAN BANK, LIMITED

The directors' report for the year ended June 30, 1936, shows that the gross profits amount to £1,102,714, less expenses of management, £748,709, income and other taxes, £96,544—£845,254; leaving a net profit of £257,460. From this the following appropriations have been made: An interim dividend of 2½ per cent. free of United Kingdom income tax, £75,000; reserve fund, £15,000; balance of unappropriated profits for

the year, £167,460; brought forward from June 30, 1935 £299,327—£466,787; and it is proposed to make further appropriations as follows: To the officers' provident fund, £10,000; to a further dividend of 2½ per cent. free of United Kingdom income tax making 5 per cent. free of United Kingdom income tax for the year, £75,000; to contingencies reserves, £50,000; to reduction in bank premises account £25,000—£160,000; leaving a balance to be carried forward of £306,787.

June 30	LIABILITIES					ASSETS									
	Capital and Reserves	Deposits at Interest	Current Accounts	Bills Payable, etc.	Cash in Hand	Investments	Bills Receivable and Remittances in Transit	Advances, etc.	Premises						
1932	8,077,966	19,403,465	9,965,821	1,858,695	9,527,624	1,596,588	3,063,318	24,762,787	711,104						
1933	8,062,966	18,740,003	10,236,766	1,553,795	7,712,402	1,777,999	3,821,391	24,985,769	721,597						
1934	8,107,966	20,131,519	11,899,529	1,899,723	8,167,833	1,881,589	4,378,925	26,217,749	736,379						
1935	8,122,966	19,576,954	12,832,399	1,843,675	8,412,215	2,214,727	4,878,250	28,819,047	756,555						
1936	8,137,966	19,710,035	13,183,214	2,010,587		2,146,493	5,127,621	29,112,349	758,760						

THE ANGLO-PALESTINE BANK LTD.

Established 1902

10/12 WALBROOK, LONDON, E.C.4

GENERAL MANAGEMENT: TEL-AVIV

EVERY BANKING FACILITY FOR BUSINESS WITH PALESTINE

BRANCHES IN PALESTINE:

TEL-AVIV SAFAD JAFFA PETAH TIKVAH JERUSALEM HEDERA HAIFA HADAR HACARMEL TIBERIAS REHOVOTH

THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter 1835.)

Head Office: 4 THREADNEEDLE STREET, LONDON, E.C.2

West End Branch: 17 NORTHUMBERLAND AVENUE, W.C.2.

Paid-up Capital	£4,500,000
Reserve Fund	2,475,000
Currency Reserve	2,000,000
Reserve Liability of Proprietors under the Charter	4,500,000
	£13,475,000

DIRECTORS:

D. F. ANDERSON, Esq.
HON. GEOFFREY C. GIBBS.
J. F. G. GILLIAT, Esq.
EDMUND GODWARD, Esq.

KENNETH GOSCHEN, Esq.
CHARLES GIPPS HAMILTON, Esq.
FREDERICK V. C. LIVINGSTONE.
LEARMONTH, Esq., D.S.O.

RIGHT HON. THE EARL OF MIDDLETON, K.P., P.C.
HORACE PEEL, Esq.
JOHN SANDERSON, Esq.
ARTHUR WHITWORTH, Esq.

Numerous Branches throughout the States of VICTORIA, NEW SOUTH WALES, QUEENSLAND, SOUTH AUSTRALIA, WESTERN AUSTRALIA, TASMANIA, and the Dominion of NEW ZEALAND.
Letters of Credit and Bills of Exchange granted. Bills Negotiated or sent for Collection. Telegraphic Transfers made. Banking Business of every description transacted with Australia and New Zealand.
Deposits received in London at interest for fixed periods on terms which may be ascertained at the Office.

BANQUE BELGE POUR L'ETRANGER (OVERSEAS), Ltd.

Affiliated to the Société Générale de Belgique

CAPITAL - £2,000,000 entirely subscribed

LONDON: 4 Bishopsgate, E.C.2

NEW YORK: 67 Wall Street

BOARD OF DIRECTORS:
A. CALLENS (Chairman), Sir THOMAS J. STRANGMAN, P. RAMLOT, E. TERROIR, A. DONNAY (Managing Director)
Manager: M. SMITS

British and Foreign Banking Business of every description transacted
LETTERS OF CREDIT - COMMERCIAL CREDITS - COLLECTION OF CLEAN AND DOCUMENTARY DRAFTS
SPOT AND FORWARD FOREIGN EXCHANGE TRANSACTIONS, ETC.
CORRESPONDENTS THROUGHOUT THE WORLD
AGENTS IN THE UNITED KINGDOM FOR THE BELGIAN POSTAL CHEQUE SERVICE

THE MITSUI BANK, LIMITED

(The oldest Banking Institution in Japan—Founded in 1883)

Capital subscribed - Yen 100,000,000.00
Capital paid-up - Yen 60,000,000.00
Reserve Fund - Yen 60,800,000.00
Deposit - Yen 856,924,636.14

Head Office: TOKYO, JAPAN

Home Branches: Fukuoka, Hiroshima, Kobe, Kyoto, Moji, Nagoya (2), Osaka (5), Otaru, Tokyo (2), Wakamatsu, Yokohama.
Foreign Branches: Bombay, Dairen, London, New York, Shanghai, Sourabaya.
Correspondents in all important places at home and abroad

General Banking and Exchange Business

London Office: WINCHESTER HOUSE, OLD BROAD STREET, E.C.2
TELEPHONE: LONDON WALL 3221, 4229
CABLE ADDRESS: "MITSUIGINK, LONDON"

COMMONWEALTH BANK OF AUSTRALIA

December 31	LIABILITIES					ASSETS						
	Capital and Reserves	Rural Credits, Capital, Reserve, Development Fund	Deposits, etc.	Bills Payable, etc.	Cash in Hand	Money at Call in London	Australian Notes	Short-term Loans in Australia	Investments	Bills Receivable in London and Remittances in Transit	Discounts, Loans, Advances, etc.	Bank Premises
1932	£5,495,922	£2,252,034	£63,080,502	£3,653,500	£739,315	£13,836,242	£5,044,981	£12,232,721	£30,381,412	£1,191,178	£9,963,752	£1,092,357
1933	£5,693,458	£2,268,136	£64,085,651	£3,933,290	£705,419	£13,545,726	£4,228,576	£9,543,088	£36,817,288	£1,285,810	£8,700,899	£1,147,399
1934	£5,925,342	£2,291,654	£74,916,100	£3,595,314	£672,127	£18,393,530	£5,228,130	£12,948,492	£37,069,932	£1,521,720	£9,818,823	£1,075,647
1935	£6,137,822	£2,300,105	£82,355,187	£4,470,282	£677,745	£12,779,999	£5,181,485	£6,945,397	£36,318,926	£2,097,990	£10,195,333	£1,063,521
1936	£6,328,267	£2,316,859	£71,401,801	£6,020,706	£1,181,700	£20,397,123	£3,511,301	£11,129,325	£35,862,885	£2,058,880	£10,923,031	£1,005,288

NATIONAL BANK OF AUSTRALASIA, LIMITED

According to the report of the directors for the year ended March 31, 1936, the net profit, after deduction of all expenses, etc., including £87,746 for income, land and note taxes, amounted to £294,403, add balance brought forward from previous year £157,510, making available £451,913. From this sum the following appropriations have been made: Interim dividend

at the rate of 5 per cent. per annum on the £10 and the £8 shares paid in November 1935 for the half-year ended September 30, 1935, £125,000; reduction of bank premises account £30,000, and it was recommended that a dividend be paid on the £10 and £8 shares for the half-year ended March 31, 1936, at the rate of 5½ per cent. per annum £137,500, and to carry forward £159,413—£451,913.

March 31	LIABILITIES					ASSETS						
	Capital and Reserves	Notes in Circulation	Bills in Circulation	Deposits	Cash in Hand and at Short Call in London	Commonwealth Treasury Bills	Investments	Bills and Remittances in Transit	Discounts and Advances, etc.	Premises		
1932	£8,300,000	£47,708	£264,891	£34,619,063	£6,470,762	£3,900,000	£1,141,667	£2,054,839	£29,148,763	£1,240,689		
1933	£8,300,000	£47,613	£212,306	£33,662,199	£4,201,318	£4,750,000	£1,478,855	£1,887,516	£29,560,678	£1,238,201		
1934	£8,300,000	£47,599	£18,781	£36,212,880	£4,262,253	£2,835,000	£2,942,877	£3,709,586	£30,671,114	£1,229,792		
1935	£8,300,000	£47,890	£623,948	£37,049,415	£5,437,415	£3,225,000	£3,095,561	£2,561,671	£31,182,973	£1,213,998		
1936	£8,300,000	£47,579	£623,564	£37,769,620	£5,567,068	£2,670,000	£1,661,791	£3,575,415	£32,446,662	£1,194,215		

THE QUEENSLAND NATIONAL BANK, LIMITED

The directors submit a report showing that the net profit for the year ended June 30th last, after allowing for rebate on bills current, interest accrued on deposits and interminable inscribed deposit stock, all assessments of income, land and other taxes payable during that period, reducing bank premises and furniture accounts £2,500, making provision for bad and doubtful debts and all known contingencies and including recoveries, amounts to £71,148, to which is to be added amount brought forward

from year ended June 30, 1935, £18,788, making a total of £89,936; out of which an interim dividend was paid at the rate of 4 per cent. per annum for the half-year ended December 31, 1935, amounting to £35,000, leaving for distribution £54,936; which it is proposed to deal with as follows: Dividend at the rate of 4 per cent. per annum for the half-year ended June 30, 1936, £35,000 (free of Queensland income tax and without deduction in respect of Federal income tax payable by the bank); balance to be carried forward, £19,936.

June 30	LIABILITIES					ASSETS						
	Capital and Reserves	Interminable Inscribed Deposit Stock	Bills Payable, etc.	Deposits	Cash in Hand and Cash Balances	Money at Call in London	Commonwealth Loans and Treasury Bills	Bills Remitted and in Transit	Discounts and Advances, etc.	Premises		
1932	£2,610,000	£3,091,669	£292,529	£8,135,285	£1,789,826	£80,000	£2,600,319	£537,103	£8,644,508	£551,371		
1933	£2,610,000	£3,015,096	£302,531	£7,872,214	£1,613,837	£25,000	£2,502,885	£470,690	£8,694,760	£549,253		
1934	£2,610,000	£2,854,478	£289,042	£7,941,295	£1,792,007	£25,000	£2,146,388	£567,166	£8,701,368	£546,983		
1935	£2,610,000	£2,814,989	£305,362	£8,451,035	£1,865,689	£15,000	£2,378,561	£570,202	£8,860,449	£547,273		
1936	£2,610,000	£2,750,842	£349,041	£8,646,021	£1,404,236	£15,000	£2,295,409	£570,355	£9,578,297	£547,542		

THE NATIONAL BANK OF NEW ZEALAND, LIMITED

The directors' statement of the bank's affairs as on March 31, 1936, states that the net profit for the year, after making full provision for bad and doubtful debts, exchange and other contingencies, amounts to £102,594, and to this amount has to be added £115,365 brought forward from the previous year, making an available total of £217,959. The interim dividend at the rate of 4 per cent. per annum, free of income tax, paid in January, 1936, absorbed £40,000, £14,000 has been placed to

pension and gratuity funds, and £10,000 has been transferred to premises account, leaving £153,959 available for distribution. The directors propose to allocate this amount as follows:—In payment of a dividend at the rate of 4 per cent. per annum for the half-year ended March 31, 1936, making 4 per cent. for the year, free of income tax, £40,000; balance to be carried forward, £113,959.

March 31	LIABILITIES					ASSETS						
	Capital and Reserves	Notes in Circulation	Deposit and Current Accounts	Bills Payable and Other Liabilities	Cash in Hand	Cash at Bankers and at Call	Investments	Treasury Bills and Special Loan to Govt.	Receivable London and in Transit	Discounts	Advances, etc.	Premises
1932	£4,000,000	£961,152	£12,314,328	£1,080,808	£782,038	£1,488,007	£2,612,247	£691,667	£1,469,634	£403,328	£10,186,729	£641,033
1933	£4,000,000	£1,019,477	£13,767,817	£1,287,043	£709,491	£1,911,565	£2,339,990	£2,584,344	£1,523,294	£373,928	£9,855,609	£631,788
1934	£4,000,000	£1,111,225	£15,595,886	£1,313,405	£692,945	£735,000	£2,505,648	£6,503,171	£1,551,789	£323,302	£8,924,944	£630,128
1935	£3,500,000	£151,763	£13,554,859	£1,368,853	£723,369	£1,045,958	£4,194,477	...	£1,168,715	£427,580	£9,422,430	£629,124
1936	£3,500,000	£99,821	£13,655,182	£1,559,812	£695,187	£2,612,231	£2,997,211	...	£1,323,114	£340,220	£10,361,255	£624,860

THE UNION BANK OF AUSTRALIA, LIMITED

The directors' report for the year ended August 31, 1936, shows that after making provision for bad and doubtful debts and other contingencies, there is a net profit for the year of £240,848, to which is added £126,016 brought forward, making £366,864. The interim dividend paid in July last of 2s. 6d. per share having absorbed £100,000, the amount now available

is £266,864 out of which the directors have declared a final dividend of 3s. per share free of United Kingdom income tax equal to 3s. 1d., making 5½ per cent. for the year, free of United Kingdom income tax. The final dividend will absorb £120,000 and leave £146,864 to be carried forward.

February 28	LIABILITIES					ASSETS						
	Capital and Reserves	Deposits	Bills Payable, etc.	Cash in Hand	Bullion and Advances on Bullion	Money at Call in London	Investments	Remittances and Drafts in Transit, etc.	Discounts, Loans, etc.	Premises		
1932	£8,850,000	£35,844,650	£1,457,276	£10,390,119	£164,961	£425,000	£2,399,019	£2,885,059	£30,341,367	£890,845		
1933	£8,850,000	£35,215,930	£985,735	£8,235,257	£46,701	£400,000	£2,442,718	£2,821,075	£31,642,634	£879,106		
1934	£8,850,000	£36,460,479	£780,429	£8,705,818	£86,528	£390,000	£2,806,942	£1,839,224	£32,417,658	£876,386		
1935	£8,850,000	£33,429,249	£1,116,668	£4,590,246	£81,329	£390,000	£4,786,231	£2,030,246	£31,472,830	£874,486		
1936	£8,850,000	£34,410,690	£1,197,913	£4,845,205	£91,370	£340,000	£3,111,586	£2,393,993	£32,139,341	£866,678		

* August 31st.

CANADIAN AND W.I. BANKS

BANK OF CANADA

The directors' report for the year ended December 31, 1936, shows a net profit of \$2,008,124, after making provision for contingencies and reserves. This has been appropriated as follows: Dividend No. 3, payable July 2, 1936, at 4½ per cent. per annum on \$5,000,000 for six months to June 30, 1936, \$112,000; Dividend No. 4, payable January 2, 1937, at 4½ per

cent. on \$5,000,000 for six months to December 31, 1936, and on \$5,100,000 from September 11, to December 31, 1936, \$182,793; contribution to the Civil Service superannuation and retirement funds, \$1,460; transferred to rest fund, \$570,624; for credit of Receiver General of Canada, account consolidated revenue fund, \$1,141,247.

BALANCE SHEET—December 31, 1936

LIABILITIES		ASSETS	
Capital	10,100,000	Gold coin and bullion	179,376,816
Rest fund	743,716	Silver bullion	2,257,031
Notes in circulation	135,735,458	Sterling funds and U.S.A. funds	8,125,401
Deposits:			
Dominion Government	19,917,329	Subsidiary coin	190,759,248
Chartered banks	186,973,785	Investments:	143,116
Other banks	2,059,627	Dominion Govt. short-term securities	61,299,025
Dividend payable Jan. 2, 1937	182,793	Other Dominion Govt. securities	99,018,390
Other liabilities	1,273,197	Bank premises	350,719
		Other assets	5,417,408
	356,985,906		356,985,906

BANK OF MONTREAL

The annual report shows the following result of the bank's business for the year ended October 31, 1936: Balance of profit and loss account, October 31, 1935, \$1,935,033; profits for the year ended October 31, 1936, after making appropriations to contingent reserve fund, out of which fund full provision for bad and doubtful debts has been made, less Dominion and Provincial Government taxes, \$991,645—\$3,181,501; making a

total of \$5,116,535; quarterly dividend 2 per cent. paid March 2, 1936, \$720,000; quarterly dividend 2 per cent. paid June 1, 1936, \$720,000; quarterly dividend 2 per cent. paid September 1, 1936, \$720,000; quarterly dividend 2 per cent. payable December 1, 1936, \$720,000; written off bank premises \$200,000; transferred to rest account \$1,000,000; balance of profit and loss carried forward, \$1,036,535.

Oct. 31	LIABILITIES							ASSETS						
	Capital	Notes in Circulation	Deposits not bearing Interest	Deposits bearing Interest	Advances under the Finance Act	Balances due to other Banks	Letters of Credit outstanding	Cash in Hand	Cheques on other Banks	Due by Banks Abroad	Investments	Call and Short Loans	Other Loans and Discounts	Premises
1932	\$74,000,000	\$34,102,970	\$115,347,204	\$520,407,410	...	\$13,078,049	\$8,343,722	\$84,680,897	\$27,183,030	\$31,827,851	\$267,347,952	\$25,228,827	\$302,931,270	\$14,500,000
1933	\$74,000,000	\$33,819,807	\$124,821,612	\$509,874,488	\$9,000,000	\$6,650,611	\$6,151,281	\$78,312,054	\$24,339,599	\$25,446,153	\$317,482,286	\$43,961,450	\$251,885,269	\$14,500,000
1934	\$74,000,000	\$35,255,876	\$98,958,738	\$476,551,846	\$9,000,000	\$8,006,963	\$6,322,750	\$89,847,110	\$26,269,902	\$16,790,917	\$318,040,703	\$40,533,502	\$243,477,041	\$14,500,000
1935	\$74,000,000	\$29,959,128	\$151,209,828	\$490,122,270	...	\$10,610,885	\$7,066,426	\$82,358,490	\$26,229,369	\$37,902,358	\$361,873,721	\$23,270,974	\$234,461,311	\$14,500,000
1936	\$75,000,000	\$27,749,972	\$189,401,980	\$463,579,912	...	\$8,408,890	\$7,168,979	\$78,805,708	\$27,725,906	\$20,624,958	\$443,811,395	\$33,570,156	\$174,141,012	\$14,000,000

BANK OF NOVA SCOTIA

The statement of the result of the business of the bank for the year ending December 31, 1936, is as follows:—Balance, December 31, 1935, \$711,629.74; net profits for the year ending December 31, 1936, after Dominion and Provincial taxes, \$474,268.46, and after making appropriations to contingent accounts out of which accounts full provision for bad and doubtful

debts has been made, \$1,926,686.56; making a total of \$2,638,316.30; dividends Nos. 265, 266, 267, 268 at 12 per cent. per annum, \$1,440,000; contribution to officers' pension fund, \$145,000.00; written off bank premises, \$250,000.00; balance carried forward December 31, 1936, \$803,316.30; making a total of \$2,638,316.30.

accounts out of which accounts run provision for bad and doubtful debts

LIABILITIES								ASSETS						
Dec. 31	Capital	Notes in Circulation	Deposits not bearing Interest	Deposits bearing Interest	Advances under Finance Act	Balances Due to other Banks	Letters of Credit Out- standing	Cash in Hand	Cheques on other Banks	Due by Banks Abroad	Invest- ments	Call and Short Loans	Other Loans and Discounts	Premises
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1932	36,000,000	11,079,008	27,969,914	175,159,661	3,214,000	5,149,053	4,834,757	30,735,774	6,770,172	7,440,109	75,188,981	15,245,052	110,162,778	7,983,802
1933	36,000,000	11,501,047	32,475,976	175,516,385	3,214,000	4,365,046	5,722,394	34,498,267	8,197,688	6,505,286	79,190,272	11,010,210	110,250,000	7,624,459
1934	36,000,000	12,322,202	31,320,632	180,427,902	3,214,000	6,165,042	5,973,315	30,762,719	13,505,788	7,659,415	94,527,147	14,423,292	99,555,714	7,376,119
1935	36,000,000	9,714,396	46,867,438	183,235,959	...	4,304,754	5,583,112	32,211,369	11,397,463	7,781,615	113,245,043	8,361,651	99,895,735	7,008,924
1936	36,000,000	9,415,911	58,077,948	178,839,026	...	4,839,418	6,699,886	30,206,778	11,894,928	7,808,371	117,621,090	16,849,510	95,661,452	6,639,837

CANADIAN BANK OF COMMERCE *Continued from page 53*

November 30	LIABILITIES							ASSETS						
	Capital and Reserves	Notes in Circulation	Deposits not Bearing Interest	Deposits Bearing Interest	Advances under Finance Act	Due to other Banks	Letters of Credit Outstanding	Cash in Hand	Cheques on other Banks	Due by Banks Abroad	Investments	Call and Short Loans	Other Loans and Discounts	Premises
1932	\$ 80,000,000	\$ 22,507,359	\$ 90,803,321	\$ 379,152,309	\$ 15,000,000	\$ 19,501,015	\$ 12,080,707	\$ 62,461,195	\$ 15,419,797	\$ 21,804,811	\$ 138,457,602	\$ 89,808,405	\$ 246,913,906	\$ 15,089,299
1933	50,000,000	23,444,806	94,682,989	352,324,242	15,000,000	24,468,918	12,952,125	53,885,399	16,463,582	15,379,866	153,353,374	59,822,836	228,250,318	14,871,772
1934	50,000,000	25,972,960	98,976,439	356,926,553	7,000,000	7,819,613	12,716,950	51,851,407	19,286,968	16,461,815	173,498,463	57,897,807	219,991,980	14,705,147
1935	50,000,000	26,729,072	134,020,893	369,768,426	...	15,912,931	17,077,600	61,414,480	17,771,315	28,436,595	219,645,670	35,872,428	224,854,019	14,315,205
1936	50,000,000	24,559,751	173,606,029	345,534,082	...	13,016,236	19,000,109	67,671,969	21,353,883	29,966,061	222,295,128	52,141,387	200,839,871	14,791,584

ROYAL BANK OF CANADA

The directors' report for the year ended November 30, 1936, states that the balance of profit and loss account, November 30, 1935, was \$1,609,555, and the profits for the year ended November 30, 1936, after making appropriations to contingency reserves, out of which reserves provision for all bad and doubtful debts has been made and after providing for Dominion and Provincial Government taxes amounting to \$998,977 was \$3,504,242, making a total of \$5,113,796 which was appropriated

as follows: Dividend No. 194 at 8 per cent. per annum \$700,000; dividend No. 195 at 8 per cent. per annum, \$700,000; dividend No. 196 at 8 per cent. per annum, \$700,000; dividend No. 197 at 8 per cent. per annum, \$700,000; contribution to the pension fund society, \$200,000; appropriation for bank premises, \$200,000; leaving a balance to be carried forward of \$1,913,796.

November 30	LIABILITIES							ASSETS						
	Capital and Reserve	Notes in Circulation	Deposits not Bearing Interest	Deposits Bearing Interest	Advances under Finance Act	Due to other Banks	Letters of Credit Outstanding	Cash in Hand	Cheques on other Banks	Due by Banks Abroad	Investments	Call and Short Loans	Other Loans and Discounts	Premises
1932	\$ 70,000,000	\$ 28,733,753	\$ 128,983,165	\$ 468,391,153	\$ 25,000,000	\$ 21,719,824	\$ 20,092,952	\$ 69,215,003	\$ 18,667,994	\$ 58,645,358	\$ 125,947,784	\$ 65,351,406	\$ 360,562,287	\$ 17,194,888
1933	55,000,000	29,349,801	128,829,694	450,463,265	20,000,000	21,155,401	22,052,889	86,040,195	18,384,823	49,746,461	143,019,595	61,752,835	316,119,393	17,015,987
1934	55,000,000	33,221,807	124,452,971	488,126,439	9,000,000	10,187,485	20,765,758	77,927,912	21,954,944	46,037,403	163,151,556	53,337,699	326,782,535	16,833,331
1935	55,000,000	32,568,426	194,257,143	461,288,434	...	9,481,319	22,028,377	90,244,515	20,376,178	47,007,220	220,498,302	45,545,537	328,821,416	16,043,798
1936	55,000,000	29,524,612	310,384,188	416,164,055	...	11,299,395	21,130,089	91,486,880	26,239,244	61,552,182	293,170,821	40,778,474	296,765,358	15,662,057

INDIAN BANKS

THE CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA

The directors' report for the year ended December 31st last showed a net profit, after providing for all bad and doubtful debts, of £677,720, inclusive of £181,038 brought forward from the previous year. The interim dividend at the rate of 14 per cent. per annum paid in September last absorbed £210,000. The

amount now available is therefore £467,720, and the directors propose to pay a final dividend at the rate of 14 per cent. per annum, less income tax; to add £35,000 to the officers' pension fund; to set aside £40,000 on account of contingencies, and to carry forward the balance of £182,720.

LIABILITIES							ASSETS						
Dec. 31	Capital and Reserves	Notes in Circulation	Current and Other Accounts	Fixed Deposits	Bills Payable	Loans Payable against Security	Cash in Hand and at Bankers	Bullion on Hand and in Transit	Government and Other Securities	P. and O. Banking Corporation Shares	Bills of Exchange including Treasury Bills	Bills Discounted and Loans	Premises
1932 ...	£ 6,000,000	1,894,552	24,478,387	19,154,588	2,933,671	2,388,388	£ 7,412,358	£ 302,645	14,332,666	2,295,173	11,798,524	17,739,881	1,375,853
1933 ...	6,000,000	1,356,821	25,678,408	20,927,250	2,736,231	2,050,875	10,996,239	391,892	16,300,283	2,300,926	7,495,210	18,575,704	1,523,489
1934 ...	6,000,000	1,851,106	26,854,135	19,694,289	1,720,525	3,670,942	5,692,100	1,372,403	16,491,870	2,306,140	9,610,828	21,646,296	1,574,292
1935 ...	6,000,000	1,685,152	26,710,563	19,275,548	1,699,134	2,096,140	4,421,583	249,862	18,571,188	2,313,168	8,945,844	21,117,077	1,564,611
1936 ...	6,000,000	1,609,224	29,851,350	18,332,905	1,992,449	4,128,417	4,834,863	1,230,535	23,140,467	2,315,613	8,236,390	20,599,361	1,552,451

THE EASTERN BANK, LIMITED

The directors state that the net profit to December 31, 1936, after providing for income tax, and after appropriations to the credit of contingency account, out of which account full provision for bad and doubtful debts has been made, and including the balance brought forward from the last account, amounts to £194,018. An interim dividend at the rate of 3s. a share

was paid in September, absorbing £30,000, and the directors now recommend a final dividend of 4s. a share, less income tax at the rate of 4s. 6-82d. (after allowing for relief in respect of Dominion income tax). They propose to set aside £40,000 on account of contingencies and write £10,000 off premises account, leaving a balance of £74,018 to be carried forward to the next account.

(Continued on page 56)

SOCIÉTÉ GÉNÉRALE

POUR FAVORISER LE DÉVELOPPEMENT DU COMMERCE ET DE L'INDUSTRIE EN FRANCE

ESTABLISHED 1864

(Incorporated in France with Limited Liability)

SUBSCRIBED CAPITAL - - - - - Frs. 625,000,000
PAID-UP CAPITAL - - - - - Frs. 322,401,500
RESERVE FUND & UNDIVIDED PROFITS - - - - - Frs. 417,465,396
DEPOSITS (31st December, 1936) - - - - - Frs. 9,053,398,754

EVERY DESCRIPTION OF BANKING BUSINESS TRANSACTED

Over 1,400 BRANCHES IN FRANCE AND NORTH AFRICA

Subsidiary Banks or Correspondents in all parts of the World

Head Office: 29 BOULEVARD HAUSMANN, PARIS

London Office: 105 OLD BROAD STREET, E.C.2

West End Branch: 11 WATERLOO PLACE, S.W.1

ANGLO-INTERNATIONAL BANK, LIMITED

24-28 Lombard Street, London, E.C.3

Telephones: MANSION HOUSE 6543 (9 lines).

Telegrams: "ANGLANK, LONDON."

CAPITAL:

Authorised £2,000,000

Paid Up - £1,960,008

London Clearing Agents: Bank of England, Glyn, Mills & Co. National Provincial Bank, Ltd.

BOARD OF DIRECTORS:

SIR BRERTRAM HORNSBY, C.B.E. (Chairman)

E. W. H. BARRY, Esq.

JULIAN DAY, Esq., M.C.

A. G. M. DICKSON, Esq.

ZOLTAN HAJDU, Esq.

SIR GORDON NAIRNE, BART.

Every description of Home and Foreign Banking transacted. Special facilities for business with the Continent of Europe
Current accounts opened and deposits for short periods accepted at rates which may be obtained on application

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK LIMITED

(REGISTERED IN ENGLAND)
9, BISHOPSGATE, E.C.2

AUTHORISED CAPITAL - £1,500,000

PAID-UP CAPITAL - £1,000,000

London Board of Directors:
The Rt. Hon. THOMAS WILES, P.C., Deputy Chairman
W. J. WOOLRICH, Chairman
The Rt. Hon. Sir FRANCIS O. LINDLEY, G.C.M.G., C.B., C.E. F. G. SALE

Admiral J. DA FONSECA MONTEIRO, C.M.G.

Directors Resident Abroad:
Dr. F. J. VIEIRA MACHADO

A. M. CORREIA DE SÁ

JULIO SCHMIDT

Every Description of International Banking Transacted
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The Bank will be pleased to assist in opening up fresh business connections with Portugal and her Colonies
Loans granted against marketable securities

ENQUIRIES INVITED

Sole London Representatives of:

BANCO NACIONAL ULTRAMARINO, LISBON,

and its offices in PORTUGAL, the PORTUGUESE COLONIES, BRAZIL, BOMBAY, and of
BANQUE FRANCO-PORTUGAISE D'OUTRE-MER, PARIS
Correspondents throughout the World

National Central Savings Bank of Hungary

UNGARISCHE LANDES CENTRAL SPARKASSA

Budapest IV
Deák Ferenc-utca 7

Cable Address: MOKTÁR

Foreign Department:

'Phone: Budapest Automat 1-825-18

Established 1872

Every description of Banking Business transacted.
Compensation transactions in connection with exports and imports. Our foreign department furnishes all kinds of information

Sale and payment of Pengoe Travellers' Cheques

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Exchange Offices:

Central Exchange Office, Limited, Budapest, IV.
Apponyi-tér 1. and V. Szabadság-tér 3 (opposite the Stock Exchange Building), and
Central Wechselstub A.G. Niederlassung
Vienna, I. Kärntnerstrasse 43



A.
Banking Service
for Australia
New Zealand and
Pacific Islands

The Bank of New South Wales offers to business men and tourists interested in these countries the service of over a century's experience.

At each of its 783 branches full banking facilities are available. The Bank also maintains special Travel Departments at 47 Berkeley Square, W.1, and in the principal centres of Australia, New Zealand and Fiji.

BANK of NEW SOUTH WALES

ESTABLISHED 1817

Incorporated in New South Wales with Limited Liability

(With which are amalgamated the Western Australian Bank and The Australian Bank of Commerce Limited)

AGGREGATE ASSETS, 30th September, 1936—£115,150,000

London Offices:

29 Threadneedle Street, E.C.3. 47 Berkeley Square, W.1.

THE EASTERN BANK, LIMITED. (Continued from page 54.)

December 31	LIABILITIES					ASSETS				
	Capital and Reserves	Current and Deposit Accounts	Bills Payable	Acceptances on Account of Customers	Loans payable against Bills and Securities	Cash in Hand and at Banks	Government and Other Securities	Bills Receivable	Advances, etc.	Premises
1932	1,500,000	6,007,095	280,168	1,024,687	728,789	1,335,467	4,361,430	605,751	1,983,392	190,178
1933	1,500,000	5,904,674	248,426	978,502	1,094,391	1,257,570	4,581,878	603,335	1,905,332	190,216
1934	1,500,000	6,450,187	217,767	780,788	1,543,763	1,165,012	5,600,016	652,668	2,195,829	190,531
1935	1,500,000	6,799,954	199,410	782,590	1,165,000	1,202,691	5,611,561	514,337	2,268,705	192,574
1936	1,500,000	7,771,799	176,136	773,698	1,470,000	1,123,248	6,084,238	949,896	2,756,907	167,934

IMPERIAL BANK OF INDIA

The report shows that, after making the usual and necessary provisions, the net profit of the bank for the half-year ended December 31, 1936, amounted to Rs. 35,60,215 which, with Rs. 29,35,425 brought forward from the half-year ended June 30, 1936, makes a total of Rs. 64,95,641. This sum the directors

of the bank have disposed of as follows: In payment of a dividend to the shareholders at the rate of 12 per cent. per annum free of income tax, Rs. 33,75,000; transferred to premises account, Rs. 2,50,000; transferred to pension funds, Rs. 68,000; carried forward to the profit and loss account of the current half-year, Rs. 28,02,641—total, Rs. 64,95,641.

Dec. 31	LIABILITIES					ASSETS				
	Capital and Reserves	Public Deposits	Other Deposits	Sundries	Cash	Govt. Securities	Other Authorised Securities	Ways and Means Advances to Govt. of India	Loans	Sundries
1932	Rs. 10,80,00,000	Rs. 7,06,95,185	Rs. 68,36,35,205	Rs. 85,09,553	Rs. 20,96,99,755	Rs. 30,37,37,135	Rs. 1,66,26,297	Rs. 3,00,00,000	Rs. 6,61,90,287	Rs. 19,01,54,638
1933	10,85,00,000	6,44,10,571	74,12,77,441	88,16,596	18,59,75,841	46,19,28,634	83,67,693	1,50,00,000	4,16,07,999	15,29,47,893
1934	10,97,50,000	6,72,19,793	74,27,94,823	93,47,907	18,97,37,908	41,55,69,581	83,67,693	5,00,00,000	5,83,04,399	15,59,39,760
1935	11,10,00,000	*	79,09,16,810	66,69,478	19,42,28,012	46,40,90,785	46,82,053	...	3,69,82,412	14,87,64,501
1936	11,12,50,000	*	78,79,50,117	66,15,747	7,83,96,368	52,31,37,365	27,20,384	...	5,72,99,554	16,24,13,672

* Gone to Reserve Bank.

MERCANTILE BANK OF INDIA

The directors' report for the year ended December 31, 1936, shows that the balance of profit and loss account for the year amounts to £181,732, and the amount available, after adding £174,097 brought forward from last account, is £355,829. From this sum has to be deducted £63,000, being the interim dividend of 6 per cent., less income tax, on the "A," "B" and "C" shares paid in September last. The directors have added

£12,000 to the officers' pension fund, written £20,000 off freehold banking premises, and made an additional allocation of £25,000 to contingencies account. They now recommend a final dividend on the "A," "B" and "C" shares of 6 per cent., less income tax (making 12 per cent. for the year), leaving a balance of £172,829 to be carried forward.

December 31	LIABILITIES					ASSETS				
	Capital and Reserves	Notes in Circulation	Current and Deposit Accounts, etc.	Bills Payable	Acceptances on Account of Customers	Cash in Hand and at Banks, including Bullion	Government and Other Securities	Bills Receivable	Bills Discounted	Loans and Advances
1932	2,125,000	182,110	13,034,773	468,207	187,688	2,141,647	5,889,640	2,080,793	33,447	4,968,494
1933	2,125,000	103,990	12,248,040	416,628	125,134	1,957,613	5,968,124	1,899,898	27,578	4,632,622
1934	2,125,000	155,637	12,974,356	537,745	214,212	1,760,773	6,107,952	1,857,611	28,667	5,902,092
1935	2,125,000	160,412	13,916,815	512,018	171,383	2,024,631	6,630,425	2,179,899	19,163	5,107,838
1936	2,125,000	254,573	14,675,061	621,406	268,957	1,847,224	6,989,235	2,751,641	22,981	5,866,405

P. & O. BANKING CORPORATION, LIMITED

The directors report that the net profits for the year ended March 31, 1936, after providing for taxation, bad and doubtful debts and valuing investments at or below market rates, amount to £111,610 which, with £55,143 brought forward from last year, gives an available balance for disposal of £166,753. The directors have written £5,608 off bank premises. Certain sums

have been transferred out of profits of previous years for the benefit of the staff, and out of this year's profits £4,500 has been set aside. Out of the balance of £156,646 they propose to pay a dividend of 5 per cent. less income tax at 4s. 5-8d., absorbing £100,632; carrying £56,014 to next account.

March 31	LIABILITIES					ASSETS				
	Capital and Reserves	Current, Deposit and Other Accounts, etc.	Loans Payable against Security	Acceptances, Endorsements, etc.	Bills for Collection, etc.	Cash at Banks and in Hand, including Bullion	Bills Receivable	Investments	Loans Receivable against Security	Advances to Customers, etc.
1932	2,774,160	6,897,715	4,073,158	200,953	232,327	2,374,536	2,102,179	4,346,876	1,650,000	3,173,789
1933	2,774,160	7,071,806	3,089,017	199,735	267,285	1,496,345	2,233,194	5,984,792	790,824	2,463,430
1934	2,774,160	6,433,239	5,165,763	118,683	281,844	1,957,887	2,134,364	6,807,975	805,824	2,714,907
1935	2,774,160	7,169,970	5,916,250	130,622	307,896	1,266,755	3,709,699	5,445,763	1,815,823	3,128,466
1936	2,774,160	6,818,404	4,475,000	126,645	337,238	1,487,355	3,200,943	4,561,751	1,945,824	2,938,111

THE NATIONAL BANK OF INDIA, LIMITED

The directors' report for the year ended December 31, 1936, shows that the net profits, after providing for all bad and doubtful debts, amount to £703,955, inclusive of £247,669 brought forward from the previous year. An *ad interim* dividend at the rate of 18 per cent. per annum was paid on September

24th last, absorbing £180,000, and the directors now recommend a further dividend at the same rate less income tax. They propose to add £50,000 to the officers' pension fund and to transfer £50,000 to contingencies account, leaving a balance of £243,955 to be carried forward.

December 31	LIABILITIES					ASSETS				
	Capital and Reserves	Current, Deposit and Other Accounts, etc.	Bills Payable	Acceptances for Customers	Cash on Hand, at Call, and at Banks	Indian Government Rupee Securities	Other Securities	Bills of Exchange	Discounts, Loans, etc.	Premises
1932	4,200,000	30,113,142	745,896	297,747	4,317,548	4,412,343	9,409,035	5,869,867	10,609,336	669,779
1933	4,200,000	29,636,308	760,818	382,968	4,583,811	5,585,774	9,788,374	3,553,507	10,805,737	690,580
1934	4,200,000	28,703,042	756,190	351,156	3,990,939	5,109,765	9,522,179	4,280,728	10,515,597	691,574
1935	4,200,000	29,382,941	660,259	408,110	4,427,753	5,021,262	9,789,005	4,427,068	10,823,643	641,574
1936	4,200,000	30,027,681	645,844	330,830	5,411,234	5,264,652	9,289,332	4,808,484	10,004,846	647,964

FOREIGN BANKS HAVING LONDON OFFICES AND BRITISH BANKS TRADING ABROAD

ANGLO-CZECHOSLOVAK AND PRAGUE CREDIT BANK

Dec. 31	LIABILITIES					ASSETS				
	Capital and Reserves	Staff Pension Fund	Deposit Accounts	Current Accounts	Acceptances on account of Clients	Items in Transit	Cash in Hand and with Banks	Balances with Banks Abroad	Bills receivable	Investments
1932	Kc. 138,000,000	Kc. 62,329,600	Kc. 1,177,205,288	Kc. 2,061,950,812	Kc. 35,416,121	Kc. 69,678,562	Kc. 206,792,962	Kc. 46,022,061	Kc. 272,374,732	Kc. 399,202,071
1933	138,028,347	62,329,600	1,020,009,026	1,880,114,434	18,664,391	36,546,609	179,716,197	34,001,508	248,500,023	395,761,362
1934	138,072,478	62,329,600	915,962,039	1,739,781,025	19,036,090	23,962,059	177,097,488	36,691,289	190,820,380	395,859,546
1935	138,104,763	62,329,600	974,898,892	1,722,268,461	28,525,008	23,248,982	238,965,057	49,719,832	145,255,742	416,321,891
1936	138,137,894	62,329,600	1,034,541,007	1,757,416,620	30,057,253	23,149,015	290,882,425	94,910,648	155,485,055	447,524,538

ANGLO-INTERNATIONAL BANK, LIMITED

The directors submit a report for the year ending December 31, 1936, which states that the net losses on the realisation of assets and sundry provisions amounted to £72,714, and expenses in connection with the liquidation of foreign branches amounted to £3,149, making a charge to profit and loss account of £75,863;

from this sum has been deducted the surplus of interest, dividends, commissions, etc., over general expenses and directors' fees, £10,646, leaving a debit balance for the year of £65,217, which, added to the balance brought forward from the previous year, £421,806, makes a total debit balance of £487,023.

Dec. 31	LIABILITIES					ASSETS				
	Capital	Current, Deposit and other Accounts	Acceptances and Guarantees for Account of Customers	Cash with Bankers and in Hand	Money at Call	Balances with Bankers Abroad	Bills Receivable	Securities and Investments	Notes and Treasury Bills, etc.	Advances, etc.
1932	1,960,008	862,129	1,826,206	139,154	230,000	60,950	31,713	738,899	198,054	1,201,328
1933	1,960,008	509,763	1,414,266	42,429	225,000	31,412	88,315	455,448	191,263	1,238,330
1934	1,960,008	442,310	1,176,116	39,468	225,000	38,649	64,079	589,482	128,655	1,180,085
1935	1,960,008	505,242	1,084,465	39,734	245,000	42,510	61,372	758,624	128,939	1,084,465
1936	1,960,008	569,084	907,980	50,759	245,000	16,503	75,656	1,125,568	128,331	907,980

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK, LIMITED

The report of the directors for the year ended January 31, 1937, states that the net profits, after making provision for bad and doubtful debts and income tax, amount to £17,223, which, with

the balance of £82,281 brought forward from last year, make a total of £99,504: of this it is proposed to place £50,000 to the credit of a reserve fund, and to carry forward the balance of £49,505.

January 31	LIABILITIES					ASSETS				
	Capital	Current, Deposit and other Accounts	Acceptances and Confirmed Credits	Cash in Hand and at Call	Balances with Banks abroad	Bills discounted	Investments	Advances, etc.	Banco Nacional Ultramarino, Lisbon and Branches, Accounts	Premises
1933	1,000,000	562,191	294,472	254,782	120,806	291,409	412,785	170,549	197,325	241,819
1934	1,000,000	664,567	380,818	278,321	164,898	373,539	393,598	197,325	234,631	208,774
1935	1,000,000	734,661	632,684	350,999	175,007	444,799	365,175	234,631	235,425	134,275
1936	1,000,000	638,965	535,822	379,349	202,046	691,770	274,018	235,425	399,069	83,668
1937	1,000,000	985,217	767,666	378,528	62,854	712,590	272,932	399,069	158,749	158,749

BANK OF AMERICA

December 31	LIABILITIES					ASSETS				
	Capital, Surplus and Profit and Reserves	Liabilities for Letters of Credit, Acceptances, etc.	Deposits	Circulation	Redeemable and Bills Payable	Cash and due from Banks	Investments and Securities	Stock in Federal Reserve Bank	Loans, Discounts and Bankers' Acceptances	Premises, etc.
1932	\$ 107,388,891	\$ 11,096,808	\$ 700,447,811	\$ 45,900,000	\$ 11,875,839	\$ 64,297,317	\$ 280,252,550	\$ 2,700,000	\$ 480,675,374	\$ 41,777,824
1933	112,357,400	20,992,019	826,051,868	45,900,000	...	106,488,147	334,346,029	2,700,000	483,678,945	39,014,219
1934	105,977,315	17,554,907	967,695,995	45,900,000	...	130,945,752	485,160,617	2,700,000	472,382,553	37,306,115
1935	104,107,653	18,046,264	1,155,265,465	...	...	134,989,706	620,219,559	2,475,000	451,009,354	35,394,076
1936	108,159,177	23,221,264	1,298,976,759	...	...	204,171,712	623,904,982	2,505,000	532,076,966	34,759,618

* Includes figures of Bank of America State Bank.

† Includes investments in Federal Deposit Insurance Corporation.

BANCA COMMERCIALE ITALIANA

The net profit for the year ended December 31, 1936, was 18,271,444 lire.

The net profit for the year ended December 31, 1933.										ASSETS				
LIABILITIES														
Dec. 31	Capital and Reserves	Bills Payable	Commercial Acceptances	Deposits and Current Accounts	Guarantees	Rebate on Bills	Securities Deposited	Cash in Hand	Bills Receivable, Govt. Securities and Money at Call	Contango and Loans	Participations in Affiliated Banks	Govt. Securities and Other Bonds and Shares	Current Accounts	
	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	
1932	1,280,000,000	164,213,757	161,964,667	7,677,870,399	799,933,159	49,683,584	8,910,970,387	510,109,367	5,016,638,698	118,303,565	238,920,390	406,896,132	5,029,104,000	
1933	840,000,000	172,240,564	174,798,456	8,049,268,538	434,483,612	23,897,227	8,270,076,947	531,004,752	5,759,750,801	129,877,320	279,130,867	243,890,257	2,675,795,817	
1934	844,244,493	196,587,424	191,811,548	7,840,409,929	293,135,070	4,213,065	8,936,653,538	460,641,291	5,161,446,833	132,643,392	254,465,901	170,379,252	2,601,193,610	
1935	844,785,376	199,914,293	24,329,912	6,960,026,563	207,265,021	7,293,737	7,991,987,675	664,770,826	4,657,177,195	118,296,294	252,892,498	192,887,994	2,298,101,465	
			29,484,872	6,901,421,208	199,168,203	5,393,536	6,832,915,038	640,014,833	4,683,231,753	93,402,047	251,794,096	128,735,052	2,044,898,930	

BANK OF ATHENS

The report of the directors for the year ended December 31, 1936, states that net profits, after making the necessary provisions for amortisation, general expenses, taxes, installations and repairs to premises, and the payment of Drs. 2,902,824 into the

staff pension fund, amount to Drs. 21,116,510. It was proposed to declare a dividend of Drs. 12 per share, and to carry forward the balance of Drs. 5,195,366.

December 31	LIABILITIES							ASSETS						
	Capital and Reserves	Sight Deposits	Fixed Deposits	Deposits in Guarantee	Savings Bank	Current Accounts	Cheques Payable	Cash in Hand, at Bank and Treasury Bills	Due from Banks Abroad	Bills Receivable	Loans, Advances, Discounts, etc.	Current Accounts	Securities	
1932	176,000,000	682,423,518	572,272,375	28,951,208	514,337,718	392,344,515	52,781,905	218,427,138	110,232,077	278,015,239	1,000,920,390	523,945,090	215,835,781	
1933	176,000,000	857,464,758	558,469,769	37,336,865	653,101,421	304,659,734	52,392,444	431,743,198	82,033,728	325,698,998	899,861,485	615,013,084	207,991,710	
1934	176,000,000	900,419,519	529,690,677	40,367,579	713,525,171	262,912,596	35,684,350	290,609,654	58,742,858	492,363,818	928,581,409	598,925,999	213,894,828	
1935	176,000,000	878,179,945	450,568,388	38,321,310	682,618,617	289,309,334	32,394,305	263,800,560	68,709,082	476,246,778	905,882,225	538,848,341	221,152,733	
1936	176,000,000	879,777,476	439,856,921	41,611,658	742,909,996	260,095,182	31,831,272	321,376,249	96,642,680	494,204,055	831,244,476	528,925,193	203,661,250	

BANKERS' TRUST COMPANY, NEW YORK

December 31	LIABILITIES							ASSETS						
	Capital and Surplus Fund	Un-divided Profits	Contingency Fund	Deposits	Out-standing and Certified Cheques	Out-standing Acceptances		Cash in Hand and at Banks	Ex-changes for Clearing House	U.S. Govt. Securities	Demand Loans	Time Loans and Discounts	Securities and Investments	Customers' Liability on Acceptances
1932	75,000,000	27,136,109	5,000,000	604,433,680	17,433,751	30,380,065		80,823,087	23,209,655	319,300,000	62,025,213	176,973,399	39,987,601	29,428,022
1933	75,000,000	10,030,599	15,849,392	595,278,582	16,447,172	16,172,954		111,724,952	28,901,289	242,478,351	66,387,080	205,717,183	44,207,626	14,955,865
1934	75,000,000	12,018,798	16,922,710	861,365,212	21,622,819	6,803,883		189,202,302	55,875,115	437,811,600	49,922,006	183,182,634	50,387,524	5,937,672
1935	75,000,000	18,366,035	13,966,038	860,783,720	49,592,323	4,193,581		190,298,399	82,091,686	458,595,209	50,794,858	158,125,324	55,428,410	3,765,941
1936	75,000,000	23,937,771	8,200,000	910,920,321	42,700,840	9,273,253		225,816,844	59,575,789	448,876,818	76,987,807	175,958,646	50,075,920	8,361,325

BANCO DI ROMA

The net profits for the year 1935 were 5,139,040 lire.

December 31	LIABILITIES							ASSETS						
	Capital and Reserves	Deposits on Current and Savings Accounts	Balances Due to Correspondents	Circular Cheques	Acceptances on behalf of Customers	Guarantees for Third Parties	Sundry Deposits	Cash in Hand and with Banks	Portfolio Treasury Bills, and Sight Funds	Balances Due by Correspondents	Secured Advances	Investments	Securities on Deposit	
1931	259,000,000	422,870,237	1,692,201,345	84,206,639	58,604,269	105,193,665	1,104,761,871	479,981,284	788,946,737	578,855,934	110,832,794	225,641,725	109,108,700	
1932	282,000,000	441,259,451	1,772,517,955	87,267,030	88,659,099	92,354,927	1,261,534,378	510,316,868	712,291,378	692,025,639	113,443,516	237,085,663	126,591,100	
1933	240,000,000	611,777,776	1,833,605,306	98,934,020	60,717,051	75,334,695	1,943,010,322	434,170,948	1,020,238,999	894,962,819	211,868,937	126,012,122	139,156,500	
1934	241,280,840	688,274,377	1,766,815,436	95,254,530	69,186,774	102,095,859	2,722,524,207	421,615,788	1,035,501,572	774,292,691	277,425,899	108,135,451	154,839,500	
1935	242,280,840	665,129,453	1,843,532,080	108,099,152	7,156,290	103,431,121	3,415,778,790	461,127,147	1,204,025,367	708,364,073	233,488,454	107,654,456	184,938,500	

BANK OF LONDON AND SOUTH AMERICA, LIMITED

The profit for the year ended September 30, 1936, after deducting all expenses and charges, and after providing for bad and doubtful debts and legal reserves in South America, amounts to £252,851. To this sum has to be added £167,274 brought forward from last year, making a total of £420,025. From this unappropriated balance the directors recommend the following

distribution:—To dividend of 3 per cent., payable December 22, 1936, subject to income tax, £106,200; to writing off special legal and other expenses incurred during the year £25,000; to contingency reserve, £120,000; to profit and loss carried forward, £168,925. During the year the bank has taken over the business of the Anglo-South American Bank. The issued capital has been increased to £4,040,000.

September 30	LIABILITIES							ASSETS						
	Capital and Reserves	Current and Deposit Accounts, and Contingency Reserve	Bills Payable	Acceptances on behalf of Customers	Bills for Collection on account of Customers	Cash in Hand, at Banks, and at Call		Bills Receivable	Advances Securities, etc.	Premises				
1932	5,040,000	41,368,197	629,962	1,152,747	7,823,294	17,069,414		10,354,868	18,304,964	1,960,589				
1933	5,040,000	42,738,822	474,383	1,353,840	7,546,067	17,541,804		9,227,403	20,187,013	1,961,888				
1934	5,040,000	31,362,686	625,476	1,611,076	7,624,610	9,632,729		6,661,702	19,362,388	1,986,000				
1935	5,400,000	28,288,764	660,544	1,719,341	6,350,249	7,144,263		6,025,981	18,662,678	1,913,705				
1936	6,040,080	55,403,372	1,167,703	2,604,644	6,932,716	13,520,831		10,118,802	35,075,487	2,852,808				

BANCO ESPANOL DEL RIO DE LA PLATA

June 30	LIABILITIES							ASSETS						
	Capital, Reserve and Contingency Fund	Deposits	Re-discounts	Securities deposited	Cash	Discounts, Bills for Collection, Advances		Advances on Mortgages	Accounts Overdue and in Liquidation	Properties received in Payment of Advances	Securities	Argentine Government Treasury Bills	Bills for Collection for Account of Third Parties	Mortgage Loans for Account of Third Parties
1931	5,665,231	27,045,197	6,459,728	34,801,680	3,397,149	24,682,638		2,801,534	2,588,770	1,532,714	1,725,727	2,897,301	2,965,116	1,070,478
1932	5,908,681	23,952,661	7,817,143	34,988,662	2,718,187	22,414,855		3,201,107	2,620,982	1,986,673	2,301,725	3,710,817	3,710,817	1,181,912
1933	6,816,738	24,796,994	6,791,232	36,821,498	3,025,599	21,032,670		3,711,099	2,623,940	2,155,689	2,891,078	3,710,817	3,710,817	1,182,908
1934	5,830,348	27,218,457	6,666,690	43,255,870	3,979,971	20,982,048		4,008,408	2,590,636	2,579,485	3,112,269	3,064,766	3,064,766	1,263,949
1935	5,839,936	23,198,658	7,228,342	29,099,988	1,365,706	19,971,969		4,163,675	2,529,656	2,961,570	2,925,125	1,960,841	1,960,841	1,284,449

THE BANK OF ROUMANIA, LIMITED

The report for the year 1935 states that after meeting current expenses and depreciation of investments, there is a deficit of £5,857. This figure is arrived at before bringing in the balance

of the Bucharest profit and loss account of £6,715, which is not transferable under existing exchange regulations and has been passed to provision for bad and doubtful accounts in Roumania.

December 31	LIABILITIES					ASSETS						
	Capital and Reserves	Current Accounts, etc.	Guarantees, etc., for Account of Customers	Subsidiary Companies' Current Accounts	Cash in Hand and at Banks	Balances with Banks Abroad	Money at Call and Short Notice in London	British Treasury Bills	Investments	Bills Receivable, Loans, Current and Other Accounts	Property Account	
1931	310,000	714,099	69,855	6,695	128,749	81,829	70,000	155,000	163,782	425,020	4,012	
1932	300,000	844,266	44,477	5,449	258,264	44,934	285,000	100,000	25,985	430,393	4,399	
1933	300,000	872,363	77,050	7,799	280,282	21,060	30,000	350,000	26,688	461,436	4,311	
1934	300,000	1,412,071	87,122	3,051	791,739	10,259	125,000	250,000	31,823	482,802	17,258	
1935	300,000	1,246,401	32,636	3,956	436,806	7,416	25,000	*	586,618	665,141	17,632	

* Not shown separately.

THE BANK OF TAIWAN, LIMITED

Dec.	LIABILITIES							ASSETS						
	Capital and Reserves	Notes in Circulation	Deposits, etc.	Bills Payable	Bills Rediscounted	Acceptances and Guarantees, etc.	Due to Correspondents	Cash in Hand and at Banks	Bullion	Discounts, Loans, etc.	Interest Bills, Bills Bought and Export Advances	Government Bonds, etc.	Due from Correspondents	Premises and Estate
1932	16,744,000	52,626,450	259,282,364	38,074,998	86,909,635	8,096,188	4,600,253	22,364,644	20,091,388	245,893,428	89,233,258	89,162,880	2,071,952	8,154,304
1933	17,394,000	48,993,959	256,576,207	43,995,261	49,515,985	4,324,724	3,014,182	16,437,511	20,161,352	228,390,415	53,623,425	90,835,549	1,946,591	6,983,874
1934	18,104,000	62,633,877	264,470,796	38,050,000	33,725,308	4,326,875	2,638,177	16,262,787	19,857,496	212,951,387	71,427,871	86,055,178	2,191,499	4,782,699
1935	18,004,000	70,190,978	255,763,541	48,811,280	11,766,647	6,316,551	1,957,809	12,162,956	15,469,212	212,765,557	59,572,851	100,094,852	1,665,043	4,838,691
1936	18,054,000	63,693,700	257,690,062	57,938,643	3,800,616	3,076,606	1,713,804	12,862,140	15,557,040	203,674,503	61,833,236	103,812,626	659,541	4,687,700

BANQUE COMMERCIALE DU CONGO

The report of the board of directors for the year 1935-36 announces a net profit of Frs. 2,391,297, out of which a dividend of 8 per cent. free of tax, has been paid. Frs. 250,000 have been allotted to the reserve, and Frs. 5,718 are carried forward.

Owing to a change in the presentation of the balance sheet, the figures for 1935-36, below, are only approximately comparable with those of previous years.

June 30	LIABILITIES							ASSETS						
	Capital and Reserve	Dividend Due	Sundry Creditors	Advances against Securities	Bills Payable	Sundry Accounts		Cash in Hand and at Bank	Government Securities	Sundry Debtors	Bills Receivable	Investments	Sundry Accounts	Debtors for Acceptances
1932	40,500,000	2,406,639	176,703,304	270,896	8,331,324	3,972,950		19,081,002	149,214,521	42,150,463	3,537,373	10,488,401	Fr.	Fr.
1933	41,000,000	2,108,434	247,297,554	265,446	1,867,729	3,176,794		14,477,832	231,825,925	33,162,484	2,804,500	10,803,722	23,097	...
1934	41,500,000	2,108,434	207,757,124	285,446	1,249,908	3,176,794		11,830,639	195,887,411	29,155,447	5,733,277	9,696,768	54,982	11,912
1935	35,000,000	2,100,347	107,989,940	...	1,905,389	1,669,381		26,727,663	84,800,315	25,592,006	6,326,877	...	45,937	1,235,260
1936	35,000,000	2,391,297	201,788,409	...	71,134	2,765,341		5,406,842	124,201,737	18,218,460	90,212,674	...	13,176	...

BANQUE DU CONGO BELGE

The report of the directors for the year 1935-36 shows a net profit of Frs. 6,539,748. This permits the increase of the dividend from 10 to 11 per cent.* The reserves are increased by Frs. 500,000, and Frs. 2,661,762 go to the Trésor Colonial.

June 30	LIABILITIES	
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BRITISH AND CONTINENTAL BANKING COMPANY LIMITED.—Continued from page 59

September 30	LIABILITIES					ASSETS				
	Capital and Reserve	Current Accounts	Deposit and Other Accounts, etc.	Acceptances and Endorsements		Cash in Hand, at Bankers and at Call	British Treasury Bills and Government Bonds	Other Bills	Investments	Deposits in London and Paris, Advances, Guarantees, etc.
1932	£410,005	£280,038	£186,897	£...		£241,877	£120,210	£197,254	£207	£317,392
1933	165,000*	214,332	405,343	...		130,771	154,231	225,514	109,289	164,890
1934	175,000	164,491	403,135	133,835		156,436	45,371	249,755	184,212	106,852
1935	185,000	119,247	471,188	80,467		180,627	35,000	199,889	159,597	200,313
1936	192,500	517,555	601,305	50,000		511,261	50,000	341,616	100,209	309,274

* After cash repayment of £250,000.

BRITISH OVERSEAS BANK, LIMITED

The directors' report states that the profit, after allowing rebate of interest and providing for all bad and doubtful debts (other than provided for out of contingencies account), for the year ended October 31, 1936, amounts to £62,376; balance available from last account, £66,770, making a total of £129,146.

which has been appropriated as follows: In payment of a dividend on the "A" ordinary shares at the rate of 6 per cent. per annum (less income tax) for the year ended October 31, 1936, which together with income tax thereon amounts to £60,000, leaving a net balance to be carried forward to next year of £69,146.

October 31	LIABILITIES					ASSETS							
	Capital and Reserves	Current Deposit and other Accounts	Acceptances, etc.	Cash in Hand and at Bankers	Money at Call and Short Notice	Balances with Bankers Abroad	Bills Discounted	Government Securities	Investments	Advances, etc.	Owed by Subsidiary Companies	Premises	
1932	£2,175,000	£2,531,990	£3,448,932	£252,400	£595,792	£192,830	£647,496	£450,467	£563,109	£1,594,242	£136,129	£336,115	
1933	2,250,000	2,599,182	2,988,843	216,638	685,576	150,442	662,732	396,771	1,840,098	53,939	336,624		
1934	2,250,000	2,964,622	3,121,136	229,388	945,996	145,423	498,095	379,936	515,849	2,024,740	142,023	336,781	
1935	2,250,000	2,638,403	2,988,526	247,417	869,329	208,471	553,525	370,629	587,013	1,782,860	14,715	336,961	
1936	2,250,000	3,982,509	4,078,265	255,894	1,259,943	456,753	973,462	446,345	594,389	1,956,870	33,485	337,078	

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

The directors report that there has been an increase of \$4,566,917 in the undivided profits account during the year ended December 31, 1936, as shown herewith:—Undivided profits January 1, 1936, \$21,897,329; add earnings for

1936, \$17,264,566; totalling \$39,161,896; less dividends paid during 1936, \$11,947,649; transferred to surplus \$750,000, making the undivided profits at December 31, 1936, \$28,464,247.

Dec. 31	LIABILITIES					ASSETS									
	Capital and Reserves	Deposits	Certified and Cashier's Cheques	Circulating Notes	Acceptances	Liability for Acceptances and Foreign Bills	Other Liabilities	Cash and Due from Banks	Securities and Investments	Loans, Discounts and Bankers' Acceptances	Real Estate	Mortgages	Customers' Acceptance Liability	Other Assets	
1932	\$275,067,730	\$1,466,038,619	\$...	\$...	\$89,507,435	\$1,217,824	\$20,758,974	\$391,297,423	\$446,701,815	\$887,187,429	\$32,716,426	\$...	\$85,812,421	\$12,574,864	
1933	211,303,363	1,338,899,324	25,640,125	18,120,000	99,716,312	389,045	18,730,134	304,790,578	454,572,716	795,192,027	42,672,453	\$...	94,506,175	22,204,353	
1934	238,896,119	1,639,086,387	70,705,988	...	43,836,820	408,055	6,117,478	514,731,534	734,634,393	651,069,766	41,570,414	4,055,282	41,436,542	11,552,918	
1935	241,858,177	2,075,121,091	...	...	20,518,920	7,771,009	5,279,967	855,637,783	775,522,673	638,002,317	43,047,739	2,550,793	18,674,106	17,113,783	
1936	243,248,456	2,296,209,092	...	...	17,360,230	8,174,216	7,190,078	669,417,980	103,671,012	772,031,008	41,475,886	10,681,010	15,193,897	16,672,185	

COMMERCIAL BANK OF THE NEAR EAST, LIMITED

The following is a statement of the results for the year 1936: Profit for the year, after making provision for bad and doubtful debts, rebate and directors' fees, £6,059; add balance brought forward from the year ended December 31, 1935, £2,976—£9,036. In view of the unsettled international conditions

which exist at present, the directors have decided not to declare a dividend, but to strengthen reserves, as follows: to reserve fund, including the 5 per cent. required by the articles of association, £3,000; to contingency account, £5,500, leaving to be carried forward £536.

December 31	LIABILITIES					ASSETS									
	Capital and Reserves	Current, Deposits and other Accounts	Bills for Collection	Acceptances, Endorsements, etc.		Cash in Hand and at London Bankers	Money at Call	Remittances in Transit	Balances with Foreign Banks	Bills Discounted	Investments	Advances to Customers, etc.	Furniture and Fittings		
1931	£200,000	£432,335	£148,523	£52,570		£27,299	£20,000	£1,030	£68,518	£64,477	£120,078	£206,277	£1,743		
1932	200,000	361,039	101,813	26,841		17,008	30,000	1,241	17,773	89,340	73,652	201,989	1,583		
1933	200,000	308,672	111,721	22,288		14,041	15,000	2,025	27,925	76,828	111,050	193,998	1,489		
1934	207,000	270,288	84,611	20,824		14,109	95,000	486	14,142	46,115	140,353	167,297	1,414		
1935	207,000	323,711	135,304	34,993		44,578	...	2,555	48,080	74,512	177,176	185,528	1,280		

THOS. COOK AND SON (BANKERS), LIMITED

October 31	LIABILITIES					ASSETS									
	Capital and Reserves	Current Deposit and other Accounts, etc.	Balances due to Subsidiary Companies	Liability to Customers on account of Engagements, etc.		Cash in Hand and with Bankers on Account	Deposits with Bankers	Currencies in Hand	Remittances in Transit	Money at Call and Short Notice	Discounts	Investments	Advances	Premises	
1932	£250,000	£2,974,165	£4,706	£17,221		£603,051	£885,732	£25,863	£290,188	£295,000	£331,753	£519,039	£216,878	£1,571	
1933	250,000	2,904,761	38,184	14,661		599,813	1,207,500	26,332	126,651	185,000	341,457	494,300	148,076	59,515	
1934	250,000	3,182,993	55,201	14,394		416,258	1,798,750	25,715	134,154	180,000	183,664	571,480	180,403	57,789	
1935	250,000	3,241,664	66,048	18,899		613,978	1,784,182	27,369	162,121	95,000	102,696	506,530	209,510	56,327	
1936	250,000	4,016,801	40,845	24,384		707,411	1,953,124	28,286	210,740	435,000	10,134	622,829	283,272	56,870	

CRÉDIT LYONNAIS

Dec. 31	LIABILITIES					ASSETS									
	Capital and Reserves	Deposits at Call	Current Accounts	Accounts Payable after Collection	Acceptances	Fixed Deposits	Cash in Hand and at Banks	Discounts and French Treasury Bills	Loans and Advances	Current Accounts	Investments	Sundries			
1932 ...	Frs. 1,208,000,000	Frs. 5,687,803,452	Frs. 8,385,069,612	Frs. 227,954,483	Frs. 169,497,325	Frs. 341,340,339	Frs. 5,440,409,976	Frs. 7,103,757,424	Frs. 258,627,124	Frs. 3,310,108,494	Frs. 4,508,942	Frs. 347,285,584			
1933 ...	1,208,000,000	5,789,745,457	7,989,695,845	199,911,092	124,193,914	308,852,222	4,526,897,834	7,803,462,344	370,886,954	2,978,720,540	4,636,019	372,462,789			
1934 ...	1,208,000,000	5,267,941,710	6,778,734,225	177,842,035	58,128,610	356,342,811	2,809,468,577	7,640,560,454	385,709,486	3,089,604,245	3,077,402	347,722,174			
1935 ...	1,200,000,000	4,851,788,609	5,881,350,423	161,258,089	73,556,677	154,293,702	1,963,606,180	7,424,110,862	332,690,222	2,860,988,595	3,796,978	343,835,035			
1936 ...	1,200,000,000	4,332,856,183	5,764,195,742	218,289,265	184,920,439	653,791,205	1,594,351,857	7,334,645,809	414,829,446	2,504,640,830	3,509,077	589,563,749			

The NATIONAL BANK OF NEW ZEALAND

Estd. 1872

Limited

DIRECTORS:

SIR AUSTIN E. HARRIS, K.B.E. (CHAIRMAN).
THE RIGHT HON. LORD BALFOUR OF BURLEIGH.
THE RIGHT HON. VISCOUNT HAMPDEN, G.C.V.O., K.C.B., C.M.G.
SYDNEY PARKES, ESQ.
RICHARD DURANT TROTTER, ESQ.
ARTHUR WILLIS, ESQ.

HEAD OFFICE: 8 MOORGATE, LONDON, E.C.2
Manager: A. O. Norwood

CHIEF OFFICE IN NEW ZEALAND: WELLINGTON

Advisory Director: Sir James Grose

General Manager: P. R. M. Hanna

Subscribed Capital - £6,000,000
Paid-up Capital - £2,000,000
Reserve Fund - £1,000,000
Currency Reserve - £500,000

The Bank conducts every description of banking business connected with New Zealand.

CREDIT FONCIER D'ALGERIE ET DE TUNISIE

Limited Liability company incorporated in France in 1880
Telegraphic Address: FONCALTUN, LONDON 'Phone (5 lines): NAT. 9291

CAPITAL: Frs. 150 MILLIONS

OVER 130 BRANCHES IN
ALGERIA, TUNIS, MOROCCO & NEAR EAST
62 BISHOPSGATE, LONDON, E.C.2

MOODY'S INVESTORS SERVICE

65 BROADWAY, NEW YORK
KING WILLIAM ST. HOUSE, LONDON

5 RUE LOUIS-LE-GRAND,
PARIS, 2.E
TEL. OPERA 75-30

IN OPENING AN OFFICE IN PARIS AT THE ABOVE ADDRESS, MOODY'S HAVE ADVANCED A FURTHER STEP TOWARDS THEIR AIM OF PROVIDING THEIR CLIENTS ALL OVER THE WORLD WITH INFORMATION ON THE SECURITIES AND TRADE OF ALL COUNTRIES IN THE WORLD

English, Scottish & Australian Bank, Limited

Head Office: 5 GRACECHURCH ST., E.C.3
and 383 Branches and Agencies throughout Australia.

Subscribed Capital - £5,000,000
Paid-up Capital - £3,000,000
Further Liability of Proprietors £2,000,000
Reserve Fund - £1,680,000
Special Currency Reserve - £1,585,000

Board of Directors:

ANDREW WILLIAMSON, Esq., Chairman.
C. L. BAILLIEU, Esq., C.M.G. SIR GEORGE SCHUSTER, K.C.S.I., K.C.M.G., C.B.E., M.C.
LORD HUNSDON SIDNEY M. WARD, Esq.
E. M. JANION, Esq. SIR FREDERICK W. YOUNG.

Manager & Secretary—A. A. SHIPSTON.
Asst. Mgr.—F. C. HOUNSFIELD Sub-Mgr.—H. L. BALDING.
Accountant—R. J. ALLEN.

Bankers: Bank of England; Westminster Bank Limited.

Chief Office in Australia:

COLLINS STREET, MELBOURNE

Drafts issued on the Branches and Agencies of the Bank throughout Australia. Circular Letters of Credit and Travellers' Cheques issued. Remittances made by Telegraphic Transfer. Bills Negotiated or forwarded for Collection. Wool and Produce Credits arranged. Banking and Exchange Business of every description transacted with Australia.

BANK OF LONDON & SOUTH AMERICA LIMITED

Affords a complete international banking service through its branches in

ARGENTINA, URUGUAY
PARAGUAY, CHILE, COLOMBIA
ECUADOR, GUATEMALA
NICARAGUA, PERU, SALVADOR
VENEZUELA, BRAZIL, SPAIN
PORTUGAL, FRANCE

Head Office:

6, 7 & 8 TOKENHOUSE YARD
LONDON, E.C.2

Agencies in:

New York, Manchester, Bradford

CREDITO ITALIANO

At the annual general meeting held on March 31, 1937, it was decided to allocate the net profit of 28,674,447 lire and the profits of 2,565,379 lire brought forward from 1935, as follows:—to

LIABILITIES							ASSETS						
Dec. 31	Capital and Reserves	Deposits and Savings Accounts	Current Accounts	Acceptances on behalf of Customers	Cheques Outstanding	Sundry Creditors	Guarantees on Account of Customers	Cash in Hand and at Call	Bills Receivable	Loans Against Collateral	Current Accounts	Investments	Sundry Debtors
1932...	800,000,000	1,232,374,346	4,884,842,563	144,007,819	166,965,491	69,697,910	359,066,694	470,708,132	3,876,254,898	298,513,506	1,725,732,086	639,639,096	251,083,224
1933...	800,000,000	1,501,758,150	4,390,802,673	127,323,950	174,184,457	59,467,515	228,747,147	470,708,132	4,022,483,618	232,613,241	1,128,024,849	791,913,451	109,170,550
1934...	602,989,372	1,538,496,598	4,211,070,341	117,086,788	156,658,020	74,567,442	228,446,542	339,865,887	3,877,522,132	105,740,834	1,371,342,956	752,186,576	180,739,120
1935...	605,880,040	1,498,886,181	4,260,164,875	8,395,220	202,811,189	106,490,943	200,846,796	359,269,560	3,800,281,243	67,754,803	1,525,338,167	714,103,677	86,544,535
1936...	608,792,289	1,827,407,558	4,045,954,520	4,477,832	228,655,244	121,820,076	189,320,638	596,511,847	3,684,954,255	1,506,320,354	653,727,627	151,612,763	

COMPTOIR NATIONAL D'ESCOMPTE DE PARIS

LIABILITIES							ASSETS						
Dec. 31	Capital and Reserves	Current and Deposit Accounts	Fixed Deposits	Acceptances	Cash in Hand and at Banks	Discounts and French Treasury Bills	Loans and Advances	Current Accounts	Branches Abroad	Investments	Credit Balances with Correspondents	Sundry Accounts	
1932...	835,951,968	9,055,428,638	47,930,890	69,901,222	1,537,722,465	5,999,200,094	294,227,118	1,264,774,170	29,301,183	13,190,898	880,376,755	18,783,772	
1933...	837,844,517	7,834,497,008	35,765,640	47,412,213	1,432,127,402	4,754,723,334	316,063,860	1,342,204,472	49,511,933	13,263,918	872,727,261	21,714,477	
1934...	839,672,636	7,572,546,062	29,660,270	65,007,490	1,429,055,170	4,424,936,984	395,371,799	1,255,190,228	25,426,808	7,651,789	979,144,244	20,508,722	
1935...	841,698,358	6,708,728,881	25,004,920	114,590,433	1,430,736,631	3,779,641,237	346,680,341	1,192,860,774	39,483,784	13,335,103	861,277,839	18,805,866	
1936...	843,909,023	7,425,831,083	30,421,150	140,549,892	1,410,047,977	4,223,551,321	448,691,930	1,471,007,781	51,125,747	7,646,592	703,194,344	40,784,491	

CRÉDIT FONCIER D'ALGÉRIE ET DE TUNISIE

LIABILITIES							ASSETS						
December 31	Capital and Reserves	Joint Account with Crédit Foncier de France*	Current and Deposit Accounts	Time Deposits	Correspondents and Creditors	Acceptances, etc.	Cash	Bills	Correspondents	Investments	Advances Against Securities	Current Accounts	Syndicates
1931...	180,857,771	369,163,108	1,495,840,323	450,941,031	197,160,630	19,668,514	125,753,388	1,422,229,401	113,573,290	48,175,505	180,071,320	372,479,315	52,927,069
1932...	181,509,425	515,524,300	1,780,897,540	354,742,839	147,494,253	24,346,563	180,716,641	1,409,397,838	102,112,086	51,200,704	253,556,937	408,284,414	49,228,373
1933...	182,331,502	579,501,156	1,654,649,422	366,258,236	131,459,227	18,699,973	140,942,924	1,291,180,907	69,676,367	54,567,667	292,708,567	398,482,344	50,648,596
1934...	183,068,368	595,631,784	1,580,675,010	306,401,920	149,499,240	17,791,300	104,759,970	1,207,413,112	68,548,708	53,062,950	365,985,185	358,352,824	48,905,225
1935...	183,800,828	583,270,290	1,291,188,258	315,639,922	146,057,784	17,665,814	102,473,372	885,365,691	72,350,932	53,449,364	374,068,528	382,701,259	50,554,521

* Offset by equal assets.

CITY BANK FARMERS TRUST COMPANY

LIABILITIES							ASSETS						
Dec. 31	Capital and Surplus	Undivided Profits	Reserves	Deposits	Cash and Due from Banks and Bankers	Loans and Other Secured Advances	U.S. Government Obligations (Direct or Fully Guaranteed)	Other Bonds Mortgages and Securities	Stock in Federal Reserve Bank	Bank Premises	Other Assets		
1932...	20,000,000	1,797,536	143,502	50,752,702	25,748,422	8,284,599	14,636,172	15,803,696	...	5,563,360	2,657,491		
1933...	20,000,000	1,748,152	176,799	47,399,612	15,129,969	21,699,349	8,079,696	16,393,178	...	5,414,092	2,618,279		
1934...	20,000,000	2,223,691	279,955	45,656,182	14,957,414	12,913,684	17,894,870	14,643,079	600,000	4,726,509	2,424,281		
1935...	20,000,000	2,805,961	1,057,513	87,528,709	36,275,953	39,771,668	18,573,843	18,573,843	600,000	4,577,240	2,182,045		
1936...	20,000,000	3,435,194	2,237,917	106,445,371	48,200,130	7,708,245	32,304,003	36,092,353	600,000	4,427,972	2,785,780		

GUARANTY TRUST COMPANY OF NEW YORK

LIABILITIES							ASSETS						
Dec. 31	Capital and Surplus Fund	Undivided Profits	Accrued Interest, Misc. Accounts, etc.	Acceptances	Deposits	Outstanding Cheques	Cash in Hand and with Banks	U.S. Govt. Securities	Notes of R.F.C.	Other Securities	Loans and Bills Purchased	Real Estate Bonds and Mortgages	Premises
1932...	260,000,000	11,233,494	6,512,829	85,968,777	1,018,967,670	19,810,548	197,891,874	527,071,010	...	112,618,493	456,157,496	2,391,701	6,393,017
1933...	260,000,000	7,985,636	5,708,549	106,189,769	994,126,731	25,455,921	202,490,022	393,763,199	29,637,638	107,121,584	541,614,198	14,071,405	21,882,835
1934...	260,000,000	7,294,720	10,267,571	94,908,218	1,237,038,329	22,975,116	333,576,269	464,507,036	20,000,000	96,053,087	579,712,918	13,821,691	14,779,524
1935...	260,000,000	7,398,412	15,076,421	71,334,590	1,485,303,641	28,627,522	620,800,526	474,469,017	...	80,907,459	592,238,794	12,990,699	13,547,352
1936...	260,000,000	9,356,562	27,583,280	47,501,324	1,709,643,127	35,166,883	680,220,293	590,105,249	...	86,092,407	668,293,384	12,322,210	13,277,131

HAMBROS BANK, LIMITED

The directors' report for the year ending March 31, 1936, shows that after payment of all expenses, making provision for rebate on bills discounted, bad and doubtful debts, and income tax, the accounts show a profit of £339,784. Deducting the directors' remuneration of £14,961, and adding the balance brought forward from last year of £94,192, there remains an available total of £419,014. After transferring £170,000 to contingency reserve account and allowing the sum of £50,375 for interim dividend

LIABILITIES							ASSETS						
March 31	Capital and Reserves	Profit and Loss Account	Current, Deposit and Other Accounts	Acceptances	Cash in Hand, at Bankers and at Call	Bills of Exchange	Investments	Loans, Advances and Other Accounts	Premises				
1932...	2,400,000	187,696	10,651,788	9,202,701	4,450,657	1,526,404	2,543,721	2,543,721	453,487				
1933...	2,400,000	189,543	10,643,073	7,825,292	3,276,042	2,543,721	2,543,721	2,543,721	453,487				
1934...	2,400,000	190,895	10,863,548	10,179,976	3,368,624	2,543,721	2,543,721	2,543,721	453,487				
1935...	2,400,000	192,617	13,564,998	10,940,561	4,083,332	2,543,721	2,543,721	2,543,721	453,487				
1936...	2,800,000	189,339	14,523,037	10,031,923	4,859,083	2,543,721	2,543,721	2,543,721	453,487				

THE HONGKONG AND SHANGHAI

The directors report that the net profits for the year ending December 31, 1936, together with £3,327,060 balance brought forward from last account, after paying all charges, deducting interest paid and due, and making provision for bad and doubtful accounts and contingencies, amount to £18,434,235. They recommend writing off bank premises account the sum of £1,000,000. After deducting £1,000,000, the interim dividend of

BANKING CORPORATION, LIMITED

£2 10s. per share, paid on August 10th last, viz.: £400,000 at 1s. 3d.—£6,269,388, and remuneration to directors, they recommend the payment of a final dividend of £3 per share, viz.: £480,000 which, at 1s. 3d., the rate of the year, will absorb £7,444,538. The balance £3,340,790 to be carried to new profit and loss account.

THE HONGKONG AND SHANGHAI BANKING CORPORATION, LIMITED

LIABILITIES							ASSETS						
Dec. 31	Capital and Reserves	Notes in Circulation	Current Accounts	Fixed Deposits	Bills Payable	Acceptances	Profit and Loss Account	Cash	Bullion in Hand and in Transit	British Government, Indian, Colonial and other Securities	Discounts, Loans and Credits	Bills Receivable, etc.	Premises
1932...	134,000,000	137,449,255	694,379,175	237,258,655	15,659,063	2,484,897	12,619,033	203,097,871	130,373,972	289,987,610	439,250,174	148,981,297	19,674,257
1933...	119,784,173	146,535,175	666,364,833	207,588,822	13,728,117	2,860,122	11,592,944	217,695,778	166,864,943	229,569,958	388,313,575	144,490,831	18,658,979
1934...	106,097,561	139,946,215	504,204,989	179,192,461	9,690,000	4,916,689	9,914,213	137,918,708	177,390,735	194,414,110	318,955,251	92,248,247	22,118,388
1935...	129,840,000	119,010,770	568,131,918	208,027,823	12,424,354	2,366,587	11,699,860	154,181,307	41,909,294	262,233,304	435,865,291	132,776,563	22,170,965
1936...	134,873,950	127,636,280	649,329,397	188,614,455	14,821,639	3,306,510	12,085,328	197,465,213	301,419,785	493,812,554	112,890,556	21,772,530	

THE IMPERIAL

The profits for the year ended March 20, 1936, after making provision for expenses of management, general charges in London and at chief office and branches, income tax, and bad and doubtful debts, amount to £75,786, to which has to be added £49,818 brought forward from last account, making a total of £125,604. The assets and liabilities of the branches in Iran have been converted at the rate of exchange of Rials 80 per £ sterling.

being the rate on March 20, 1936. The rate last year was Rials 66. The directors now recommend payment of a final dividend of 7s. per share, and a bonus of 2s. per share, making with the interim dividend of 4s. per share a total for the year of 13s., free of income tax. It is also proposed to add £10,000 to reserve, which is thereby increased to £740,000, and to carry forward £50,604.

LIABILITIES							ASSETS						
March 20	Capital and Reserves	Current and Fixed Deposits, etc.	Bills Payable, Provision for Contingencies, Endorsements, etc.	Acceptances, etc.	Profit and Loss Account	Cash in Hand, at Bankers, at Call, and Short Notice, and Bullion	British Government and Other Securities	Discounts, Loans, Advances, etc.	Bills Receivable	Premises			
1932...	1,540,000	2,555,647	1,379,834	150,622	91,087	2,256,089	3,354,209	846,933	514,282	8,520			
1933...	1,560,000	2,730,969	1,551,160	150,622	91,889	1,059,772	3,545,805	869,787	450,910	7,744			
1934...	1,570,000	3,128,793	1,655,914	278,159	94,058	1,053,273	3,467,919	1,268,583	653,617	5,373			
1935...	1,580,000	3,065,478	2,009,720	620,325	95,604	1,278,923	3,552,066	1,222,163	694,194	2,670			
1936...	1,590,000	3,587,911	1,927,578	970,266	95,604	1,102,424	3,259,738	2,082,757	654,581	1,592			

INTERNATIONAL BANKING CORPORATION

INTERNATIONAL BANKING CORPORATION									ASSETS				
LIABILITIES													
December 31	Capital and Surplus	Undivided Profits	Deposits	Notes in Circulation in China	Items in Transit with Branches	Acceptances	Reserves	Other Liabilities	Cash and Due from Banks and Bankers	Loans, Discounts and Advances	Bonds and Securities	Customers' Liability Account of Acceptances	Other Assets
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1932	5,000,000	4,836,481	6,244,083	1,419,381	150,449	930,131	1,640,490	3,015	5,748,305	2,681,598	10,867,509	889,169	57,449
1933	5,000,000	3,166,032	7,563,124	980,937	154,112	1,476,486	4,305,554	3,456	6,688,912	3,068,323	11,425,031	1,397,254	71,111
1934	5,000,000	3,223,533	11,325,714	679,979	1,558,770	4,403,135	2,192	2,192	10,057,749	3,510,676	11,416,678	1,526,438	78,675
1935	6,000,000	2,173,144	12,044,103	453,671	213,944	3,076,316	406,064	2,466	9,285,434	4,792,330	7,166,085	3,067,000	58,589
1936	6,000,000	2,170,008	7,276,608	315,907	155,899	794,400	355,626	...	7,173,602	3,330,125	5,791,085	723,300	50,337
INTERNATIONAL BANKING CORPORATION LIMITED													

THE MITSUI BANK, LIMITED

December 31	LIABILITIES						ASSETS									
	Capital and Reserves	Deposits	Due to Foreign Banks	Liabilities under L.C. etc.	Interest Accrued on Deposits	Rebate on Bills not Due	Cash in Hand and at Banks	Money at Call and Short Notice	Govt., Municipal and other Bonds	Loans and Discounts	Foreign Bills purchased	Due from Foreign Banks	Capital Uncalled	Premises		
1932.....	Yen 151,800,000	Yen 687,648,845	Yen 17,169,435	Yen 8,428,738	Yen 7,045,349	Yen 2,776,412	Yen 49,045,968	Yen 42,660,000	Yen 235,579,197	Yen 429,889,703	Yen 62,776,445	Yen 7,084,356	Yen 40,000,000	Yen 15,061,361		
1933.....	153,800,000	715,288,952	17,803,730	10,418,911	7,020,534	2,369,698	55,485,933	42,640,000	281,047,837	409,395,376	67,438,154	3,962,277	40,000,000	14,219,501		
1934.....	155,800,000	748,556,286	8,440,426	4,721,761	7,490,426	1,948,548	56,608,695	35,510,000	218,946,210	383,634,027	69,275,354	2,990,434	40,000,000	14,261,777		
1935.....	157,800,000	796,293,049	19,098,263	9,234,652	7,596,671	2,092,741	55,985,859	29,630,000	338,209,571	451,766,280	63,540,862	3,134,919	40,000,000	14,882,181		
1936.....	159,800,000	856,924,636	31,010,071	26,820,135	8,209,881	2,342,053	58,449,867	39,720,000	296,830,643	518,688,998	72,851,209	5,005,380	40,000,000	17,332,629		

THE NATIONAL BANK OF EGYPT

The report for the year ending December 31, 1936, shows the following statement: Gross profit for the year, after providing for depreciation on the bank's buildings and furniture, for rebate of discount, and for doubtful debts, amounts to £948,106. After deducting from this for directors' fees £16,729, and for current expenses £458,492, the remainder is divided between the statutory dividend of 4 per cent., amounting to £120,000, and an additional dividend of 11 per cent., amounting to £330,000. By adding the balance brought forward from last year, £206,984, there remains £229,870 to be carried forward.

Dec. 31	LIABILITIES						ASSETS									
	Capital and Reserves	Current Deposit and other Accounts	Egyptian Govt.	Sudan Govt.	Mixed Tribunals	Cheques and Bills Payable	Acceptances, etc.	Bankers' Accounts	Cash in Hand	Money at Call and Short Notice	Securities	Advances	Bills of Exchange	Bankers' Accounts		
1932.....	£6,000,000	£19,784,026	£3,400,569	£690,900	£1,953,950	£153,116	£873,537	£84,578	£2,368,234	£2,045,000	£21,143,653	£6,049,223	£88,329	£285,322		
1933.....	6,000,000	18,656,956	3,487,435	871,196	1,821,116	161,069	1,406,311	662,988	2,209,045	2,065,000	19,198,622	5,493,730	2,418,151	441,140		
1934.....	6,000,000	16,428,830	4,378,103	563,542	1,681,486	155,109	1,583,027	509,699	2,392,631	1,800,000	18,358,189	5,511,446	2,361,821	275,472		
1935.....	6,000,000	21,855,049	6,220,582	958,364	1,810,345	229,140	1,107,923	1,103,622	2,551,852	1,955,000	23,826,189	7,150,089	2,400,018	467,080		
1936.....	6,000,000	20,881,810	4,868,663	1,062,380	1,978,266	235,081	1,288,091	1,106,816	2,512,833	2,205,000	22,071,850	6,518,065	1,936,460	677,075		

THE LONDON AND EASTERN TRADE BANK, LIMITED

The directors' report for the year ended September 30, 1936, shows a profit of £3,013, which with the debit balance of £339,172 brought forward, leaves £336,159 to be carried forward to next year.

September 30	LIABILITIES						ASSETS									
	Capital	Current Deposit and Other Accounts	Acceptances	Guarantees, Rediscouts, etc.	Cash in Hand and at Banks in London	Money at Call	Discounts	Securities	Loans, Overdrafts, etc.	Profit and Loss Account						
1932*	£800,000	£251,267	£92,951	£86,397	£46,859	£70,000	£---	£19,411	£485,094	£196,393						
1933.....	800,000	169,957	52,191	130,557	46,965	75,000	---	35,924	344,241	245,327						
1934.....	800,000	152,859	17,503	39,157	36,684	35,000	11,859	63,363	256,101	276,894						
1935.....	800,000	158,785	8,488	29,598	111,688	20,000	2,246	64,530	209,376	339,172						
1936.....	800,000	163,020	---	50,895	135,999	30,000	4,153	25,512	216,275	336,155						

*For 15 months.

THE NATIONAL CITY BANK OF NEW YORK

Dec. 31	LIABILITIES						ASSETS									
	Capital and Surplus	Undivided Profits	Reserves	Circulation	Liability as Acceptor, Endorser or Maker on Acceptances and Bills	Deposits	Cash and Due from Banks and Bankers	U.S. Govt. Obligations	State, Municipal and other Bonds and Securities	Loans, Discounts and Bankers' Acceptances	Customers' Liability Account of Acceptances	Stock in Federal Reserve Bank and Ownership of International Banking Corp.	Items in Transit	Premises		
1932.....	\$200,000,000	\$5,454,098	\$36,795,206	\$2,000,000	\$71,633,555	\$1,299,377,710	\$300,619,219	\$364,536,676	\$173,179,979	\$619,791,302	\$66,296,877	\$14,600,000	\$10,349,480	\$59,842,095		
1933.....	157,500,000	5,087,506	8,213,694	25,000,000	73,878,590	1,117,159,221	364,531,932	228,936,154	131,195,652	497,027,471	68,838,566	14,600,000	20,000,542	\$6,653,629		
1934.....	157,500,000	8,273,298	10,576,359	---	65,779,526	1,394,604,308	450,285,755	431,938,339	135,518,004	482,834,814	56,678,257	14,600,000	3,377,340	58,162,279		
1935.....	157,500,000	10,644,279	16,111,607	---	57,444,517	1,652,366,244	527,491,424	510,764,688	179,786,459	547,223,821	30,634,183	12,725,000	10,670,332	54,215,505		
1936.....	120,000,000	13,462,953	13,821,556	---	49,976,612	1,713,840,229	463,258,611	526,917,831	228,001,549	588,348,856	23,692,029	11,600,000	4,729,858	52,636,932		

THE MOSCOW NARODNY BANK, LIMITED

Dec. 31	LIABILITIES						ASSETS									
	Capital and Reserves	Current and Deposit Accounts	Correspondents of the Bank	Bills Rediscouted	Miscellaneous Creditors	Liabilities in respect of Guarantees	Cash at Banks on Current Accounts and in hand	Investments	Correspondents of the Bank	Bills Discounted	Advances	Miscellaneous Debtors	Bills for Collection	Premises		
1932.....	£2,113,186	£513,863	£624,199	£803,946	£68,949	£2,381,553	£87,158	£283,891	£469,212	£991,696	£2,603,944	£7,913	£821,320	£5,401		
1933.....	2,083,186	500,925	676,273	308,507	67,226	2,210,396	1,558,541	302,130	143,710	308,507	2,266,413	3,527	287,874	4,837		
1934.....	1,835,000	904,873	264,302	556,877	94,891	2,040,384	822,774	247,078	249,544	556,877	2,311,513	34,311	10,511	5,879		
1935.....	1,835,000	669,319	191,318	11,119	37,227	1,550,388	820,536	---	192,624	11,708	1,600,000	116,785	11,531	5,446		
1936.....	1,835,000	143,684	1,445,908	76,764	41,470	113,270	2,272,155	---	1,210,955	77,479	361,484	1,650	12,307	4,302		

ŽEMES BANKAS

KAUNAS, Duonelaičio g-vė 35

BALANCE SHEET, 31st December, 1936

ASSETS.			LIABILITIES.		
	Lt.	Ct.		Lt.	Ct.
1. Cash on hand and due from State Bank	4,112,486	21	1. Stock Capital	50,000,000	---
2. Correspondents	2,419,005	63	2. Surplus	3,961,165	---
3. Discounted Bills	1,107,709	10	3. Special Fund	188,865	---
4. Special Current Account	14,759,130	56	4. Mortgage Bonds in circulation	64,919,700	---
5. Loans for Mortgage Bonds security	105,715,776	28	5. Current Account	15,187,178	31
6. Mortgage Loans	11,079,869	84	6. Deposits	11,128,090	09
7. Bonds	3,493,012	19	7. Coupons due	977,378	41
8. Unsubscribed Stock	1,935,000	---	8. Interest in anticipation for 1937	404,282	52
9. Different Debtors	210,506	88	9. Other Liabilities	1,438,648	89
10. Inventory	91,021	04	10. Securities	10,691,650	---
11. Real Estate	1,800,000	---	11. Collections	36,814	---
12. Other Assets	2,671,838	50	12. Branch of Klaipeda	8,275,012	43
13. Securities	10,691,650	---	13. Net profit for 1936	1,188,838	41
14. Bills for Collection	36,814	---			
15. Branch of Klaipeda	8,275,012	43			
	168,398,833	06		168,398,833	06



NATIONAL BANK OF GREECE

Established in 1841

Capital paid-up and Reserves Drs. 1,205,000,000. —
Deposits - - - - - 10,103,000,000. —
Total Resources - - - - - 12,385,000,000. —

HEAD OFFICE IN ATHENS.

Branches and Agencies throughout Greece.

Branches in Egypt: CAIRO, ALEXANDRIA.

Affiliated Institution in New York: Hellenic Bank Trust Company, 51 Maiden Lane.
Correspondents in all parts of the world.

COMPLETE INTERNATIONAL BANKING SERVICE OF EVERY DESCRIPTION

IONIAN BANK, LIMITED

ESTABLISHED 1839

CAPITAL AUTHORISED - - - £1,000,000 RESERVE FUND - - - £100,000
CAPITAL PAID UP - - - £600,000 TOTAL ASSETS - - - £4,324,575

HEAD OFFICE: 25/31 Moorgate, LONDON, E.C. 2

EGYPT:
Central Office—ALEXANDRIA
8 Branches and Agencies

GREECE:
Central Office—ATHENS
33 Branches and Agencies

CYPRUS:
Central Office—NICOSIA
4 Branches and Agencies

EVERY FORM OF INTERNATIONAL BANKING SERVICE

THE BRITISH BANK FOR THE NEAR EAST

BANK OF ATHENS

Head Office: ATHENS

(Incorporated in Greece with Limited Liability)

Paid-up Capital and Reserves, Drs. 176,000,000

With 118 offices, in all the principal towns in Greece, Egypt and Cyprus,
the Bank extends Facilities for Export and Import Trade between
Great Britain and the Near East generally.

ENQUIRIES INVITED

NEW YORK: Bank of Athens Trust Company, 205 West 33rd Street

LONDON: 22 FENCHURCH STREET, E.C.3

K. A. ZILKHA

Maison de Banque

ESTABLISHED IN 1899

BAGHDAD BEYROUTH DAMASCUS
[IRAQ] [SYRIA] [SYRIA]

MAIN OFFICE: BEYROUTH (LEBANON-SYRIA)

Bankers with thirty-six years of experience, equipped to ensure prompt and efficient execution of your
collection and payment orders, and to carry out banking business of all descriptions on very moderate terms.
Correspondents all over the commercial towns of Syria, Lebanon and Iraq, the Near East and the
principal financial centres of the world.

Organised to act as Correspondents for Foreign Banks

OTTOMAN BANK														
LIABILITIES								ASSETS						
Dec. 31	Capital and Reserves	Notes in Circu- lation	Bills Payable and Sight Drafts	Current Accounts of Sundries	Deposits for Fixed Terms	Accept- ances	Profit and Loss Account	Cash in Hand and at Bankers	Money at Call and Notice	Bills re- ceivable	Invest- ments	Current Accounts of Sundries	Advances on Secu- rities	Pre- mises
1931	£ 6,250,000	£ 417,754	£ 235,788	£ 13,089,367	£ 1,593,486	£ 1,322,101	£ 100,854	£ 6,082,423	£ 479,375	£ 6,004,479	£ 1,664,964	£ 4,929,875	£ 1,864,645	£ 661,488
1932	6,250,000	383,367	265,665	11,226,164	1,718,663	1,017,167	100,338	3,929,098	1,533,791	5,801,522	2,109,609	4,315,254	1,817,859	637,554
1933	6,250,000	362,302	250,136	11,655,549	1,483,303	787,087	102,159	4,291,754	5,558,002	1,471,545	5,111,137	1,897,918	637,054	
1934	6,250,000	374,391	265,263	12,395,128	1,512,748	637,755	104,542	3,801,705	5,674,154	1,973,088	5,304,790	2,316,722	628,307	
1935	6,250,000	351,418	252,955	12,849,731	1,639,177	587,656	104,784	3,806,526	872,678	4,740,036	2,887,728	6,266,797	2,256,222	618,077

SOCIÉTÉ GÉNÉRALE Pour Favoriser le Développement du Commerce et de l'Industrie en France

LIABILITIES						ASSETS								
Feb. 28	Capital and Reserves	Cheque Accounts	Deposits for Fixed Periods	Sundry Current Accounts	Acceptances	Cash in Hand and at Banks	Bills and National Defence Bonds	Coupons for Eu-cashment and Confangoes	Advances on Security	Sundry Current Accounts	Govt. Stocks, Shares, etc., and Investments	Real Estate, etc.	Calls on Shares	
	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	
1933	1,015,000,000	3,513,988,754	291,974,500	7,299,725,609	127,127,852	2,619,219,032	6,339,384,793	103,166,513	377,014,590	2,575,958,501	60,430,086	71,387,689	305,491,250	
1934	1,015,000,000	3,166,382,818	264,678,800	6,360,311,378	128,285,636	1,923,118,908	5,139,788,624	157,057,541	448,999,158	2,933,347,773	82,287,468	71,397,039	303,156,750	
1935	1,015,000,000	3,151,589,247	257,045,500	6,215,399,734	73,097,007	2,175,894,472	5,025,683,238	184,067,765	434,555,687	2,548,240,651	59,566,795	71,381,788	302,955,000	
Dec31 1935	1,015,000,000	2,769,754,206	254,149,000	5,791,175,422	106,200,601	1,899,654,145	4,645,216,991	142,313,613	518,992,213	2,430,560,762	52,759,716	71,381,788	302,733,000	
1936	1,015,000,000	2,630,640,932	216,889,500	6,205,868,323	125,075,601	2,054,522,366	4,990,977,465	195,748,637	415,978,934	2,205,730,416	52,220,679	71,381,788	302,588,500	

SOCIÉTÉ GÉNÉRALE DE CRÉDIT INDUSTRIEL ET COMMERCIAL
LIABILITIES

LIABILITIES							ASSETS							
Dec. 31	Capital and Reserves	Deposit Accounts	Current Accounts	Fixed Deposits	Acceptances	Transitory and Sundry Accounts	Cash in Hand and due from Other Banks	Bills Receivable and " Bons de Defense Nationale "	Current Accounts	Advances Guaranteed	Transitory and Sundry Accounts	Investments	Shares of Affiliated Societies	Premises
	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs
1932	170,000,000	449,187,159	1,062,508,566	485,103,335	25,279,323	17,537,343	246,592,122	1,465,450,397	147,397,190	94,624,792	5,785,583	54,627,703	1,061,017,068	20,000,000
1933	170,000,000	409,354,189	1,473,674,336	338,577,312	55,411,698	16,520,450	900,573,054	181,983,280	97,998,177	12,842,196	54,386,395	108,058,688	1,041,047,960	20,000,000
1934	170,000,000	396,643,467	695,141,557	347,557,532	29,598,148	19,896,060	185,894,758	231,438,427	82,567,753	10,836,453	57,797,255	109,425,830	1,043,630,000	20,000,000
1935	170,000,000	351,676,889	768,133,772	287,663,984	24,420,409	20,655,360	210,859,567	771,028,535	231,476,340	104,768,018	14,353,246	52,095,283	109,425,950	20,000,000
1936	170,000,000	339,514,880	1,073,311,949	182,934,478	22,311,838	19,904,289	262,006,056	852,445,465	319,111,838	95,528,703	17,419,706	59,235,381	109,235,381	20,000,000

SWISS BANK CORPORATION

After deduction of expenses and taxes, and making provision for bad and doubtful debts, etc., the net profit for the year ended December 31, 1936, amounts to S.Fcs. 8,242,828, which together with the amount carried forward from last year, viz., S.Fcs. 1,056,085, makes a total of S.Fcs. 9,298,913. The board propose to pay a dividend of 5 per cent. on the paid-up capital, which will absorb S.Fcs. 8,000,000, and to carry forward S.Fcs. 1,298,913.

December 31	LIABILITIES							ASSETS						
	Capital	Reserves	Sight Deposits	Time Deposits	Fixed Deposits (obligations)	Acceptances	Profit and Loss	Cash	Banks and Bankers	Bills receivable	Advances	Govt. and other Securities	Syndicates	Bank Premises and other Property
1932	160.0	53.0	597.6	258.2	243.4	17.8	11.8	319.3	105.7	240.0	576.0	68.6	13.5	18.1
1933	160.0	53.0	573.6	217.8	224.1	20.0	10.9	290.2	112.6	184.6	576.5	64.5	15.0	18.1
1934	160.0	56.0	576.5	247.9	243.6	24.6	8.3	244.5	84.1	213.4	578.2	51.6	10.6	18.1
1935	160.0	32.0	437.6	205.4	175.6	25.2	8.2	117.1	108.6	161.6	554.2	71.7	10.5	20.0
1936	160.0	32.0	817.4	189.8	159.2	21.3	9.3	319.3	171.5	214.6	522.7	126.2	9.7	20.0

SOCIÉTÉ BELGE DE CRÉDIT INDUSTRIEL ET COMMERCIAL ET DE DÉPÔTS

LIABILITIES					COMMERCE ET DE DEPOTS.								
					ASSETS								
December 31	Capital and Reserves	Deposit and Current Accounts	Profit and Loss	Other Accounts	Cash	Due from other Banks	Bills receivable	Coupons for Collection	Current Accounts	Sundry Assets	Loans and Advances	Uncalled Capital	Premises
	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.
1932	28,700,000	98,838,097	2,029,433	425,512	2,638,786	26,885,663	61,899,956	118,942	11,708,088	2,619,500	9,706,799	13,391,200	1,024,53
1933	28,900,000	97,130,202	1,768,745	424,708	3,594,492	18,716,157	70,484,022	228,366	8,456,357	2,574,503	9,743,542	12,895,200	1,022,14
1934	28,900,000	74,422,863	1,722,111	140,658	1,706,310	17,685,154	44,190,350	368,478	3,608,291	7,645,895	15,578,801	12,873,600	1,019,96
1935	12,300,000	147,616,777	1,723,919	386,429	32,101,554	23,889,613	61,435,314	274,209	12,280,605	4,174,847	9,259,384	...	1,018,03

THE SUMITOMO BANK, LIMITED

LIABILITIES							ASSETS							
December 31	Capital and Reserves and Pension Reserve	Deposits	Exchange Sold	Due to Other Banks	Foreign Credits, Acceptances and Guarantees	Accrued Interest, Unearned Discount, etc.	Cash in Hand	Money at Call and Short Notice	Securities	Discounts	Loans	Exchange Purchased	Bank Premises	Capital Unpaid
	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen
1932	97,396,658	735,187,166	13,217,770	4,174,738	9,310,925	1,940,057	49,382,829	24,488,211	281,486,211	61,526,336	386,151,430	40,053,060	19,662,151	20,000,000
1933	101,080,694	798,157,383	9,025,834	5,129,529	14,565,827	11,634,638	62,618,630	37,550,000	293,141,658	71,083,928	390,308,121	31,745,224	19,535,329	20,000,000
1934	107,641,903	872,527,653	11,504,988	5,538,755	9,629,913	12,610,427	79,830,668	43,950,000	355,172,588	79,243,013	386,648,505	28,413,867	18,898,649	20,000,000
1935	112,592,459	952,297,545	16,364,846	6,475,428	10,899,809	12,258,979	70,712,194	33,550,000	409,067,083	92,887,219	429,035,431	32,080,825	18,952,466	20,000,000
1936	117,057,776	1017,347,622	15,391,096	6,672,182	16,185,862	14,199,755	71,423,058	27,664,286	381,967,012	125,709,932	492,448,270	37,889,881	18,952,466	20,000,000

THE YOKOHAMA SPECIE BANK, LIMITED

LIABILITIES														ASSETS						
Dec. 31	Capital and Reserve	Reserve for Doubtful Debts	Notes in Circulation	Deposits	Bills Payable, Discounts, Acceptances, etc.	Balance of Profit and Loss, Brought Forward	Net Profit for past Half-year	Cash in Hand	Cash at Bankers	Investments	Discounts Loans, Advances, etc.	Bills Receivable, etc.	Bullion Foreign Money	Premises and Properties						
	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen						
1892.....	218,000,000	3,810,301	6,598,139	690,158,578	552,988,706	5,077,293	7,082,172	36,821,552	97,588,084	451,048,150	304,924,911	470,555,838	686,484	21,212,685						
1893.....	221,250,000	3,802,332	4,285,122	600,507,592	694,200,637	6,889,039	7,279,126	40,027,697	97,588,084	460,368,757	465,068,737	464,495,987	1,836,886	20,811,902						
1894.....	224,250,000	3,639,943	4,244,909	593,463,255	703,273,282	8,256,945	7,234,380	25,830,936	45,337,678	369,163,827	404,368,737	464,495,987	1,836,886	20,811,902						
1895.....	227,450,000	3,724,454	3,840,085	651,760,676	755,522,697	9,503,102	7,257,835	19,684,697	12,463,047	484,515,174	332,364,274	646,742,888	757,270	19,577,645						
1896.....	230,900,000	3,653,917	1,242,326	599,001,305	695,774,360	10,446,652	7,073,268	16,010,099	50,164,472	411,261,421	385,911,080	630,737,888	5,864,016	19,541,664						

THE BRITISH LINEN BANK

Incorporated by Royal Charter 1748

LONDON OFFICES:

City Office - - - 38 Threadneedle Street, E.C.2

West End Branch - 198 Piccadilly, W.1

where accounts may be opened on usual London terms

Head Office: 38 St. Andrew Square, Edinburgh

Over 210 Branches throughout Scotland

THE SUMITOMO BANK, LIMITED

(INCORPORATED IN JAPAN).

Head Office : OSAKA, JAPAN

Capital Subscribed	-	-	-	Yen 70,000,000.00
Capital Paid-up	-	-	-	Yen 50,000,000.00
Reserve Fund	-	-	-	Yen 49,550,000.00

HOME OFFICES:—Fukuoka (2), Hiroshima (3), Kobe (3),
Kokura, Kumamoto, Kure, Kurume (2), Kyoto (3), Moji,
Nagoya (2), Nihiama, Okayama, Oomichi, Osaka (27),
Shimonoseki, Tokyo (19), Wakamatsu. Wakayama, Yanai and
Yokohama.

SERVICES IN PACIFIC LINERS:—M.S. "Asama Maru," M.S.
"Matsu Maru."

FOREIGN OFFICES:—Shanghai, London, New York, San Francisco,
and Los Angeles.

AFFILIATED BANKS:—The Sumitomo Bank of California,
Sacramento, California, U.S.A. The Sumitomo Bank of Hawaii,
Honolulu, Hawaii, U.S.A. The Sumitomo Bank of Seattle,
Seattle, Washington, U.S.A.

LONDON BANKERS:—Lloyds Bank Limited.

OFFICES IN PACIFIC LINERS:—M.S. "Asama Maru," M.S. "Chichibu Maru" and M.S. "Tatsuta Maru."

GENERAL BANKING AND EXCHANGE BUSINESS.

London Office: 67 BISHOPSGATE, E.C.2.
Cable Address: "Sumitbank"

Telephone : London Wall 4955 (2 lines).

NATIONAL BANK OF EGYPT

"Incorporated in Egypt, Liability of Members is Limited"

Established by KHEDIVIAL DECREE of 25th JUNE, 1898, with exclusive right to issue notes payable at sight to Bearer.

HEAD OFFICE :—CAIRO.

CAPITAL (fully paid) Lstg. 3,000,000

RESERVE FUND Lstg. 3,000,000

OFFICES IN EGYPT AND THE SUDAN

CAIRO (7 Offices), ALEXANDRIA, Abou-Tig (Sub-Agency to Assiut), Assiut, Assuan, Benha, Beni-Suef, Chebin-el-Kom, Damanhour, Dessouk, Deyrout (Sub-Agency to Assiut), Edfu (Sub-Agency to Luxor), Esneh (Sub-Agency to Luxor), Fayoum, Heliopolis (Cairo), Ismailia (Sub-Agency to Port Said), Kafr-el-Zayat (Sub-Agency to Beni-Suef), Keneh, Luxor, Maghaga (Sub-Agency to Beni-Suef), Mansourah, Manfalout (Sub-Agency to Assiut), Agency to Tantah), Keneh, Luxor, Maghaga (Sub-Agency to Beni-Suef), Maset-el-Gamh (Sub-Agency to Zagazig), Minieh, Port Said, Samalout (Sub-Agency to Zagazig), Sohag, Suez, Tantah, Zagazig.

KHARTOUM, El-Obeid, Omdurman, Port Sudan, Tokar (Sub-Agency to Port Sudan), Wad-Medani.

LONDON AGENCY:-6 & 7 King William Street, E.C.4

LONDON AGENTS

H. ALBERT DE BARY & CO. N.V.
AMSTERDAM
 448 - 454 Heeregracht

MERCHANT BANKERS

Capital Paid Up	-	Fl. 15,000,000
Reserves	-	Fl. 6,000,000

Tel. Address : "Compdebary"
'Phone: R 0200

Fl. 6,000,000
EVERY DESCRIPTION OF BANKING BUSINESS TRANSACTED

THE EASTERN BANK LTD.

HEAD OFFICE: CROSBY SQUARE,
BISHOPSGATE, LONDON, E.C.3

Authorised Capital - £2,000,000
Paid-up Capital - £1,000,000
Reserve Fund - £500,000

BRANCHES: BOMBAY, CALCUTTA, KARACHI,
MADRAS, COLOMBO, SINGAPORE,
BAGHDAD, BASRA, AMARAH,
MOSUL, KIRKUK, BAHRAIN

Conducts all descriptions of
Banking business with the East.

Current Accounts are opened
and Fixed Deposits are received
at rates of interest which may
be ascertained on application.

EXECUTORSHIPS and TRUSTEESHIPS
UNDERTAKEN.

THE UNION BANK OF SCOTLAND, Ltd.

ESTABLISHED OVER 100 YEARS

SUBSCRIBED CAPITAL - £5,200,000
PAID-UP - £1,200,000
RESERVE FUND - £1,800,000
DEPOSITS - £32,837,084

HEAD OFFICES:

GLASGOW—St. Vincent Street EDINBURGH—George Street
213 Branches throughout Scotland

LONDON OFFICES: 62 CORNHILL, E.C.3

Manager: JOHN THOMSON Asst. Manager: JOHN A. MORRISON

HAS FOREIGN EXCHANGE DEPARTMENT

332 Oxford Street, W.1 - Robert L. Smith, Manager
1 Regent Street, S.W.1 - John Macdonald, Manager
140 Kensington High Street, W.8 - George H. Ewing, Manager

Adapted in every way to carry through all forms
of Banking Business in London and Scotland
Every description of Home and Foreign Banking transacted.
Letters of Credit issued on all places at Home and Abroad;
Cable Remittances, Freight Collections, Ships' Disbursement
Credits, Commercial Credits, &c., arranged. Bills of Exchange
and Shipping Documents collected or negotiated subject to
approval.

The Bank also undertakes the duties of TRUSTEE and
EXECUTOR.

SMALL SAVINGS ACCOUNTS BEARING INTEREST
Sums of 1/- and upwards received. PASS BOOKS
and HOME SAFES ISSUED. Strictest Secrecy is
observed by the Bank's Officials

At London Offices Current Accounts and other business
conducted on the usual terms of London Banks

Deposits received at Interest
NORMAN L. HIRD, General Manager

ROYAL BANK OF SCOTLAND

Capital (fully paid):
£3,780,192

Reserve Fund:
£3,944,171

Deposits:
£66,800,985

Incorporated by Royal Charter, 1727

Governor:

HIS GRACE THE DUKE OF BUCCLEUCH AND
QUEENSBERRY, G.C.V.O.

Deputy-Governor:

RIGHT HON. THE EARL OF STRATHMORE AND
KINGHORNE, K.T., G.C.V.O.

General Manager: WILLIAM WHYTE

HEAD OFFICE: EDINBURGH

249 Branches throughout Scotland.

LONDON OFFICES

CITY:

3 Bishopsgate, E.C.2
8 West Smithfield, E.C.1

WEST END:

(DRUMMONDS)
49 Charing Cross, S.W.1

WESTERN:

Burlington Gardens, W.1
(formerly Branch of Bank of England)
64 New Bond St., W.1

World Wide facilities for Banking Business of every description

ASSOCIATED BANK—WILLIAMS DEACON'S BANK, LD. (Members of the London Bankers' Clearing House)
With Offices in Manchester and London and 199 Branches elsewhere in England and Wales

BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT, 1695

AUTHORISED CAPITAL - £4,500,000
PAID-UP CAPITAL - £1,500,000
RESERVE FUND and BALANCE CARRIED FORWARD - £2,605,995
DEPOSITS and CREDIT BALANCES as at 27th February, 1937 - £37,635,697

Governor: The Rt. Hon. LORD ELPHINSTONE, K.T. Deputy Governor: THE LORD HENRY SCOTT
A. W. M. BEVERIDGE, Treasurer.

Head Office: THE MOUND, EDINBURGH

GLASGOW, Chief Office: 2 St. VINCENT PLACE. J. B. CRAWFORD, Manager.

LONDON OFFICES: City Office—30 BISHOPSGATE, E.C.2. J. W. JOHNSTON, Manager.

Piccadilly Circus Branch—16/18 PICCADILLY, W. C. D. ALLISON, Manager.

259 Branches and Sub-Branches in Edinburgh, Glasgow, and throughout Scotland
Every description of British and Foreign Banking Business transacted

BANK OF CZECHOSLOVAK LEGIONS PRAGUE

Telegraphic Address: "LEGIOBANKA."

21 Branches and 5 Exchange Offices in Czechoslovakia.

Capital Paid Up - Kc 70,000,000

Reserves - Kc 65,000,000

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Incorporated by Royal Charter and Act of Parliament

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Head Office: 14 George Street, EDINBURGH

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Head Office:
EDINBURGH

ESTAB: 1825

Branches throughout
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PAID-UP CAPITAL - £1,000,000
RESERVE FUND - £1,000,000

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Authorised Capital £12,000,000 0 0
Capital Paid up ... £4,739,012 10 0
Reserve Fund ... £4,300,900 0 0
Reserve Capital ... £4,739,012 10 0
£13,778,025 0 0
Total Assets
30th June, 1936 ... £60,203,643 0 0

Head Office: Sydney—343 George Street
General Manager: C. Darvall

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is limited to the extent, and in manner prescribed by Ordinance No. 6 of
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ISSUED AND FULLY PAID UP ... \$20,000,000
RESERVE FUNDS (STERLING ... \$6,500,000
HONGKONG CURRENCY ... \$10,000,000
RESERVE LIABILITY OF PROPRIETORS ... \$20,000,000

Head Office - HONGKONG

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C. A. Campbell
Sir George Macdonogh
G.B.E., K.C.B., K.C.M.G.
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NATIONAL BANK OF INDIA, LIMITED

Registered in London under the Companies Act of 1862 on the 23rd of March, 1866.

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Subscribed Capital-	-	-	-	-	-	£4,000,000
Paid-up Capital	-	-	-	-	-	£2,000,000
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Head Office: 26 BISHOPSGATE, LONDON, E.C.2

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ENTEBBE } **Uganda.**
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SALAAM } **Tanganyik**
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TANGA }

The Bank grants Drafts and Telegraphic Transfers on all places where it is represented; negotiates and collects Bills of Exchange; collects Pay, Pensions, and generally transacts every description of Eastern Banking business. Current Accounts are opened and Deposits are received for fixed periods, not exceeding one year at rates to be obtained on application.

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LIMITED.**

24 Lombard Street, E.C.3

Capital Authorised	- -	£1,800,000
Subscribed	- - - -	1,800,000
Paid-up Preference Shares		200,000
Paid-up Ordinary Shares	-	800,000
Reserve Fund	- - - -	1,000,000

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 SIR AUSTIN EDWARD HARRIS, K.B.E.
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Bills of any maturity**

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(Incorporated with limited liability under the laws of the Netherlands.)

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f 9,000,000 at 8.95½ =	£1,005,305.15.7	
SUBSCRIBED CAPITAL		
f 5,622,500 at 8.95½ =	£628,036.17.2	
PAID-UP CAPITAL		
f 5,622,500 at 8.95½ =	£628,036.17.2	
RESERVE FUND		
f 2,700,000 at 8.95½ =	£301,591.14.9	

AMSTERDAM, *Head Office:* HEERENGRACHT, 546

London Office :
201 SALISBURY HOUSE, FINSBURY
CIRCUS, E.C.2

Hamburg Office:
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Head Office in South Africa:
PRETORIA

London Bankers : NATIONAL PROVINCIAL BANK, LTD.,
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The Bank is prepared to issue Drafts and Letters of Credit, and to make Telegraphic Transfers upon its Branches, as well as upon its Agencies in the Cape Province, Natal, Orange Free State, and Transvaal. Bills negotiated and collected, and every description of Banking business transacted in connection with South African Current Accounts kept and Deposits received for fixed periods.

THE ECONOMIST

TRADE SUPPLEMENT

New Series

SATURDAY, MAY 29, 1937

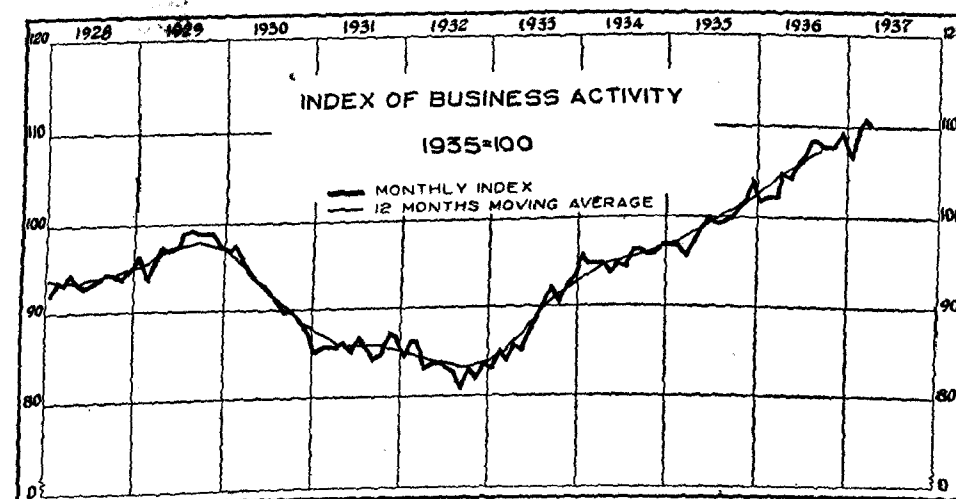
No. 5

The Trend of Business

THE seasonal improvement in business activity continued during the past month, when the proportion of insured workers aged 16 to 64 unemployed fell to 10.8 per cent., against 13.6 per cent. a year ago. But if allowance is made for the normal seasonal expansion of business in April, the past month appears to have experienced a lull in the long-term upward movement, reflected in a slight decline of our index of Business Activity. There are no indications, however, that the decline of the index portends a change of trend.

A significant feature of recent weeks, which is likely to exercise an increasing influence on the course of British business, is the marked revival of the export trade. During the first quarter of the current year, exports showed an increase of 14½ per cent. in value and one of 10 per cent. in volume over

the corresponding period last year. In April, when the value of manufactured exports was 28 per cent. higher than a year ago, our index of the volume of these shipments registered a rise of 14 per cent. The causes of this improvement were explained in *The Economist* of



Economist of May 22nd, page 441. Its implications are twofold. First, the revival of foreign demand for British manufactures tends to stimulate general business activity and to improve the balance of Britain's economy by increasing employment of human and material resources in the export industries. Secondly, the ability and willingness of our overseas customers to pay higher prices for British goods enables manufacturers to pass on the rise in costs.

Despite the recent decline in raw material prices, manufacturing costs are now rising more rapidly, but there are as yet few indications of resistance to higher prices, except in some of the consumption goods trades. Indeed, the expansionist monetary policy at home and the growing purchasing power of overseas countries are tending to sustain profit-margins and, therefore, the incentive to increased output, in so far as this is still possible with available resources.

In general, it seems that the potential output of many industries is somewhat greater than was anticipated and that the physical limit has not yet been reached. Extension of the productive capacity and more efficient utilisation of existing plant and labour resources have enabled many manufacturers to increase their output quite considerably. In current reports on the engineering industry, where some of the worst bottle-necks occurred, the shortage of labour finds less emphasis than a few months ago, although production both for the home and export markets is now substantially higher than earlier this year. The shortage of coal seems to be less serious, for the industry has recently been able to increase its output, which is now running about 10 per cent. above the level of a year ago. The stringency of iron and steel materials, on the other hand, is a more serious problem.

lem. The increase in prices early this month, averaging 20 per cent., appears to have made a very slight impression, if any, on demand. This does not mean that demand for steel normally does not respond to changes in prices, but merely indicates that supplies are still inadequate. Current production of crude steel is at the rate of nearly 12.6 million tons, compared with 11.7 millions produced in 1936 and 9.6 millions in 1929. While the industry may continue to increase output still further, given the shortage of coke, scrap and ore, it is difficult to envisage a continuance of the recent rate of expansion for any length of time. And the limits of the potential increase in iron and steel supplies are bound to find reflection, sooner or later, in the activity of the engineering, shipbuilding, building, automobile and other metal-using industries.

As will be seen from the more detailed surveys of developments in individual industries on subsequent pages, prospects remain generally promising. Exceptionally, the cotton, wool and jute textile trades have experienced a lull in new business, but orders on hand are sufficient to sustain output.

The increase in retail trade last month over the corresponding month last year was much smaller than in March, but this is due to the fact that Easter fell in March this year and in April in 1936. Building activity has shown an increase during the past month and is now higher than ever. The value of new plans passed by 146 Local Authorities in Great Britain last month showed an advance of 12.2 per cent. over April, 1936, dwelling-houses sharing in the improvement. The returns of building plans passed, moreover, underrate the extent of expansion, for they take no account of the increase in Government contracts, the Votes of the Defence Services for works, lands and buildings having risen from £17 millions in 1936-37 to £41 millions in 1937-38.

1937-38: World industrial activity and international trade continue to expand. The volume of world trade is now only about 7½ per cent. below the 1929 level and is still growing as a result of the increase in the exchange of commodities between raw-material producing and industrial countries, on the one hand, and between industrial nations (in partly-finished and finished goods), on the other hand. The raw-material producing countries continue to gain ground, reflected in generally favourable reports from the British Dominions, Latin America, Scandinavia, Eastern Europe and China. In the United States, business activity showed further expansion in recent weeks, in spite of labour difficulties. Industrial production is also expanding in Germany and Japan, though progress is hampered by the shortage of materials. Belgium, Holland and Switzerland are making headway fairly rapidly, but in France progress remains slow.

British Industrial Developments

The following reports on British industry cover, in most cases, the period to the middle of May. In the remainder they relate to the month of April.

COAL

Despite the recurrence of labour troubles, the industry continues to make progress. The output of saleable coal rose from 20,897,000 tons in March to 21,744,500 tons in April, the increase being common to all districts except Scotland and Derby, Notts and Leicester; in April, 1936, production was no more than 17,908,000 tons. Meanwhile, employment showed further improvement last month and was fairly good generally, except in Cumberland and South Wales, where it remained bad. Exports were well above the comparable figure for April, 1936, the improvement being well spread geographically. France, the industry's best overseas customer, took substantially more than in the previous year, and there was a welcome revival of business with Italy. The volume of export inquiry has shown no diminution in recent weeks, and in some cases a shortage of supplies has been experienced. Meanwhile, industrial sorts are still in heavy demand on contract account and there is little surplus for disposal on the open market. Business in house coal, which had been above normal for the time of year, has inevitably fallen off with the advent of warmer weather.

IRON AND STEEL

The supply-demand position of iron and steel has scarcely changed in recent weeks. The sharp increase in prices early this month, averaging about 20 per cent., has not checked demand, which remains as strong as ever. Calculated on a daily basis, the output of crude steel and pig iron in April was slightly lower than in March. Imports of iron and steel materials showed a decline, and exports a further increase, between March and April. There are indications, however, that supplies of steel-making materials will tend to increase, so that the industry should have no difficulty in producing about one million tons of crude steel more this year than in 1936. Consumers' requirements, meantime, show no indications of an early decline, for activity in the engineering, shipbuilding, construction and automobile industries remains on the up-grade. Export demand remains active, but it is difficult to see how the industry will be able to continue increasing its shipments abroad in the absence of a further marked expansion of output and/or an increase in imports of crude and semi-manufactured materials.

GENERAL ENGINEERING

Activity in the engineering industry showed further expansion. The proportion of insured workers unemployed in all sections of engineering on April 19th was only 5.8 per cent., a decline of 0.3 per cent. on the month and of 3.9 per cent. on the year. In general engineering, the proportion of unemployed workers in April was 5.7 per cent., against 9.8 per cent. a year ago. The difficulties in the way of increased production are being evened out gradually by a better utilisation of available labour and plant. New business is still expanding in volume and the indications point to a further increase in output. Both civil and Government orders are increasing. Since the Government does not insist on priority, the industry is satisfying civil and Government demand as best as it can with the human and material resources at its disposal. A feature is the marked improvement of exports, following a period of comparative stability last year. In April, for example, the volume and value of exports was higher than in any month since October, 1930. The volume of exports last month was 38,576 tons, against 30,807 tons in April, 1936, and 32,181 tons in 1935. Sales abroad of agricultural machinery, boilers and boiler-house equipment, and textile machinery were all appreciably higher. Imports, especially of machine tools, continued to advance, total purchases abroad last month amounting to 13,151 tons, compared with 10,211 tons in April, 1936, and 6,171 tons in 1935. Prospects remain encouraging.

ELECTRICAL EQUIPMENT

The electrical equipment industry is one of the most active branches of engineering, both home and export demand being buoyant. The proportion of insured workers unemployed in the electrical engineering section, for example, was only 3.2 per cent. last month, against 3.4 per cent. in March and 4.9 per cent. a year ago. The value of exports of electrical goods and apparatus rose from £763,162 in April, 1936, to £1,090,108 last month, but shipments of electrical machinery decreased from £277,674 to £236,352 during this period, partly owing to the heavy home demand. New orders for heavy electrical machinery declined last month, but the lull is expected to be temporary.

AUTOMOBILES

It appears on the basis of the latest available data that the private car section is doing better than the commercial vehicle branch. Thus, production of private cars amounted to 44,578

units in March, 1937, against 39,677 in the same month of last year; whereas the output of commercial vehicles showed a slight decline from 11,351 to 11,045 during this period. Again, 38,361 private cars were registered for the first time in March last, compared with 34,935 in March, 1936. New registrations of commercials, however, were 7,910, against 8,446 a year earlier. The export figures show a similar development. Sales of private cars overseas in April totalled 3,765, compared with 3,591 in the same month of 1936, the bulk of the business being with Empire countries. Shipments of commercial vehicles were slightly smaller than a year ago—262 units, against 266 units.

BUILDING

On the whole, activity in the building and public works contracting industries is on the up-grade. The proportion of insured workers engaged in the building industry declined by 0.9 per cent. to 11.9 per cent. during the past year, while unemployment in public works contracting fell by 4.7 per cent. to 38.9 per cent. during this period. There are no indications of an early and substantial decline in residential construction. Plans passed by 146 local authorities last month actually showed an increase of 12.2 per cent. over the corresponding month a year ago. Activity in industrial and commercial construction is expected to continue on the up-grade for some time to come, plans passed by 146 local authorities in April showing an increase of 20 per cent. over the corresponding month a year ago. Our own index of building activity, given in the table on the next page, has shown a downward tendency for some time. But the building plans passed by 146 local authorities, on which our index is based, take no account of the increase in Government contracts under the re-armament programme, which do not have to be passed in the usual way by local authorities. The total votes of the Defence Services for works, lands and buildings were increased from £17 millions in 1936-37 to £41 millions in 1941. While prospects for the building industry remain encouraging despite the rising trend of costs, activity in public works contracting may increase further in the absence of a change in policy. An expenditure of £140 millions has already been approved under the five-year programme of road and bridge construction, but, in view of the high level of general building activity, it is possible that these schemes, or at least some of them, may be held back for some time.

CHEMICALS

Most sections of the home chemical industry have been quite active during the past month. In the industrial chemicals market acetic and oxalic acids, acetone and formaldehyde have been in particularly active demand. Business in all wood distillation products has been good, and stocks of some products, particularly charcoal, are almost exhausted. There has been a steady business in coal-tar products. Large deliveries of refined coal-tar for road purposes have been made and tar acids have continued to receive considerable attention. Pharmaceutical and fine chemicals have been in moderate demand. The improvement in overseas trade in chemicals, drugs, dyes and colours, which has been shown for each month of this year, continued during April, when exports were £535,662 and imports £106,113 greater in value than during the corresponding month of 1936.

POTTERY

A further improvement was recorded in April. Employment was again rather better in North Staffordshire and continued good at Bristol and Derby and very good at Worcester. Short-time is, however, still being worked at some centres and overtime at others. Meanwhile, exports of general earthenware, tiles, sanitary ware and electrical ware were better last month than in April, 1936, but shipments of china showed a slight decline.

FOOTWEAR

The employment position in the boot and shoe industry showed a further slight improvement last month and was fairly good on the whole. Unemployment was well below the previous year's level. Exports, too, were better than in April, 1936, amounting to 30,829 dozen pairs, against 25,954 dozen pairs last year.

COTTON

Following the substantial improvement of the past few months, there has been a lull in new business in recent weeks. This depression is attributed to the easier tendency of raw cotton prices, uncertainty relating to the gold question, the slump on the Stock Exchange and the Chancellor's Budget proposals. Sales of yarn and cloth have consequently been smaller than for some time back, but order lists remain healthy and there is no pressure for fresh contracts. There is now a disposition to anticipate a minimum increase of 10 per cent. in the area under raw cotton in the United States, with a possible increase of 15 per cent. Buyers of piece-goods have tended to become more cautious and, demand from India has fallen off. The improved demand from the Continent has, however, been maintained and the heavier styles of finishing cloths have been sold rather more

freely for Scandinavia; but business with other outlets has been less active. Spinners have also had a quieter month. At the end of April 92 per cent. of the spindles were estimated to be in operation, against 79 per cent. a year ago.

JUTE

In recent weeks new business in yarns and cloth has been rather less active. Order books are, however, in a satisfactory condition and prices generally are well maintained. The quieter tendency on the home market is largely due to the settlement of the strikes at the Indian mills, which have been proceeding since early February. The workers have resumed work unconditionally and prices of Calcutta goods have consequently turned easier. Although buyers in this country are now not quite so keen to operate, the outlook remains promising.

LINEN

All classes of flax have risen in price on short supplies. After protracted negotiations, 1,000 tons of Russian flax has been sold to Germany at the highest prices of the season. Spinners and weavers are reported to be heavily booked, increased activity being reflected in last month's export returns. The home market also provides strong support.

RAYON

Unseasonable weather last year had an adverse effect on business in fashion goods; but the recent improvement in the weather has helped to clear stocks of these goods and thus to pave the way for new business in this section. Meanwhile, it is reported that the revision of yarn prices, which has brought about an advance in quotations for some of the lower-quality yarns, has helped to restore confidence. Business in furnishing fabrics and certain types of hosiery is exceedingly active, and the general outlook is encouraging.

WOOL

Activity in the wool textile industry remained on a high level last month, when the unemployment percentage was 7.0 per cent., against 9.7 a year earlier. More recently, however, the market has had a much quieter tone and new business has shown a notable decline. The industry is affected by factors similar to those which have reduced the demand for cotton goods, and prices of tops have consequently had an easier tendency. Export business in woollen and worsted yarns and tissues, however, remains well above the 1936 level. Shipments last month totalled £2,685,740, against £2,226,594 in April, 1936, Canada again heading the list of overseas customers. Sales to Germany, which still remains Bradford's second most important customer, were smaller than in

April, 1936, but larger quantities were taken by most of the other outlets. Meanwhile, the price of the raw material, which had been firm on short supplies at the opening of the third series of Colonial sales, now shows a rather easier tendency in consequence of the hesitancy of buyers.

AGRICULTURE AND FISHERIES

Autumn-sown corn improved towards the end of April, states an official report, but corn which was late sown on heavy soils is patchy and starved in appearance. Spring corn, where through, appears to be fairly satisfactory. The planting of early varieties of potatoes is not yet completed and a great part of the main crop has yet to be put in. The preparation of the land for root crops is very backward, and a smaller area than usual has so far been sown to mangold and sugar beet. Ewes amongst hill flocks have suffered from exposure, with adverse effects on lambs. Milk yields showed improvement in places where a good outside bite was available, but elsewhere had to be maintained by hand feeding. Cattle wintered indoors have been turned out to graze in lower condition than usual. Reports on the condition of grass sheep are favourable. Meanwhile, the improvement in the position of Britain's fishing industry was not maintained last month. The total catch of wet fish rose from 1,557,690 cwt. in April, 1936, to 1,590,210 cwt. in April, 1937, but the aggregate value fell from £1,259,984 to £1,055,385 over this period. Of last month's takings in England and Wales 9,850 cwt. (valued at £6,786) was accounted for by herrings, against only 2,943 cwt. (valued at £2,446) a year ago.

SHIPPING

A further advance in shipping freights is reflected in *The Economist* index (1898-1913 = 100), which rose from 137.8 in March to 150.3 in April, against only 89.9 in April, 1936. In recent weeks, however, the demand for tonnage has been much less active and freights have shown an easier tendency in sympathy with the decline in commodity prices. No serious setback is, however, expected.

RETAIL TRADE

The money value of retail sales in April, according to the *Board of Trade Journal*, was 1.5 per cent. above the level of April, 1936. This increase—which follows a gain of 15.2 per cent. in March—was much smaller than in any recent months, a fact which is probably accounted for by the different incidence of Easter in the two years. Increases ranged from 0.2 per cent. in the North-West and in the South of England to 8.0 per cent. in Central and West End London. Suburban London, on the other hand, showed a slight decline in the value of sales amounting to 0.7 per cent.

UNITED KINGDOM—THE ECONOMIST INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1935 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade		Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in Use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Towns	Monthly
1929	98	103	68	127	76	95	60	97	111	98	137	108	91	109	98
1930	94	98	68	115	80	96	65	84	82	88	108	107	89	112	93
1931	91	92	69	98	83	95	62	73	86	82	80	97	86	98	87
1932	90	90	71	86	86	94	57	89	94	84	82	94	86	86	84
1933	93	90	78	89	89	96	73	70	101	82	85	96	91	88	89
1934	97	97	88	100	95	97	78	93	98	100	92	98	96	96	96
1935	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1936	105	104	112	108	105	104	107	125	109	110	101	102	104	103	106
1937—April	97	94	85	99	94	96	86	94	98	95	89	97	95	96	95
May	97	94	83	98	95	95	86	92	99	94	89	98	98	94	95
June	97	91	90	101	95	95	88	97	103	103	98	96	94	95	95
July	98	92	84	98	96	94	89	92	101	107	91	98	94	96	95
August	98	97	87	102	97	96	90	90	98	114	89	98	94	96	95
September	98	95	88	102	97	95	97	91	94	89	98	95	96	91	96
October	98	97	89	104	98	97	97	93	89	87	98	97	95	114	98
November	98	99	94	98	95	97	97	96	97	94	98	100	99	100	97
December	98	93	87	99	95	101	92	96	97	95	98	100	99	100	97
1935—January	98	96	92	103	98	98	93	98	98	95	95	95	98	110	97
February	98	96	92	99	98	98	95	94	92	91	104	97	98	94	97
March	98	92	93	98	99	95	96	97	94	85	98	97	98	94	97
April	98	98	97	97	99	101	98	92	90	100	99	99	97	97	98
May	99	102	99	100	99	98	98	96	96	100	97	100	99	100	99
June	100	99	97	99	99	98	99	93	112	108	96	100	104	99	99
July	101	94	96	98	100	99	100	104	100	100	97	100	100	98	100
August	101	92	99	100	98	100	101	105	96	104	103	101	102	95	100
September	101	104	99	98	100	101	102	105	98	102	103	98	99	96	101
October	101	105	101	101	101	99	103	102	98	102	98	101	98	102	101
November	101	104	102	103	101	104	105	107	106	107	99	101	98	102	101
December	101	105	108	102	102	104	108	113	99	117	99	103	103	112	104
1936—January	101	107	104	104	103	101	106	117	106	97	92	98	98	91	102
February	102	103	108	102	104	101	107	115	100	98	102	100	99	98	102
March	103	98	105	105	104	102	106	128	110	107	98	99	98	94	102
April	103	103	111	105	105	102	107	116	112	107	98	100	99	97	106
May	104	102	107	104	105	101	109	121	119	117	105	101	104	97	107
June	105	106	107	106	105	103	109	123	120	117	101	107	105	103	108
July	106	104	109	106	106	103	109	139	120	117	101	107	105	103	108
August	107	104	111	109	106	103	109	132	107	123	105	100	106	113	108
September	106	102	112	106	106	106	107	127	102	117	107	103	106	114	108
October	106	104	113	107	107	107	104	125	100	119	100	106	109	111	108
November	107	104	117	106	108	107	105	125	100	119	100	106	109	111	108
December	106	107	117	113	108	108	109	134	109	108	108	108	107	122	109
1937—January	108	99	116	110	109	107	102	124	111	103	104	101	106	105	107
February	108	110	118	107	109	110	102	118	110	102	111	107	108	115	109
March	108	107	125	110	110	107	102	118	110	110	110	110	110	110	110
April	108	107	122	115	110	110	102	117	116	114	112	102	103	104	110

* For method of construction and earlier figures (1924-1936) see Supplement to *The Economist* of July 25, 1936. Revised. † Provisional. ‡ Annual indices based on averages of monthly figures. § Figures adjusted in accordance with revision of Board of Trade indices of import and export prices. For explanation of changes in Board of Trade indices see *The Economist* of May 8, page 382.

Business Developments Overseas

BRITISH EMPIRE

AUSTRALIA.—Internal trade and manufacturing activity are steady, according to a cable from the National Bank of Australasia. Although the building industry remains active, new permits are tending to decline—possibly owing to the upward trend of costs. General employment, however, shows further improvement. On the Stock Exchange, industrial and certain mining shares weakened during April, mainly owing to such external factors as the decline in metal prices. Banking averages indicate a strong and liquid position, associated with a large increase in deposits. Meanwhile, overseas trade continues to expand.

SOUTH AFRICA.—According to cabled information from the Standard Bank, a satisfactory volume of general business is reported at the large centres, except Johannesburg; in the latter city some recession is apparent owing to the fall in the value of gold shares. Meanwhile, activity in the building and allied industries is well maintained. Although prices of farm produce are slightly easier, the general agricultural outlook remains favourable. Railway earnings remain on the up-grade, but Union wool markets have been adversely affected by the current uncertainty regarding the future of gold.

CANADA.—After "marking time" for several months, business activity in Canada made good progress during March. The improvement was reflected in the growth of bank clearings, a substantial upturn in the index of industrial production and an increase in revenue car-loadings. Wholesale prices were also considerably higher than in February. More recently the threat of labour trouble and doubts regarding the future of gold prices have tended to check the upward movement, and the Bureau of Statistics Index of Business has reacted.

NEW ZEALAND.—The country is being assisted by the rise in the price of staple exports. For example, this season's wool sales have been the best since 1928, prices averaging £N.Z. 16 13s., against £N.Z. 13 9s. in the previous season. This improvement in prices is mainly responsible for the growth in exports. Meanwhile, the increased prosperity of the farming community, the rise in wages and Government public works schemes have resulted in larger bank clearings and an expansion of retail trade.

EUROPE

FRANCE.—The very gradual improvement in French economic life continues. The rise in prices has continued, though very much less rapidly than before. Employment and foreign trade have improved slightly, and industry appears to be better adjusted to last year's sweeping social reforms. But the financial situation remains precarious, and the Bourse has been weak for some time. The much needed return of *émigré* capital has not yet materialised on a significant scale, rates of interest remain astonishingly high for a developed industrial country, and new investment is still at a low level. If the budgetary difficulties of the summer are surmounted, and the labour situation continues to quieten, conditions should, however, improve. The Paris exhibition is now almost finished and the first of the great crowds of tourists are now arriving. Unemployment fell during April from 386,254 to 371,000. Wholesale prices rose from 87.7 to 88.0 (1929 = 100) during April, and the index of the cost of living in Paris advanced from 97.1 in 1933 to 99.3 between the last quarter of 1936 and the first quarter of 1937.

GERMANY.—There have been few developments of note in the German business situation in the last month. The index of industrial production (excluding foodstuffs) rose from 108.1 in February to 113.7 in March, the greater part of the rise being due to investment goods, which rose from 109.4 to 119.3. Between March and April the note circulation rose from Rm. 6,838 millions to Rm. 6,937 millions. The index of share prices rose in the same period from 109.3 to 110.6. The Government has successfully put through a Consolidation Loan of Rm. 600 millions at a slightly decreased yield compared with previous issues. Employment continues to increase. But behind the official statistics it is possible to see that the shortage of iron and steel and other raw materials and of some foodstuffs remains as acute as ever. A special inquiry of the Institute of Business Research reveals that the price of food has risen 11.5 per cent. since March, 1933, clothing has risen 17.5 per cent., and the whole index for the cost of living 7.7 per cent. It is, however, 20.0 per cent. lower than in March, 1929.

NORWAY.—Despite a difficult labour position, Norwegian industrial production has reached a record level in the first months of this year. Imports in value are running more than 40 per cent. above the figures for 1936, but exports have risen much less. Wholesale prices are back at their 1929 level and the cost of living is mounting steadily. The discount rate, raised to 4 per cent. last December, has remained unchanged since. The gold reserve at 215 million gold kroner and the note circulation are the highest on record. The level of employment is unchanged.

POLAND.—The index of production is rising steadily, but remains nearly 20 per cent. below the 1929 level. The output of coal and iron and steel, however, have recovered to pre-depression figures. Imports have risen about 20 per cent. since last year, and exports about 30 per cent. Wholesale prices and the cost of living, though they share in the general upward trend, remain the

lowest in Europe relatively to the 1929 parity. Unemployment on the whole appears to be increasing.

AUSTRIA.—Recovery proceeds slowly in Austria. Production is higher than at any time since 1930, and the Government have successfully floated an internal loan. Imports have risen, but exports have risen faster. The cost of living, however, is being kept down, but employment shows only a small and gradual improvement.

UNITED STATES OF AMERICA

Economic activity showed further expansion in April, when the volume of industrial production was probably as high as in 1929. The *New York Times* index of business activity rose from 106.3 during the week ended April 10th to 109.0 during the week ended May 15th, compared with 97.1 during the corresponding week a year ago. There has recently been some anxiety concerning the possibility of a setback to recovery this summer. As a result of the sharp rise of prices earlier this year the output of consumption goods is said to have run ahead of consumers' requirements. But a temporary decline in the cotton textile and a few other trades will not necessarily bring about a general decline in business activity, for the conditions for further expansion are still present. The rise in the prices of agricultural products has led to a remarkable increase in the income of the farming community. Inclusive of Government payments under the soil conservation programme, farm income in March was 37 per cent. higher than a year ago. Moreover, the increase in the prosperity of industry is being shared by labour, payrolls in manufacturing industries in March showing an increase of 30 per cent. over the corresponding month a year ago. Further, a substantial proportion of human and material resources remain unemployed, while many industries, including building, electrical power stations, shipbuilding and the railways, have much leeway still to make up. Moreover, credit remains cheap and plentiful, the long-term rate of interest (calculated on the yield on Government bonds) being only 2½ per cent. in spite of its recent advance. Thus, while progress may be hampered by labour difficulties here and there and by a temporary loss of confidence among business men due to industrial legislation, there are no indications pointing to a major recession in the near future.

LATIN AMERICA

ARGENTINA.—Export trade continues at record levels, a consequence of the increase in demand and prices for grain and linseed. The favourable balance of trade for the first quarter of 1937 was practically at the same level as for the whole of 1936. Total exports in January-April, 1937, were 107.7 per cent. higher in value and 98.2 per cent. in volume than in the same period of 1936. The high-interest Argentine dollar bonds have now been entirely converted or redeemed, with large savings in debt service. An internal Repatriation Loan for 200,000,000 pesos has been successfully issued, and every indication points to increased economic independence in Argentina. Further, for the first time in history, it is proposed to issue mortgage cedulas at as low a rate of interest as 4 per cent. Retail trade is increasingly active, and there are better prospects for high-class British textile goods. The United States, however, is pressing for relief from exchange restrictions in the Argentine market.

BRAZIL.—Official statistics show an improvement in foreign trade. Much depends, however, upon the decision shortly to be made concerning coffee valorisation policy during the year commencing July, 1937. Disequilibrium between supply and demand for coffee has now brought matters to a head. Exports of cotton and other products, however, show considerable increases.

COLOMBIA has accumulated stocks of coffee, but is expected to liquidate them due to better New York markets and an increase in the export tax.

OTHER COUNTRIES.—It is now between seasons for the other Central American coffee countries. The improved exchange conditions for sterling and dollars continue in the Chilean exchange markets. Produce prices, however, are high owing to drought in the farming regions. Economic improvement in Uruguay is reflected in the rising tendency of the exchange value of the peso.

THE FAR EAST

In Japan industrial activity is generally well maintained. The iron and steel industry is working to capacity, but output is nevertheless failing to keep pace with current demand, and makers are forced to ration their customers. The engineering industry is also experiencing difficulty in obtaining sufficient raw materials and skilled labour. Meanwhile, commodity markets have been easier on account of the Government's price-level adjustment policy, and in sympathy with the lower prices of commodities abroad. Stock markets have also been weaker. Foreign trade showed a decline in April, but remained above the previous year's level. Imports and exports totalled 350 and 277 million yen, respectively, against 261 and 213 million yen in April, 1936. China's foreign trade continues to expand. Her imports rose from 108.77 million dollars in March to 109.14 millions in April, against 86.81 millions in April, 1936; while her exports increased from 72.60 million dollars in March to 79.78 millions in April, compared with 54.85 millions in the same month last year.

UNITED KINGDOM

(Population, mid 1936, 47,098,000; Area 95,030 sq. miles; 244,000 sq. kms.)

United Kingdom figures; otherwise Great Britain (G.B.)	Unit of Measurement	Monthly Average												1936				1937			
		1929	1930	1931	1932	1933	1934	1935	1936	Mar.	Apr.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.			
PRODUCTION																					
1. Industr. Prod. B. of Trade (a)	1930 = 100	108.5	100.0	91.0	90.5	95.5	106.1	113.5	124.5	123.2	17.9	20.0	19.2	132.1	131.9	131.9	131.9				
2. Coal, G. B.	Mill. tons	21.4	20.3	18.3	17.4	17.2	18.4	18.6	19.0	20.0	17.9	20.0	19.2	20.6	19.5	19.8	20.9				
3. Electricity, public supply, G.B.	Mill. kw.-hrs.	858	910	951	1,020	1,130	1,288	1,464	1,685	1,753	1,554	1,860	2,010	2,180	2,172	1,944	2,074				
4. Pig iron	Thous. tons	632	516	514	298	345	497	535	641	630	630	670	643	671	651	604	680				
5. Steel ingots and castings	Thous. £'s	3,688	3,897	3,374	3,907	5,192	5,799	6,536	6,255	5,991	6,272	6,035	6,411	5,396	4,476	5,300	5,945				
6. Building plans passed (f) Dwelling	Thous. £'s	2,403	2,320	1,877	1,614	1,781	2,164	2,990	3,497	3,367	3,286	2,951	3,268	3,629	3,996	5,399	3,953				
7. 146 towns, G.B.	Thous. gross tons	100	125	77	112	67	160	148	250	178	196	268	263	250	264	258	255				
8. Home	"	100	67	50	31	44	60	62	96	66	74	93	90	96	105	118	125				
9. Foreign	"	100	93	58	59	56	107	104	167	120	133	174	168	167	175	189	188				
10. Total	"	137	79	17	6	20	43	57	91	78	94	91	91	91	84	84	84				
11. Shipbuilding: commenced (f)	"	127	123	42	16	11	38	42	71	65	56	93	93	93	59	59	59				
12. " launched (f)	"	1,560	909	401	225	332	597	743	964	842	...	...	...	964	...	...	1,014				
13. " on hand, end yr.	"	15,196	14,139	13,250	14,270	19,232	21,406	25,962	29,479	39,677	32,321	30,870	30,667	34,349	34,062	28,449	44,578				
14. Automobiles: priv. cars (b) ..	Number	4,705	5,572	5,609	5,123	5,459	7,136	7,681	8,967	11,351	8,316	10,335	9,240	10,165	11,427	8,468	11,045				
15. " Comm. vehicles (b) ..	Mill. lbs. daily av.	5-27	3-92	4-04	4-47	4-72	4-31	4-72	5-17	5-19	5-56	5-05	5-28	5-74	5-65	5-50	6-23				
16. Cotton delivered to mills, G.B.	Thous. lbs.	4,742	4,064	4,548	6,043	7,007	7,758	10,314	12,776	11,820	10,870	13,490	11,760	10,950	11,740	11,720	12,520				
17. Rayon: Output	Thous. st. barrels	4,710	3,992	4,591	5,855	7,082	7,715	9,987	11,776	11,320	10,386	13,547	11,513	11,188	11,680	16,638	...				
18. " Quantity	Thous. st. barrels	1,620	1,568	1,361	1,103	1,193	1,293	1,355	1,395	1,360	1,356	1,379	1,324	1,560	1,163	1,131	1,473				
19. Beer production: excised	Thous. proof galls.	914	840	786	721	733	719	720	760	574	694	1,078	1,078	1,078	634	634	634				
20. Distilling: Drink (f) ..	Thous. proof galls.	1,203	1,393	1,438	1,834	2,484	2,816	3,172	3,595	3,435	3,315	3,959	3,959	3,959	3,700	3,700	3,700				
21. " Industrial alcohol (f) ..	Mill. proof galls.	151-6	153-4	148-5	141-5	134-9	135-4	136-1	137-4	137-4	138-0	136-9	136-9	137-4	138-2	139-3	140-6				
22. " Stocks, end year ..	"	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
TRADE AND TRANSPORT																					
Domestic Trade	Thous. tons	9,780	8,890	7,602	6,805	6,875	7,660	7,661	...	8,316	7,897	8,900	8,832	8,279	8,098	8,180	...				
23. Rly. traf. Merch. & Ivst. G.B.	Thous. tons	15,933	14,868	13,360	12,361	12,727	13,384	13,447	...	14,336	12,585	13,830	14,512	14,883	14,150	15,355	...				
24. " Coal and coke, G. B.	Thous. tons	893-8	967-7	878-0	1,018-4	1,084-9	1,184-5	1,347-5	1,498-8	1,340-3	1,518-6	1,528-6	1,530-2	1,558-0	1,445-9	1,458-6	1,454-9				
25. Automobile: priv. cars in use, G.B.	Thous. £'s	314-7	333-6	346-0	356-2	370-0	393-5	413-2	437-0	431-0	432-6	446-0	445-8	453-4	445-9	448-6	454-9				
26. " Comm. vehicles in use, G.B.	Thous. £'s	133	135	134	133	135	137	140	147	141	141	151	155	199	148	146	149				
27. Postal traffic receipts, daily	Avg. daily sales in 1935 = 100	...	...	...	102	100	103	111	120	117	121	120	123	142	119	123	137				
28. Retail trade, G. Brit.: Food	1935 = 100	...	...	...	99	100	103	108	113	97	113	123	122	167	120	95	111				
29. " Other merchandise	1935 = 100	...	...	...	101	100	103	109	116	108	117	121	123	154	119	110	124				
30. " Total	1935 = 100	...	...	...	78-1	79-2	84-6	90-4	100	120-3	111-2	130-3	129-7	94-9	88-1	100-2	120-1				
31. Advtg. expenditure on brand. gds.	Thous. £'s	42,444	37,809	33,041	29,810	27,311	27,829	28,616	30,921	28,920	27,497	37,788	35,988	36,839	31,080	29,717	34,033				
32. Retained imports, value: Food	Thous. £'s	22,774	17,674	12,277	11,740	12,897	15,153	15,327	17,934	16,379	16,543	19,214	20,783	21,940	22,627	17,491	21,957				
33. " Raw materials ..	Thous. £'s	25,467	23,622	20,387	12,168	11,654	13,955	14,202	16,452	16,394	16,349	18,268	17,240	18,111	16,435	17,223	19,819				
34. " Manufactures ..	Avg. of 1935 = 100	92,589	79,762	66,449	54,221	52,161	56,681	58,473	65,710	62,100	60,742	76,069	74,329	77,556	70,505	64,725	75,974				
35. " Total	1929 = 100	98-9	99-6	106-5	102-5	100-7	101-1	100	102-8	98-5	...	...	...	115-7	...	...	97-2				
36. Volume: Food (a) ..	1929 = 100	101-5	90-9	82-9	84-6	92-7	99-6	100	111-1	108-2	...	...	...	122-0	...	...	114-7				
37. " Raw materials (a) ..	1929 = 100	133-6	133-9	123-9	79-5	81-8	95-0	100	111-6	104-4	...	...	...	120-8	...	...	114-8				
38. " Manufactures (a) ..	1929 = 100	108-9	106-3	105-0	92-2	93-7	99-0	100	107-2	102-6	...	...	...	118-9	...	...	106-0				
39. " Total (a) ..	Thous. £'s	4,555	3,944	2,898	2,625	2,314	2,538	2,636	2,966	2,949	2,416	3,619	3,823	3,404	2,990	3,120	2,908				
40. Domestic exports, value: Food	Thous. £'s	6,575	5,313	3,920	3,634	3,832	4,021	4,400	4,278	4,062	3,948	4,766	4,568	4,940	5,081	4,901	5,264				
41. " Raw materials ..	Thous. £'s	47,899	36,745	24,398	23,031	23,475	25,403	27,411	28,410	26,630	26,013	32,157	28,872	30,323	29,885	29,737	34,158				
42. " Manufactures ..	Avg. of 1935 = 100	60,779	47,583	32,552	30,419	30,859	33,000	35,493	36,727	36,510	33,427	41,764	38,441	40,516	39,101	38,572	43,470				
43. " Total ..	1929 = 100	126-7	118-7	94-5	90-9	91-8	93-3	100	110-6	103-3	...	...	...	131-7	...	...	110-2				
44. Volume: Food (a) ..	1929 = 100	130-4	110-2	86-9	82-0	88-6	90-3	100	102-4	89-0	...	...	...	100-7	...	...	100-2				
45. " Raw materials (a) ..	1929 = 100	142-2	113-8	80-7	83-0	85-5	92-4	100	102-1	99-9	...	...	...	108-6	...	...	109-7				
46. " Manufactures (a) ..	1929 = 100	140-3	115-0	83-8	84-0	85-9	92-4	100	101-5	98-4	...	...	...	110-1	...	...	108-2				
47. " Total (a) ..	Thous. net tons	5,225	5,810	5,023	4,947	5,036	5,223	5,302	5,616	5,207	5,048	6,002	5,627	5,534	4,869	4,821	5,760				
48. Shipping: Tonnage entered ..	Thous. net tons	5,723	5,486	4,862	4,820	4,638	4,674	4,777	5,678	4,286	4,350	5,234	4,637	4,683	4,528	4,282	4,716				
49. " Tonnage cleared ..	Thous. net tons	365	1,533	1,966	1,971	1,240	878	436	212	474	...	...	...	212	...	...	90				
50. " Tonnage laid-up ..	1929 = 100	100	61-7	82-2	77-9	75-1	76-4	76-8	82-7	79-8	79-9	94-1	99-8	113-8	120-4	119-3	122-3				
51. Freight rates, Economist Index	Corresponding month 1929 = 100	100	87-8	73-9	72-3	70-5	72-5	73-5	74-4	76-0	71-6	75-9	80-5	96-4	85-8	84-6	90-6				
52. Cable and wireless traffic receipts.	1929 = 100	100	87-8	73-9	72-3	70-5	72-5	73-5	74-4	76-0	71-6	75-9	80-5	96-4	85-8	84-6	90-6				
EMPLOYMENT AND WAGES																					
53. Insured pers. employed G.B.	Thousands	10,220	9,797	9,421	9,348	9,681	10,139	10,377	10,896	10,630	10,712	11,103	11,120	11,132	11,106	11,167	11,242				
54. Insured pers. unemployed ..	"	1,212	1,915	2,630	2,756	2,496	2,107	1,958	1,684	1,814	1,745	1,549	1,553	1,552	1,604	1,552	1,505				
55. Per cent. unemployed ..	"	10-3	15-8	21-1	21-9	19-8	16-6	15-3	13-0	14-2	13-7	11-9	11-9	11-9	12-3	11-9	11-5				
56. Regist'd at Exchanges, all ages,	"	1,276	2,014	2,718	2,813	2,588	2,221	2,106	1,822	1,948	1,895	1,677	1,694	1,703	1,766	1,704	1,677				
57. " London ..	"	118	177	273	306	272	216	203	179	194	183	172	178	178	200	194	183				
58. " S.E. England ..	"	50	75	114	142	120	93	91	79	95	86	67	77	76	88	86	72				
59. " S.W.	"	69	81	129	157	147	127	114	94	108	99	90	93	93	106	108	98				
60. " Midlands ..	"	165	267	381	371	325	245	217	178	187	181	152	149	156	163	152	149				
61. " N.E. England ..	"	280	419	569	602	557	478	452	304	384	394	171	170	171	171	164	168				
62. " N.W.	"	285	522	627	662	517	461	439	374	400	393	341	342	338	334	320	315				
63. " Northern (c) ..	"	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
64. " Scotland ..	"	158	244	358	378	364	331	314	277	300	288	255	259	285	271	267	266				
65. " Wales ..	"	116	158	196	228	219	208	206	198	215	207	185	178	174	174	172	164				
66. " Ireland ..	"	38	60	71	68	68	67	68	67	66	64	65	69	77	77	76	78				
67. Industr. disputes, No. days lost	1929 = 100	678	361	527	541	67	78	160	154	195	141	148	156	195	806	84	230				
68. Wage rates, Min. of Labour (d)	1929 = 100	100	100	97-1	96	95-1	95-1	96-1	99-1	98-1	...	...	...	100-1	...	...	101-1				
PRICES																					
Wholesale: " Economist " Indices	1929 = 100	100	83-6	70-9	70-4	66-4	71-3	72-2	79-4	74-6	75-6	84-7	85-8	89-2	91-1	90-2	96-0				
69. Cereals and meat ..	"	100	90-0	76-1	72-8	68-4	68-8	70-6	71-2	69-7	68-8	72-8	75-7	76-4	79-0	80-0	82-0				
70. Other foods ..	"	100	89-9	54-2	53-4	55-2	58-7	61-8	67-0	65-											

UNITED STATES, FRANCE AND GERMANY

	Unit of Measurement	Monthly Average								1936					1937			
		1929	1930	1931	1932	1933	1934	1935	1936	Mar.	Apr.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
		1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100
UNITED STATES (Population 1934: 126,450,000; Area: 7,839,432 sq. kms.)																		
PRODUCTION																		
1. Industrial production, F.R.B. (a)	1929=100	100	80.7	68.1	53.8	63.9	66.4	75.6	88.1	78.2	84.0	91.6	95.8	101.7	95.8	97.5	99.2	...
2. Investment goods, F.R.B. (a)	"	100	72.6	48.2	27.6	41.2	46.5	63.2	82.4	67.7	77.9	90.0	92.9	97.6	92.9	93.5	101.3	...
3. Consumption goods, F.R.B. (a)	"	100	86.8	85.2	75.9	84.2	83.4	87.6	94.5	87.6	89.4	96.0	97.3	100.7	100.5	93.8	102.6	...
4. Coal	Million m. tons	46.0	40.6	33.4	27.2	29.0	31.4	31.6	36.5	30.8	31.4	43.1	41.4	44.2	39.6	40.9	50.3	29.3
5. Electricity generated	Million kw. hrs.	8,113	7,995	7,644	6,842	7,111	7,590	8,283	9,461	8,904	8,893	10,476	10,780	10,528	9,850	8,962	9,993	...
6. Steel	Million m. tons	4,599	3,326	2,133	1,128	1,913	2,139	2,830	3,973	3,396	4,006	4,618	4,404	4,503	4,813	4,496	5,113	5,170
7. Index of machine tool orders	1929=100	100	46.0	26.0	12.6	17.4	29.7	55.5	87.7	67.6	80.6	87.6	94.4	165.4	128.5	105.9	135.8	...
8. Building contracts awarded:																		
Residential	Million \$	159.6	91.8	67.6	23.3	20.8	20.7	39.9	66.8	55.2	67.2	79.7	68.4	65.5	78.4	63.0	90.2	...
Other	Million \$	319.6	285.1	190.1	89.3	83.8	107.9	114.1	155.2	143.8	167.8	146.1	139.8	134.5	164.4	125.3	141.0	...
9. Private cars	Thousands	382	232	164	88	131	181	271	306	344	417	191	341	426	130	296	404	...
10. Commercial vehicles	Thousands	64	48	35	20	29	48	58	65	77	86	34	53	73	70	67	90	...
11. Activity in textile industry	1929=100	100	79.1	81.7	72.2	84.3	73.9	90.4	97.4	87.0	87.0	99.1	105.2	122.6	107.8	109.6	113.3	...
12. Stocks of raw materials	1929=100	100	106.0	116.7	120.7	122.1	120.7	94.0	...	82.6	77.2	102.6	106.0	112.1	93.3	85.3	80.6	...
13. Stocks of manufactures	1929=100	100	102.5	65.0	86.7	85.9	90.9	86.7	...	86.6	85.0	84.2	85.0	83.4	90.0	90.0	90.0	...
TRADE AND TRANSPORT																		
14. Index of Rly. car loadings	1929=100	100	86.8	70.7	52.8	54.7	58.5	59.4	67.9	62.2	65.1	68.9	75.4	81.1	75.4	75.4	78.3	...
15. Index of Dept. Store sales	"	100	91.9	82.9	62.2	60.3	67.6	71.2	79.2	75.7	75.7	81.1	84.7	82.9	83.8	85.3	83.8	...
16. Retained imports	Million \$	362	260	174	110	119	139	170	202	194.3	199.8	213.2	200.4	239.8	228.7	260.3	306.0	...
17. Domestic exports	1929=100	100	430	315	198	131	137	175	187	192.4	189.6	261.9	223.3	226.6	217.9	229.0	256.0	...
EMPLOYMENT AND WAGES																		
18. Factory employment, F.R.B. (a)	1929=100	100	87.2	73.8	62.6	68.8	78.8	82.1	87.8	84.0	85.0	90.2	91.9	94.1	91.4	95.5	96.4	...
19. Pay rolls, F.R.B. (a)	"	100	81.1	61.8	42.6	45.3	57.7	65.4	75.5	71.5	72.4	81.4	87.1	82.9	83.4	85.3	83.8	...
20. Hourly earnings, N.I.C.B. (a)	"	100	100	96	84	83	89	102	105	104	104	104	104	104	104	104	104	...
21. Average hours of work, N.I.C.B. (a)	Number	48.3	43.9	40.4	34.8	36.4	34.7	37.2	39.7	38.2	38.8	41.2	41.3	41.8	41.0	41.4	...	...
22. Number unemployed, A.F.L. (a)	Thousands	1,864	4,770	8,738	13,182	13,723	12,384	12,208	...	12,183	11,506	...	...	...	41.0	41.4	...	...
FINANCE																		
23. Cost of living, N.I.C.B. (a)	1929=100	100	96.2	87.2	77.9	74.9	79.4	82.6	84.8	83.2	83.6	85.7	85.8	86.1	86.9	87.2	88.3	...
24. Wholesale prices, D. of Lab. (a)	"	100	90.7	76.6	68.0	69.3	78.7	83.9	84.8	83.5	83.6	85.8	86.5	88.4	90.1	90.6	92.1	...
25. "raw materials"	"	100	86.5	67.3	56.5	57.9	70.4	79.1	82.0	79.4	78.9	84.2	85.9	87.8	90.4	90.6	92.2	...
26. "semi-manufactures"	"	100	87.2	73.5	63.2	61.4	77.6	78.0	80.8	79.2	79.3	80.1	83.7	87.6	90.9	91.1	95.3	...
27. "Finished goods"	"	100	93.1	81.8	74.4	74.6	82.8	87.0	86.8	86.0	86.3	86.8	87.3	88.5	89.8	90.4	91.4	...
28. "Farm products"	"	100	84.1	61.8	45.9	49.0	62.3	75.1	77.2	72.9	73.3	80.1	81.1	84.4	87.0	87.1	89.6	...
29. 351Indus. securit's, Stand. Stat. (a)	"	100	74.2	45.9	24.4	35.0	42.9	48.0	67.3	65.8	64.8	72.5	76.2	75.3	77.5	80.1	80.3	75.5
FINANCE																		
30. Total Res. Bank credit	Million \$	1,739	1,386	1,853	2,171	2,674	2,470	2,486	2,500	2,474	2,475	2,476	2,453	2,500	2,497	2,485	2,458	...
31. Gold stock	"	3,900	4,225	4,051	4,045	4,012	8,238	10,125	11,258	10,184	10,225	11,045	11,184	11,258	11,358	11,436	11,574	11,799
32. Money in circulation	"	4,578	4,603	5,360	5,405	5,519	5,536	5,882	6,543	5,874	5,898	6,351	6,466	6,543	6,349	6,399	6,377	6,421
33. Member Bank Res. Balances	"	2,355	2,471	1,961	2,509	2,729	4,096	5,587	6,606	5,087	5,486	6,765	6,788	6,606	6,781	6,895	6,839	...
34. "Excess Reserves"	"	-73	96	-33	578	859	1,814	2,844	1,984	2,305	2,664	2,175	2,286	1,984	2,152	2,078	1,980	...
35. Member Banks in 101 towns:																		
loans and investments	"	19,112	18,660	15,985	14,965	11,383	11,119	13,898	15,571	21,445	21,832	22,566	22,444	22,734	22,600	22,610	22,610	...
deposits: Demand	"	13,070	13,654	11,453	10,527	4,790	4,781	9,911	5,067	13,747	14,258	15,340	15,464	15,571	15,493	15,501	15,128	15,358
Time	"	26,801	23,113	17,119	12,819	13,288	13,781	18,676	23,236	17,868	17,497	20,142	18,475	23,238	20,383	17,820	21,605	20,005
36. Bank debits outside N. Y. City	"	7.61	2.94	1.74	2.05	1.16	1.0	0.56	0.91	0.75	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0
37. Call money	%	3.60	3.28	3.1	3.66	3.31	3.10	2.69	2.47	2.54	2.51	2.42	2.29	2.27	2.29	2.31	2.50	2.60
38. Yield on Govt. bonds	"	595	848	280	99	59	115	123	166	127	176	189	156	266	249	168	185	15
39. Capital issues, C.F. Chronicle (a)	Million \$	595	848	280	99	59	115	123	166	127	176	189	156	266	249	168	185	15
FRANCE (Population 1936: 41,906,000; Area: 550,986 sq. kms.)																		
PRODUCTION																		
40. Industrial production S.G.F. (b)	1929=100	100	100.7	89.2	69.1	77.0	71.2	67.6	70.5	72.7	73.4	70.5	71.2	71.9	72.7	74.1	74.8	...
41. Coal	Thous. met. tons	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,956	4,059	4,165	4,346	4,383	4,313	4,310	4,087	...
42. Electricity	Thous. met. tons	100	99.2	93.3	88.2	96.7	98.3	101.7	104.2	107.6	107.6	100.9	105.9	106.7	105.9	107.6	108.7	...
43. Steel	Thous. met. tons	808	787	652	470	544	512	522	558	575	571	627	579	591	607	624	675	...
44. Building activity S.G.F. (a)	1929=100	100	111.4	101.6	81.3	74.0	66.7	55.3	52.0	57.7	57.7	46.4	46.4	47.2	51.2	54.5	54.5	...
TRADE AND TRANSPORT																		
45. Rly. car loadings, daily	Thous. cars	65.1	65.4	53.9	47.3	45.2	42.5	40.1	40.9	42.3	39.7	46.3	46.3	43.2	40.1	42.5	41.3	...
46. Imports	Mill. frs.	4,852	4,376	3,517	2,484	2,369	1,925	1,745	2,117	1,856	1,216	2,247	2,707	3,013	3,319	3,681	3,227	...
47. Exports	1929=100	100	100	105	100	102	102	101	101	1,245	1,195	1,460	1,720	1,637	1,773	1,695	1,837	...
EMPLOYMENT AND WAGES																		
48. Unemployed in receipt of benefit	Thousands	0.9	2.5	56.1	273.4	276.0	345.0	426.9	432.1	465.1	443.2	406.6	407.8	413.5	428.1	410.2	396.3	371.0
49. Wage rates, Paris region	1929=100	100	100	105	100	102	102	101	101	101	101	101	101	101	101	101	101	101
FINANCE																		
50. Wholesale, index of S.G.F. (b)	1929=100	100	88.4	80.0	68.2	63.6	60.0	54.0										

RAW MATERIALS AND CRUDE FOODSTUFFS

Commodity	Unit of Measurement	Monthly Average							1936				1937					
		1929	1930	1931	1932	1933	1934	1935	1936 (a)	Mar.	Apr.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
COAL																		
1. Production : Belgium	Th. metric tons	2,245	2,285	2,254	1,785	2,108	2,199	2,207	2,323	2,470	2,435	2,518	2,447	2,519	2,467	2,365	2,611	...
2. " France	"	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,956	4,059	4,165	3,436	3,812	3,623	3,711	4,087	...
3. " Germany : Coal	"	13,620	11,892	9,887	8,728	9,147	10,405	11,913	13,198	12,872	11,876	14,587	14,681	14,467	14,289	15,086	...	...
4. " Poland	"	3,853	3,126	3,189	2,408	2,283	2,436	2,395	2,779	2,147	2,055	3,157	3,046	2,984	2,982	2,661	2,747	...
5. " U.K.	"	21,837	20,650	18,582	17,717	17,525	18,708	18,877	19,340	20,303	18,195	20,341	19,519	20,929	19,802	20,114	21,232	23,150
6. " U.S.A.	"	46,026	40,590	33,395	27,183	28,967	31,398	31,376	36,470	30,811	31,438	43,125	41,441	44,168	39,585	40,921	50,343	29,312
7. " All Principal countries	"	107,219	98,062	86,002	76,435	79,688	87,503	89,335	96,620	93,720	90,502	109,290	103,650	112,631	105,285	104,122	...	...
8. Price : Av. Br. expt. price	sh. per ton	16.08	16.67	16.17	16.25	16.08	16.04	16.29	16.98	16.46	16.95	17.17	20.17	17.06	17.19	17.30	17.43	17.64
OIL																		
9. Production : Dutch East Indies	Th. metric tons	437	461	392	424	461	503	507	536	524	505	580	591	599	573	538	...	...
10. " Mexico	"	536	592	111	408	422	475	501	511	529	448	483	478	636	632	586	...	...
11. " Persia (Ang.-Ir. Oil)	"	462	503	487	543	544	579	577	628	611	568	619	603	653	639	577	...	...
12. " Roumania	"	403	483	563	612	615	706	698	723	714	716	716	683	692	653	571	...	...
13. " U.S.A.	"	11,509	10,260	9,714	8,970	10,347	10,375	11,386	12,550	12,417	12,405	13,134	12,478	13,388	13,513	12,774	...	...
14. " U.S.S.R.	"	1,206	1,552	1,912	1,791	1,786	2,013	1,989	2,193	2,242	2,138	2,304	2,290	2,249	2,208	2,002	...	...
15. " All Principal countries	"	17,082	16,293	15,766	15,004	16,465	17,366	18,788	20,463	20,425	19,989	21,135	20,598	20,661	21,117	20,386	...	...
16. Stocks : U.S.A. and year	Thous. barrels	422	402	371	340	354	337	315	288	313	315	292	289	287	287	290	...	...
17. Price : U.S.A., Mid-Cont. crude	cents per barrel	123.3	111.1	57.3	81.3	60.1	94.0	94.0	104.0	104.0	104.0	104.0	104.0	104.0	107.0	116.0	116.0	116.0
CRUDE STEEL																		
18. Production : Belgium	Th. metric tons	342	280	259	232	229	246	252	265	279	269	298	283	296	286	269	309	...
19. " France	"	808	787	652	470	544	514	523	559	575	571	627	579	591	603	624	675	...
20. " Germany, inc. Saar	"	1,354	962	691	481	632	990	1,342	1,596	1,558	1,467	1,705	1,507	1,472	1,534	1,520	1,582	...
21. " Japan, ex. castings	"	191	191	157	200	267	325	375	419	424	409	422	458	458	458	442	225	230
22. " Luxembourg	"	225	189	170	163	154	161	153	165	198	153	183	168	178	188	178	188	...
23. " U.K.	"	816	620	448	398	448	539	533	600	998	1,006	1,078	1,017	1,038	1,015	1,012	1,127	1,099
24. " U.S.A., ex. castings	"	4,599	3,328	2,183	1,123	1,913	2,139	2,830	3,973	3,396	4,006	4,618	4,407	4,503	4,813	4,496	5,313	5,170
25. " U.S.S.R.	"	407	483	451	490	571	800	1,034	1,362	1,378	1,371	1,519	1,442	1,496	1,469	1,287	1,530	...
26. " All Principal countries	"	9,714	7,660	5,615	4,113	5,510	6,638	7,983	9,975	9,450	9,947	11,148	10,538	10,723	11,107	10,564	...	...
27. Price : Pig iron Cleveland, No. 3,	per ton £	3.53	3.35	2.91	2.91	3.13	3.35	3.39	3.70	3.50	3.50	3.75	3.81	4.05	4.05	4.05	4.05	4.05
GOLD																		
28. Production : Union of S. Africa	Thous. fine ozs.	868	893	907	963	918	873	898	945	935	914	977	944	967	981	924	982	...
29. " U.S.S.R.	"	90	120	142	163	222	335	486	613	...	...	...	...	...	...	...	...	...
30. " Canada	"	161	175	225	254	246	248	274	310	299	...	299	334	319	330	329	310	325
31. " U.S.A.	"	171	175	185	185	190	229	264	310	...	...	...	...	...	...	...	...	...
32. " World (b)	"	1,632	1,736	1,863	2,028	2,113	2,313	2,582	2,920	...	...	...	...	...	...	...	...	...
33. Price : London, per fine ounce	sh.	84.9	85.0	92.5	118.0	127.8	137.6	142.1	140.3	140.98	140.81	141.91	142.27	141.69	141.69	142.11	142.36	141.30
WHEAT																		
34. World shipments	Mins. of bushels	923	630	825	801	631	549	515	504	455	30	52	56	51	62	55	...	...
35. Stks. : World visible supplies (d)	"	370.1	411.9	462.7	408.2	459.7	477.2	339.5	275.1	380.2	335.5	305.6	292.9	312.5	336.5	316.8	288.2	...
36. Average British import price	sh. per cwt.	10.33	8.22	5.09	6.15	5.52	5.38	6.02	7.53	6.93	6.83	8.36	8.80	7.89	7.93	9.89	9.87	10.37
COTTON																		
37. Mill consumption : U.K.	Thousands of actual bales	2,800	2,465	1,964	2,386	2,248	2,470	2,507	2,733	...	...	...	...	...	...	...	...	...
38. " Japan	"	2,766	2,297	2,565	2,769	2,900	3,252	3,730	3,651	...	...	...	...	...	...	...	...	...
39. " U.S.A.	"	7,033	6,060	5,246	4,847	6,109	5,670	5,321	6,329	...	...	...	...	...	...	...	...	...
40. " World	"	25,882	25,209	22,488	22,322	24,352	25,112	24,418	25,389	...	...	...	...	...	...	...	...	...
41. Stks. : World Visible Supplies	Thousand bales d. per lb.	2,736	4,317	6,593	7,682	7,510	6,571	3,983	4,297	6,521	6,051	7,412	8,103	7,928	7,493	7,065	6,359	5,725
42. Price : Mid. American	"	10.33	7.46	5.08	5.25	5.54	6.67	7.00	6.69	6.30	6.53	6.84	6.81	6.94	7.15	7.26	7.83	7.59
SUGAR																		
43. Stks. : World visible supplies (d)	Thous. tons	4,047	5,522	6,765	7,018	6,441	5,692	4,166	2,983	6,653	6,295	3,366	5,502	5,389	5,071	5,834	6,026	...
44. Av. Brt. import price, unrefined	sh. per cwt.	9.68	8.91	8.10	7.70	7.46	6.98	6.38	6.71	7.14	6.42	6.48	7.05	7.20	7.97	8.88	8.47	8.79

GROUP II.—BI-MONTHLY TABLE.

[illegible]

CROPS (Season ended in Year shown)

Commodity	1930	1931	1932	1933	1934	1935	1936	1937 (a)
Cotton (thous. bales)								
1. Brazil	564	471	575	438	1,014	1,359	1,718	1,800
2. Egypt	1,697	1,655	1,271	991	1,715	1,511	1,707	1,889
3. India	5,243	5,226	4,007	4,656	5,108	4,858	5,728	6,307
4. U.S.A.	16,066	14,918	18,163	13,914	10,638	11,727	13,637	
5. World	28,474	27,674	29,102	25,345	28,337	25,577	28,299	33,660
Wheat (mill. bushels)								
6. Argentina	163	232	220	241	286	241	141	250
7. Australia	127	214	191	214	177	133	143	134
8. Canada	305	421	321	443	282	276	277	234
9. U.K.	50	42	38	44	62	62	62	53
10. U.S.A.	823	886	937	757	552	526	626	627
11. World	3,465	3,744	3,709	3,744	3,669	3,390	3,421	3,349

Commodity	1930	1931	1932	1933	1934	1935	1936	1937 (a)
Wool (mill. lbs.)								
12. Argentina	353	361	378	388	385	370	350	370
13. Australia	938	912	1,007	1,063	996	1,015	992	961
14. S. Africa	309	302	314	330	284	222	251	291
15. N. Zealand	273	271	283	288	301	276	317	350
16. U.K.	112	111	113	119	120	115	109	108
17. U.S.A.	400	435	464	441	460	451	453	448
18. World	3,915	3,847	3,846	3,863	3,745	3,681	3,669	3,669
Sugar (thous. tons)								
19. Cuba	4,670	3,163	2,639	2,020	2,303	2,570	2,555	2,850
20. Java	3,062	3,121	2,957	2,715	1,483	692	555	60
21. U.K.	319	479	284	373	549	694	549	59
22. World	28,096	29,113	26,780	25,310	25,120	24,791	26,701	27,310

(a) *For season 1936, and in the case of crops for 1933-37 are equivalent.* (b) *For season 1934 and 1935 are subject to revision.* (c) *For season 1933.* (d) *End of season.*

THE ECONOMIST

TRADE SUPPLEMENT

New Series

SATURDAY, JUNE 26, 1937

No. 6

The Trend of Business

In contrast to the downward trend in security prices—due to pessimism over the future of recovery after the first version of the National Defence Contribution and the repeated gold scares—the expansion in business activity has been well sustained during the past month. Moreover, the latest reports of industrial concerns continue to show rising profits, despite the increase in costs.

The improvement in business activity last month is reflected in the rise of *The Economist* index from 110 (1935 = 100) in April to a record level of 112 in May. Of the component series shown on page 19, eight registered a rise and six showed a decline between April and May. As the indices relating to imports, exports and shipping movements represent daily averages of working days, and since the loss of time through holidays may have been made

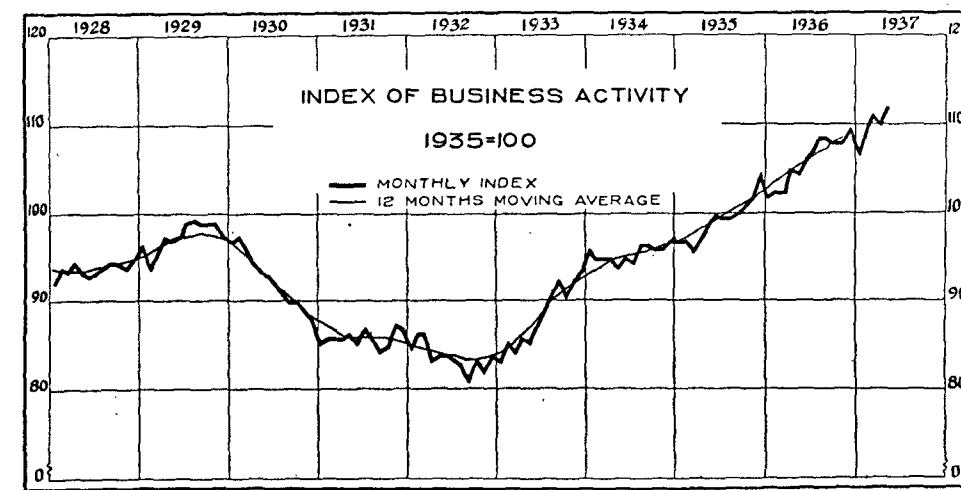
good by a speeding-up of activity before and after the Coronation and Whitsun holidays, their sharp rise may somewhat exaggerate the improvement. The decline in the employment index, on the other hand, is largely due to the fact that a number of trades were affected by holiday stoppages on May 2

One of the most significant features during recent weeks has been the lack of confidence among business men, reflected in the downward trend of security and commodity prices. So far, however, this does not seem to have had much effect on the current volume of business activity, and the latest reports from individual industries, summarised on pages 18-19, are fairly encouraging. There are no indications of a general decline in new business, though orders appear to have declined in a number of industries. The iron and steel and metal-using trades are as active as ever, and building activity has been well maintained. But the figures of the value of building plans passed by 146 local authorities in May showed a decline of 23 per cent. from those relating to the corresponding month a year ago. The decline affected not only dwelling-houses, but also factories, commercial premises and public buildings. It is possible that the reduction in the value of plans passed for factories and commercial buildings is partly due to difficulties in obtaining delivery of materials and to the rise in costs; but there is a strong presumption that the loss of confidence contributed to the decline. Again, a number of consumption goods industries, e.g. cotton, wool and jute textiles, have experienced a decline in new business, a consequence of the falling trend of raw material prices.

The rapid improvement in British exports since the beginning of the year has given a marked fillip to many industries, including those which, like the coal, textiles, shipping and shipbuilding industries, have hitherto lagged behind in recovery. This improvement was mainly a consequence of the sharp rise in the volume of exports and in the prices of raw materials and crude foodstuffs. While the

prices of the majority of raw materials are still well above the level of a year ago, a prolonged decline in prices might well have unfavourable repercussions on British industry. While there are indications that the recession in the prices of internationally traded primary products has almost exhausted itself, a resumption of the upward movement may be delayed by the prevailing lack of confidence in this country and in the United States, reflected in the cautious attitude of consumers on the commodity markets.

As in home trade, the most encouraging feature abroad is the rapid expansion of the volume of international trade in recent months. In fact, there has been no evidence this year of the normal seasonal decline in the international exchange of commodities during the first few months of the year. The index of the volume of world trade calculated



as high as eight years ago. There can be little doubt, however, that a further prolonged reaction in commodity prices may tend to slow down the rate of expansion of international trade.

As far as individual countries are concerned, the volume of business activity in the United States has so far been well maintained, though progress is being hampered in certain industries by labour difficulties. As in this country, security and raw material prices have shown a downward tendency, reflecting uncertainty concerning the future of recovery. In France, the heavy industries have made some headway and unemployment is substantially lower than a year ago; but private enterprise still lacks the confidence necessary for an increase in investment. In contrast to France, most other European countries, including Belgium, Czechoslovakia, Holland and Switzerland, continue to make headway, while business activity in the Scandinavian countries is maintained at a high level. The latest indices for Germany indicate that industrial production is at a record level, though further expansion is hampered by shortages of materials, especially iron and steel.

The latest reports from South Africa indicate a lull in progress as a result of the gold scares and the subsequent heavy depreciation of security prices. Other Empire countries, as well as Latin America and China, on the other hand, have recorded further progress as a result of the increase in the prices of their principal export commodities earlier this year. In general, the future trend of activity in the United Kingdom, as well as in other countries, is somewhat uncertain at the moment, but the next few months should indicate whether or no previous upward trends are likely to continue.

British Industrial Developments

The following reports on British industry cover, in most cases, the period to the middle of June. In the remainder they relate to the month of May.

COAL

The recent improvement in the coal industry is being well maintained. The quantity of saleable coal raised in Great Britain fell from 21,744,500 tons in April to 18,715,300 tons in May, the reduction being common to all districts. This fall is, however, accounted for by holiday stoppages, production in May being slightly in excess of that for May, 1936, although the latter month contained two more working days. The occurrence of holidays is also reflected in an increase in the number of workpeople "temporarily stopped" last month. Business in industrial fuel is still mainly confined to contract deliveries, although the position on the open market is now a little less stringent. Meanwhile, it is reported that a fair tonnage of large coal is being broken down for industrial purposes. With the advent of warmer weather and the recession of labour troubles into the background, demand for house coal has fallen off; stocks are consequently accumulating. Export business last month again showed an increase compared with the same month of 1936, the advance being mainly due to the improvement of business with Italy. Collieries remain well booked with export orders.

IRON AND STEEL

Activity in the iron and steel industry, although affected during the past month by holiday stoppages, remains on a high level. The output of pig iron last month at 666,300 tons, was the largest recorded since the post-war peak of May, 1927. The output of crude steel, however, showed a further slight decline due to the holidays and to the temporary closing down for repairs of about one-third of the open-hearth and Bessemer furnaces. The market stringency is perhaps a shade less acute than recently, but makers are fully booked for months ahead. The consuming industries remain highly active and new business in iron and steel is only limited by manufacturers' inability to add to their commitments. Export business also remains good, and here again makers are not in a position to accept all inquiries. Mainly in consequence of heavier shipments to the Empire, exports were substantially heavier in May than in the same month of the two previous years. Meanwhile, an increase of 20s. per ton in the minimum scheduled quotations for foundry and forge iron takes effect after June 30th. The increase will remain in force until the end of the year, except in the Scottish zone, where prices will be reviewed at the end of September.

GENERAL ENGINEERING

The upward trend of activity in the engineering industry was maintained in the past month, when unemployment in all branches of the industry separately recorded in the *Ministry of Labour Gazette* showed a further decline. Exports in May, though slightly lower than in April, showed a considerable increase over the corresponding month last year. The loss of confidence, due to N.D.C. No. 1 and the repeated gold scares, reflected in a decline in new business in certain trades, scarcely affected the engineering industry. Indeed, demand continued to expand during the past month. Costs of production rose in May when quotations for iron and steel were raised by about 20 per cent. on the average. Moreover, a further increase in costs is expected owing to the demand for an increase in wages of twopence per hour which is now under discussion. But the pressure of demand is so strong that no early decline in business is expected. Most sections of the industry are as active as ever, but there has been a slight lull in the agricultural and mining machinery sections.

ELECTRICAL EQUIPMENT

The electrical equipment industry continues to work under pressure. The proportion of insured workers unemployed in electrical engineering, for example, fell to 3.1 per cent. last month. Exports of electrical goods and apparatus continue well above last year's level, but sales of machinery abroad last month were smaller than a year ago, possibly owing to the heavy demands of the home market.

AUTOMOBILES

The private car section remains active and the commercial section is now forging ahead once more. Thus in April 36,309 cars and 10,069 commercial vehicles were produced, against 29,052 and 7,280, respectively, in the same month of 1936. New

registrations in the same month totalled 31,121 private cars and 7,268 commercials, compared with 28,303 and 6,575 in April last year. Continued progress is also being made on the export markets. Sales of cars overseas totalled 6,049 last month, against 5,657 in May, 1936, while shipments of commercial vehicles aggregated 1,802, compared with 1,335 in the same month of last year. Imports of both cars and commercial vehicles also continue above the level of a year ago.

BUILDING

Activity in the building industry remains on a high level and there is little indication of any immediate alteration in the trend. The employment position showed little change last month and was about the same as in May last year. Meanwhile the aggregate value of building plans approved by 146 local authorities last month was only £9,193,800, against £12,773,000 in the same month of last year. May, 1936, was a particularly good month, but the decline was nevertheless considerable and was especially marked in respect of factories and workshops. This development is attributable to exaggerated fears of rising wages and other costs, to the difficulty of securing early delivery of certain essential materials (especially steel) and to the shock to confidence caused by the Chancellor's Budget proposals. With the withdrawal of the first N.D.C. proposals, one disturbing factor has been removed, and it seems likely that the plan figures, an important indicator of future activity, may reflect this improvement in the near future.

CHEMICALS

The home chemical market was fairly active during May, chief interest being shown in industrial chemicals and wood distillation products. Business in a number of coal tar products was restricted owing to a shortage of supplies, tar acids being particularly scarce. The pharmaceutical chemicals market was quiet at the beginning of the month, but there was rather more inquiry later. There was a further increase in overseas trade in May, the value of exports of chemicals, drugs, dyes and colours being £323,139 greater than in May, 1936, and the value of imports £81,829 greater. Items for which exports showed a very considerable increase as compared with last year were ammonium sulphate, fertilisers and painters' colours and materials. The only large decrease was recorded for sodium compounds.

POTTERY

Although activity has shown a decline since the Coronation, the position remains much better than at this time last year. Overtime is still being worked at some centres, but short time is more common. Exports of general earthenware, electrical ware and china were rather smaller last month than in May, 1936.

FOOTWEAR

The boot and shoe industry was active in early May on the completion of orders before the Whitsuntide holiday. Export business, too, was good. Thus exports of leather boots and shoes amounted to 29,529 dozen pairs, against 27,311 dozen pairs in May, 1936. Since the holidays, however, normal seasonal slackness has been experienced and employment has declined.

COTTON

Favourable crop reports from the United States, uncertainties regarding the future of gold and the political situation in France have given rise to anticipations of a fall in prices. In the circumstances, fresh business has been limited, although inquiry showed some improvement towards the close of the period under review. Makers of piece-goods remain busy on old contracts, but contract lists have tended to run down. Demand for India has been unsatisfactory, but a little more inquiry has been encountered for China and minor outlets of the Far East. Business for South America has continued healthy, but operations for the Continent have been irregular. Inquiry for the home trade has also been rather quiet. Spinners have had a disappointing month and the output of the mills has not been sold; but sellers have shown strong resistance against low offers. In the American section the outstanding factor has been the continued pressure for delivery of ring beams. Following a revision of the basis by the Price Agreement Committee, certain yarns have been slightly dearer in relation to raw cotton rates. Meanwhile spinning production remains at 92 per cent. of capacity, against 79 per cent. at the same time last year.

JUTE

Raw jute prices have been easier in recent weeks, mainly in response to favourable crop reports. The next crop is now expected to yield about 12 million bales, while probable world consumption is put at 11 million bales. In the circumstances, lower prices are anticipated. The yarn market is quiet, but spinners remain busy on existing contracts and prices are fairly steady. New business in cloth is also scarce, but nominal quotations show little alteration. Meanwhile, output in India continues to be hampered by labour difficulties.

LINEN

Raw material prices are firm on short supplies ; high-class flax is scarce, and buyers are consequently anxious to cover their requirements. The weather in most centres is favourable for new sowings. Meanwhile, demand for yarns is well maintained, producers being fully engaged. Weavers have difficulty in keeping abreast of demand for cloth, especially for fine goods. In view of their existing commitments, manufacturers have been obliged to refuse a considerable volume of new business offered for early delivery.

RAYON

Business is reasonably good for the time of year and the general outlook appears healthy. New business in yarns is not very active, but substantial deliveries are being made against old contracts. The dress goods trade shows a distinct improvement. Quotations for all qualities of viscose yarns are firm, and spinners are no longer prepared to sell below list prices.

WOOL

The woollen and worsted industry is passing through a quieter period, partly on account of seasonal factors. Holiday stoppages were responsible for an increase in unemployment last month, and, more recently, there has been a further decline in the volume of new business. There is a feeling in the market that a larger

AGRICULTURE AND FISHERIES

Some of the corn crops are still of patchy appearance, but there was some improvement during May, and growth was encouraged by warmth. Early potatoes are making favourable progress and planting of the main crop is nearing completion. Sowing of root crops is less forward than usual. Hop bines are rather backward, but there was some recovery at the end of May. Generally speaking, reports on hay are favourable and yields of both seeds and meadow hay will probably be above average. Pastures made rapid growth, and both cattle and sheep made progress. Milk became more plentiful with the outdoor keep; and a few districts reported yields above the seasonal average. Lambs in lowland flocks have thrived moderately well, and those in hill flocks are deriving benefit from the more clement weather. The average value of Britain's takings of wet fish again showed a decline in May, when compared with the same month of 1936. The total catch was 1,746,412 cwts., against 1,492,820 cwts., and the aggregate value was no more than £1,002,856, compared with £1,101,005 in May, 1936.

SHIPPING

The reduction in idle shipping tonnage and the gradual growth of international trade are reflected in a further advance in shipping freights. *The Economist* index (1898-1913 = 100) rose from 150.3 in April to 154.9 in May—a gain of no less than 74.5 per cent. over May, 1936. The freight markets have had a quiet tone in recent weeks, but owners have shown little disposition to make concessions, since the surplus cargo tonnage available is small. In the circumstances, no break in freight rates appears probable.

UNITED KINGDOM—THE ECONOMIST INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1935 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in Use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Town	Monthly	Twelve-Months' Moving Average
Number of Weights.....	10	4	2	4	2	3	2	2	1	2	3	2	4	1	42	
1929	98½	103	68	127	76	95	97	111	98½	137½	108½	91	109	98½	...	...
1930	94½	98½	68½	115½	80½	96½	65½	84½	82	108	107	89	112	93	...	...
1931	91	92	69	98½	83	96	78	88	82½	80½	97½	86½	96½	87½	...	...
1932	90	90	71½	98	88	94	67	59½	94	84	82	94½	86½	84	...	...
1933	93½	90	73	89½	89½	96½	73½	70	101	92½	85	96	91	88	...	...
1934	97½	97½	88½	100	95	97½	88	93½	98½	100	92½	98	95½	98	...	...
1935	100	100	100	100	100	100	100	100	100	100	100	100	100	100	...	...
1936	105	104½	112½	106½	105½	104½	107	125	109½	110½	102	104	103½	108	...	...
1934-May	97½	94	83½	98	95	95½	86½	92½	99½	94	88½	95½	93½	84	94	95
June	97½	91½	90	101	95½	95½	83½	97	103	103	93½	96½	94½	85	95	95½
July	98	92	84½	98½	96½	94	89	92	101	107½	91½	98	94	85	94½	95½
August	98½	97	87½	102	97	98	90	95½	98	114	89	98	93	89½	96½	95½
September	98½	95	88½	102½	97	96	90	90½	98	101	101	98	94	89½	95½	95½
October	98	97	89½	100½	95	97½	91½	94	89	98	95½	95½	95½	91½	96	96½
November	98½	93½	94	88	95	97½	83	89	87	89	93	97½	95	114½	96	96½
December	98½	93½	87	89½	95½	101	92½	96	97½	94	93	100	99	100	97	96½
1935-January	98	96	92	103½	98½	98	93½	98½	98	85	95½	95	88	110	97	97
February	98	96	92	99	98½	99	95	94	92	91½	104	87	98	84½	97	97½
March	98½	92½	93	98	99½	95½	96½	97	94	85	98½	97	94	97	96	97½
April	99	88	87	87	99	101	88	92½	90	99	99½	87	97	97	98	98½
May	99	102½	99	100	98	98	93½	96	100	94	100	97	100	99	100	99½
June	101	94	96½	98	100	98½	99	93	112	108	96	100	104	99½	99½	99½
July	101	92½	99	100	100	99	100	104	100	100	97	100	100	98	99½	100
August	101	100	99½	98	100½	101	102	105½	96½	104	103	101	102	98½	100	100½
September	101	105	101	98½	101	99½	103	102	96	102	98	102	95	96½	101	101½
October	101	104	103	101	101	100	105	102	107	106	93	101	99	98½	102	101
November	101	105	106½	102½	102	104	108	113	99	117	99½	103	112½	104½	102½	102½
December	101	105	106½	102½	102	104	108	113	99	117	99½	103	11			
1936-January	101½	107	104	104	103½	101	106½	117	106½	97½	92½	98½	98	91	102	102½
February	102	100½	108	102	104	101½	107½	115	100	93	102	100	99½	93	102½	103½
March	103	98	105	103½	104½	102	107	112½	101½	99½	99½	99	100	94	102½	104½
April	103½	103	111	106½	102½	102	106½	128	110	107	98½	101	97	104½	105	105½
May	104	107	107	105	102½	102½	107	118	112	103	98½	101	98	103	106	106½
June	104½	106½	107½	104½	105½	101½	109	121	117	117	98	102	104	104	106	106½
July	106	104	109½	106	105½	103	109	123	120	117	105½	101	104	97	107	106½
August	107	104	111	109½	106	103	109	139	120	117½	101	107	105	103	108	108
September	106½	102½	112	108½	106½	106	108	132	107	123	105	100	106	113	108	107½
October	106	104	113	107	107	104½	107	127	102	117	107	103	106	114	108	108
November	107	104	117	106	108	107	105	125	100	119	107	108	109	111	108	108
December	106½	107½	117½	113	108	108	103½	134½	109	108	108	109	107	122	109½	...
1937-January	108½	96½	118	110½	109	107½	102	124	111½	103½	104½	101	106½	105	107½	...
February	109	110½	116	107	109½	110	102½	118	110	102½	111	108	108	115	109½	...
March	108	109½	112	108½	110½	107	99	118	123	119	120	114	108	107	111½	...
April	109½	109	122½	115	110½	110	102½	117	116½	114½	112½	102½	103½	104½	110½	...
May	109	103½	123½	112	110	106½	100	130	143	129½	114	107½	89½	115½	115½	...

* For method of construction and earlier figures (1924-1936) see Supplement to *The Economist* of July 25, 1936. † Revised. ‡ Provisional. § Annual indices represent averages of monthly figures.

Business Developments Overseas

BRITISH EMPIRE

AUSTRALIA.—Although winter rain is needed for crops and pastures in some important districts, agricultural conditions are generally satisfactory, states a cable from the National Bank of Australasia. Meanwhile, trade and secondary industry maintain their recent improvement. Imports in April showed an advance of 26 per cent. and exports a gain of 50 per cent., compared with April, 1936. Quotations for industrial securities are well maintained, but mining stocks have weakened.

SOUTH AFRICA.—Retail business is quieter at the larger centres, states a cable from the Standard Bank, owing to the approach of the stocktaking period and the fall of Stock Exchange securities. The building and allied trades are well employed and prospects are still considered good. Railway earnings from May 9th to June 5th amounted to £2,412,618, or £27,382 below the Budget estimate. Meanwhile, harvesting conditions remain favourable, and good yields of maize are reported. The Union wool selling season is drawing to its close, and the market is quieter; but offerings of good average quality encounter fair competition. The general outlook is obscured by uncertainty concerning the future of gold.

CANADA.—According to the figures of the Dominion Bureau of Statistics, April was a better month than any since last October. At present, however, the business community again appears to be "marking time." Labour difficulties, the gold scare and the decline in metal prices have been adverse factors; news is awaited of the success or failure of the western wheat crop. Seeding conditions have been propitious in Manitoba and in the northern parts of Saskatchewan and Alberta, but in the southern part of the two latter States grain crops have again started badly through lack of moisture.

INDIA.—Rainfall has been light to moderate in most parts of India, and the condition of the crops is reported to be fair generally, except in parts of the Punjab where crops have been damaged by hailstorms. Latest crop estimates, with last year's corresponding figures in brackets, are as follows:—Wheat, 10,241,000 tons (9,700,000 tons); cotton, 6,307,000 bales (5,728,000 bales); sesamum, 482,000 tons (463,000 tons). In view of the separation of Burma from India, no comparison of the latter's trade with that of earlier periods is yet possible.

EUROPE

FRANCE.—June has seen a slight slowing up of French industrial expansion, and a severe financial crisis, the effects of which upon industry have not yet made themselves felt. The indices of production are not available beyond April, but until that date the general index has shown continuous expansion from an average of 98 in 1936 to 101 in January and 105 in April, due mainly to a sharp advance in the metal industries, which masked declines in building and automobiles. Wholesale prices are more or less stationary, though the separate indices of domestic and foreign goods are moving differently, the former rising and the latter falling. The only series that shows unequivocal improvement is that of the numbers of unemployed persons relieved, which fell from 355,792 on May 15th to 333,367 on June 12th. Broadly speaking it would seem that investment has failed to increase in the last few weeks, though consumption is rising and industry is still adjusting itself to the forty-hour week. But the lack of financial confidence has been shown in the fall of the official share index from 222 on May 22nd to 204 on June 19th, and the rise in the note circulation from 85.3 milliards to 86.5 milliards between the same dates. The exchanges are persistently weak and the outlook remains uncertain.

GERMANY.—Industrial activity continues to expand in Germany. The general index for industrial production rose from 107.0 in January to 118.5 in April, while that for investment goods rose in the same period from 112.0 to 126.4. The index of coal production has remained practically unchanged between 118 and 119. Unemployment has fallen between the end of April and the end of May from 960,800 to 776,000, just about one-half the figure given for the corresponding date last year: but it is of course impossible to draw any conclusion from these totals as long as no information about the exact numbers at work in labour camps, etc., is available. Figures for imports show a sharp rise from Rm. 409 millions in March to Rm. 477 millions in April, the rise being fairly equally distributed between food and raw materials. In the same month exports of finished products rose from Rm. 369 millions to Rm. 390 millions. The export surplus fell from Rm. 53 millions to Rm. 15 millions. Wholesale prices are practically unchanged.

ITALY.—The indices of the Central Statistical Bureau point to rising activity. The index of raw material imports, which fell to 33 in 1936 (1928 = 100) had risen to 67.3 last month. The index of manufactured exports, which fell to 30.6 last year, has now risen to 60.2; but these movements do not take account of the sharp rise in prices. The import surplus for the first four months of 1937 amounted to 910.6 million lire, against 659.2 million lire in the same period of 1936. But tourist expenditure and shipping revenue appear to have been a sufficient counter-balance.

BELGIUM.—The industrial position is favourable and, here as elsewhere, the metal industries are particularly active. Unemployment continues to fall, and in certain branches of activity

labour shortages are reported. Although the cost of living is rising, wages are also on the increase, and there have been no serious strikes since June, 1936. Meanwhile, the restoration of the country's finances is proceeding gradually and the private banks are much stronger than of late.

JUGOSLAVIA.—Industrial production continues to increase and overseas trade is improving. Exports during the first four months of 1937 were more than double last year's corresponding figure. Moreover, Yugoslavia is slowly reducing her outstanding claims against Italy and Germany on clearing account. In the national balance of payments, receipts from tourists constitute a growing asset. Despite damage by storms, the wheat harvest promises to be fair and should yield a substantial surplus for export.

UNITED STATES OF AMERICA

Business activity has been well maintained throughout April and May, and there are no indications of a general decline this month. Many industries still have well-filled order books which should ensure a high level of production for some time to come. The current volume of industrial production is practically as high as in 1929. Since then, however, the population has increased by seven millions. This suggests that there is still ample scope for further expansion, especially in the capital goods industries. In recent weeks, however, there has been a decline in the volume of new business, which is beginning to cause apprehension. In a large measure the slowing down of new business represents a corrective movement to the rush of new orders earlier this year. The autumn may, however, witness a period of further expansion, unless the course of recovery is deflected by serious labour difficulties or by new legislation hampering business. In the iron and steel industry production has fallen sharply in recent weeks, partly as a result of strikes. Moreover, there are at present four important bills before Congress which may have important repercussions on America's national economy, namely, those providing for the reorganisation of the Federal Courts and of the Executive Departments, for the regulation of agriculture, and of wages and hours in industry.

LATIN AMERICA

ARGENTINA.—Although grain shipments are now declining rapidly, the total for the first five months of the current year constituted a record. Not only have shipments of grain and linseed been heavy, but a substantial improvement in prices has also taken place. The Finance Minister in his report for 1936 referred to the close approximation between the "free" and official rates of exchange. Although in normal circumstances exchange control might now be abandoned, its maintenance is considered desirable in the present world situation, the control system "providing the country with a solid defence which it would be premature to abandon." It is now possible, however, to grant foreign exchange practically without restriction to those countries which have signed reciprocal trade agreements with Argentina. British circles in Buenos Aires are reported to appear satisfied with the new agreement with the United Kingdom.

BRAZIL.—Overseas trade in the first quarter was substantially above last year's level, a fall in coffee and sugar shipments being largely offset by the larger exports of cotton and other products. Impressed by her declining importance on world coffee markets, Brazil is calling an international conference to arrange a cartel. As much as 70 per cent. of the crop will be destroyed in 1937-38, to balance the statistical position.

OTHER COUNTRIES.—The foreign trade of Uruguay and Chile is expanding, copper shipments from the latter showing a marked revival. In Chile the foreign exchange position continues rather easier than recently. Colombia has signed a new compensation treaty with Germany, who will take coffee, petroleum, etc., against manufactures sent to Colombia. The Central American countries generally have disposed of their coffee crops and the season has been satisfactory.

THE FAR EAST

In Japan industrial production remains on a high level, stimulated by the re-armament boom. Wholesale and retail prices show an upward trend and there is considerable pressure for wage increases. Pending the declaration of the new Cabinet's policies, stock markets have remained inactive, and some new stimulus is awaited. Meanwhile, the trade returns continue to show a growing adverse balance. The total excess of imports over exports in the first five months of this year amounts to 538 million yen, which is 87 per cent. above last year's corresponding figure. The movement is attributed to the growing need of imported raw materials; but further exchange restrictions to control imports are envisaged. In China, too, imports have recently shown a tendency to outstrip exports. Thus imports rose from 85.09 million dollars in May, 1936, to 109.13 millions in April, 1937, and to 110.99 millions in the past month; while exports increased from 54.24 to 79.78 million dollars between May, 1936, and April, 1937, but declined to 78.34 millions last month.

UNITED KINGDOM

(Population, mid 1936, 47,098,000; Area 95,030 sq. miles; 244,000 sq. kms.)

United Kingdom figures; otherwise Great Britain (G.B.)	Unit of Measurement	Monthly Average								1936				1937				
		1929	1930	1931	1932	1933	1934	1935	1936	Apr.	May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
PRODUCTION																		
1. Industr. Prod. B. of Trade (a)(d)	1930 = 100	108.5	100.0	91.0	90.5	95.5	106.1	113.5	124.5				132.1	19.5	19.8	131.9	21.7	18.7
2. Coal, G. B.	Mill. tons	21.4	20.3	18.3	17.4	17.2	18.4	18.6	19.0	17.9	18.7	19.2	20.6	19.5	19.4	20.8	21.7	18.7
3. Electricity, public supply, G.B.	Mill. kw.-hrs.	858	910	851	1,020	1,130	1,288	1,464	1,685	1,554	1,457	2,010	2,180	2,172	1,844	2,074	1,832	1,621
4. Pig iron	Thous. tons	632	518	314	298	345	497	535	641	630	661	643	671	651	604	680	681	696
5. Steel ingots and castings	Thous. tons	803	610	434	439	585	738	822	975	984	963	1,001	1,019	999	996	1,110	1,080	1,047
6. Buildg. plans passed / Dwelling	Thous. £'s	3,688	3,897	3,374	3,807	5,192	5,799	6,536	6,255	6,272	7,777	6,411	5,396	4,476	5,300	5,945	7,036	5,788
7. 148 towns, G.B. (a)(d) Other	"	2,403	2,320	1,877	1,814	1,781	2,164	2,990	3,497	3,286	4,996	3,268	3,629	3,996	5,399	3,953	3,941	3,406
8. Home	1929 = 100	100	125	77	112	67	160	148	250	196	192	263	250	264	258	255	232	233
9. Foreign	"	100	67	50	31	44	60	62	96	74	77	90	96	105	118	125	118	116
10. Total	"	100	93	58	59	56	107	104	167	133	133	168	167	175	189	188	174	173
11. Shipbuilding: commenced (f)	Thous. gross tons	137	79	17	6	20	43	57	91	94	94	91	91	84	84	84	84	84
12. " launched (f)	"	127	123	42	16	11	38	42	71	56	56	93	93	59	59	59	59	59
13. " on hand, end yr.	"	1,560	809	401	225	332	597	743	964	...	...	...	964	...	...	1,014	...	...
14. Automobiles: priv. cars (b)...	Number	15,196	14,139	13,250	14,120	19,232	21,406	25,962	29,479	32,321	36,231	30,667	34,349	34,062	28,449	44,578	36,309	...
15. " Com. vehicles (b)...	"	4,705	5,572	5,609	5,123	5,459	7,136	7,631	8,967	8,316	9,820	9,240	10,165	11,427	8,468	11,045	10,669	...
16. Cotton delivered to mills, G.B.	Mill. lbs. daily av.	5.27	3.92	4.04	4.47	4.72	4.31	4.72	5.17	5.58	5.44	5.28	5.74	5.65	5.20	6.23	5.90	6.93
17. Rayon: Output	Thous. lbs.	4,742	4,084	4,548	6,043	7,007	7,758	10,314	12,110	10,870	12,970	11,760	10,950	11,740	11,720	12,520	13,670	...
18. " Quantity excised	"	4,710	3,992	4,591	5,555	7,086	7,715	9,987	11,776	10,396	12,784	11,513	11,188	11,680	16,638	12,527	...	...
19. Beer production	Thous. st. barrels	1,820	1,568	1,365	1,192	1,193	1,293	1,355	1,395	1,356	1,469	1,324	1,560	1,163	1,131	1,479	1,534	...
20. Distilling: Drink (f)	Thous. proof galls.	814	840	786	721	733	719	720	780	694	694	1,078	1,078	634	634	634	634	...
21. " Industrial alcohol (f)	"	1,205	1,393	1,438	1,834	2,484	2,816	3,172	3,595	3,315	3,315	3,959	3,959	3,700	3,700	3,700	3,700	...
22. " Stocks, end year...	Mill. proof galls.	151.8	153.4	148.5	141.5	134.9	135.4	136.1	137.4	138.0	138.1	136.9	137.4	138.2	139.3	140.6	141.7	...
TRADE AND TRANSPORT																		
Domestic Trade																		
23. Rly. traf.: Merch. & Ivst. G.B.	Thous. tons	9,780	8,890	7,602	6,605	6,875	7,660	7,661	8,188	7,897	8,478	8,832	8,279	8,008	8,180	...	...	...
24. " Coal and coke, G. B.	"	15,933	14,868	13,360	12,861	12,727	13,384	13,447	13,539	12,585	13,476	14,512	14,883	14,150	13,355	...	...	...
25. Automob.: priv. cars in use, G.B.	Thousands	893.8	967.7	979.7	1,018.4	1,084.9	1,184.5	1,347.5	1,498.8	1,518.6	1,531.4	1,530.2	1,558.0	1,445.9	1,458.6	1,487.7	1,685.6	1,699.1
26. " Comcl. vehicles in use, G.B.	"	314.7	333.6	346.0	356.2	370.0	393.5	413.2	437.0	432.6	433.5	445.8	453.4	445.9	448.6	454.9	456.7	457.6
27. Postal traffic receipts, daily	Thous. £'s	133	135	134	133	135	137	140	147	141	140	155	199	148	148	149	152	145
28. Retail trade, G. Brit.: Food	Avg. daily sales in 1933 = 100	...	...	...	102	100	103	111	129	121	116	122	142	119	123	137	122	...
29. " Other merchandise	"	...	...	...	99.9	99.9	101	100	109	113	113	122	160	120	95	111	115	...
30. " Total	"	...	...	...	101	100	103	109	116	117	118	123	154	119	110	124	119	...
31. Advtg. expndre. on brand. gds.	1935 = 100	...	...	76.1	79.2	84.6	90.4	100	104.6	111.2	126.4	129.7	94.9	88.1	100.2	120.1	128.2	115.9
Foreign Trade																		
32. Retained imports, value: Food	Thous. £'s	42,444	37,803	33,041	29,810	27,311	27,829	23,616	30,921	27,497	30,558	35,988	36,839	31,080	26,717	34,033	31,738	33,019
33. " Raw materials	"	23,774	17,874	12,277	11,740	12,277	11,740	12,277	17,934	16,543	16,954	20,768	21,840	22,627	17,401	21,559	21,638	21,605
34. " Manufactures	"	25,497	23,622	20,367	12,168	11,654	13,995	14,302	16,452	16,349	15,613	17,240	18,111	16,435	17,228	19,817	21,727	20,677
35. Total	"	92,588	79,299	66,449	54,221	52,161	56,681	58,473	65,710	60,742	63,544	74,329	77,586	70,505	64,725	75,674	75,596	75,738
36. Volume: Food (a)(d)	Avg. of 1935	101.5	90.9	82.9	84.6	92.7	99.6	100	111.1	112.0	112.0	122.0	122.0	118.9	118.9	118.9	118.9	118.9
37. " Raw materials (a)(d)	"	101.5	90.9	82.9	84.6	92.7	99.6	100	111.1	112.0	112.0	122.0	122.0	118.9	118.9	118.9	118.9	118.9
38. " Manufactures (a)(d)	"	101.5	90.9	82.9	84.6	92.7	99.6	100	111.1	112.0	112.0	122.0	122.0	118.9	118.9	118.9	118.9	118.9
39. " Total (a)(d)	"	101.5	90.9	82.9	84.6	92.7	99.6	100	111.1	112.0	112.0	122.0	122.0	118.9	118.9	118.9	118.9	118.9
40. Domestic exports, value: Food	Thous. £'s	4,555	3,944	2,698	2,625	2,314	2,538	2,636	2,966	2,418	2,738	3,823	3,404	2,990	3,120	2,908	3,092	3,100
41. " Raw materials	"	6,575	5,313	3,920	3,834	3,832	4,021	4,400	4,278	3,948	4,494	4,568	4,940	5,091	4,901	5,284	5,636	5,472
42. " Manufactures	"	47,899	36,745	24,398	23,031	23,475	25,403	27,411	28,410	26,013	28,193	28,872	30,323	29,888	29,737	34,158	33,362	33,259
43. Total	"	60,779	47,563	32,552	30,419	30,659	33,000	35,493	36,727	33,427	36,396	38,441	40,516	39,101	38,572	43,470	43,027	42,733
44. Volume: Food (a)(d)	Avg. of 1935	126.7	118.7	94.5	90.9	81.8	93.3	100	110.6	110.6								
45. " Raw materials (a)(d)	"	130.4	110.2	86.9	82.0	88.5	90.0	100	92.4	92.4								
46. " Manufactures (a)(d)	"	142.1	113.8	80.7	83.0	85.9	92.4	100	102.1	102.1								
47. " Total (a)(d)	"	140.3	115.0	83.8	84.0	85.9	92.4	100	101.5	101.5								
48. Shipping: Tonnage cleared	Thous. net tons	5,225	5,310	5,023	4,947	5,030	5,235	5,302	5,395	5,048	5,587	5,627	5,734	4,889	4,821	5,760	5,421	6,004
49. " Tonnage laid-up	"	365	1,593	1,968	1,711	1,240	878	436	212	4,350	4,935	4,637	4,683	4,528	4,282	4,716	5,143	5,091
51. Freight rates, Economist Index	1929 = 100	100	81.7	62.2	77.9	75.1	76.4	76.8	87.3	79.9	78.8	99.8	113.8	120.4	119.3	122.9	133.4	137.5
52. Cable and wireless traffic receipts.	Corresponding month 1929 = 100	100	87.3	73.9	72.8	70.5	72.5	73.5	74.4	71.6	67.6	80.5	96.4	85.8	84.6	90.6	83.7	78.6
EMPLOYMENT AND WAGES																		
53. Insured pers. employed G.B.	Thousands	10,220	9,979	9,421	9,348	9,681	10,139	10,577	10,896	10,712	10,831	11,120	11,132	11,106	11,187	11,242	11,394	11,387
54. Insured pers. unemployed	"	1,212	1,915	2,630	2,756	2,496	2,107	1,958	1,684	1,745	1,635	1,553	1,552	1,604	1,552	1,505	1,368	1,390
55. Per cent. unemployed	"	10.3	15.8	21.1	21.9	19.8	16.6	15.3	13.0	13.7	12.8	11.9	11.9	12.3	11.9	11.5	10.5	10.7
56. Regist'd at Exchanges, allages, London	"	1,276	2,014	2,718	2,813	2,588	2,221	2,106	1,822	1,895	1,768	1,694	1,703	1,766	1,704	1,877	1,526	1,519
57. "																		

UNITED STATES, FRANCE AND GERMANY

	Unit of Measurement	Monthly Average						1936				1937					
		1929	1930	1931	1932	1933	1934	1935	1936	Apr.	May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
UNITED STATES (Population 1934: 126,450,000; Area: 7,839,432 sq. kms.)																	
PRODUCTION																	
1. Industrial production, F.R.B. (a)	1929=100	100	80.7	68.1	53.8	63.9	66.4	75.6	88.1	84.9	84.9	85.8	101.7	95.8	97.5	99.2	...
2. Investment goods, F.R.B. (a)	"	100	72.6	48.2	27.6	41.2	46.5	63.2	82.4	77.9	80.6	82.9	97.6	92.6	93.5	93.8	96.8
3. Consumption goods, F.R.B. (a)	"	100	88.8	85.2	75.9	84.2	83.4	87.6	94.5	89.7	89.2	100.3	107.1	100.5	101.8	102.9	101.8
4. Coal	Million m. tons	46.0	40.6	33.4	27.2	29.0	31.4	31.6	36.5	31.4	30.0	41.4	44.2	39.6	40.9	50.3	29.3
5. Electricity generated	Million kw. hrs.	8,113	7,995	7,644	6,842	7,111	7,590	8,283	9,461	8,893	9,088	9,780	10,528	10,151	9,247	10,264	9,885
6. Steel	Million m. tons	4,499	3,326	2,133	1,128	1,193	2,139	2,830	3,973	4,006	4,111	4,407	4,503	4,813	4,496	5,313	5,153
7. Building contracts awarded:	1929=100	100	46.0	26.0	12.6	17.4	29.7	55.5	87.7	80.6	76.3	84.4	165.4	128.5	105.9	135.8	181.4
8. Residential	Million \$	159.6	91.8	67.6	23.3	20.8	20.7	39.9	66.8	67.2	70.3	68.4	65.5	76.4	63.0	90.2	108.0
9. Other	"	319.6	285.1	190.1	89.3	83.8	107.9	114.1	155.2	167.8	145.7	139.8	134.5	164.4	125.3	141.0	161.9
10. Private cars	Thousands	382	232	184	88	131	181	271	306	417	386	341	426	310	296	404	440
11. Commercial vehicles	"	64	48	35	20	29	48	58	65	87	75	53	73	70	67	90	...
12. Activity in textile industry	1929=100	100	79.1	81.7	72.2	84.3	73.9	90.4	97.4	87.0	87.0	105.2	122.7	107.8	109.6	112.2	107.0
13. Stocks of raw materials	"	100	106.0	116.7	120.7	122.1	120.7	94.0	...	77.2	72.5	106.0	112.1	93.3	85.3	74.5	65.1
14. Stocks of manufactures	"	100	102.5	65.0	86.7	85.9	90.9	86.7	...	85.0	85.0	85.0	88.4	92.5	90.9	90.0	87.5
TRADE AND TRANSPORT																	
15. Index of Rly. car loadings	"	100	86.8	70.7	52.8	54.7	58.5	59.4	67.9	65.1	66.1	75.4	81.1	75.4	75.4	78.3	79.2
16. Index of Dept. Store sales	"	100	91.9	82.9	62.2	60.3	67.6	71.2	79.2	75.7	78.4	84.7	89.8	85.3	83.4	83.8	...
17. Retained imports	Million \$	362	260	174	110	119	136	170	202	199.6	189.0	200.4	239.8	228.7	260.1	296.0	281.7
18. Domestic exports	"	430	315	198	131	137	175	187	201	189.6	197.0	223.3	226.6	217.9	229.6	252.3	264.9
EMPLOYMENT AND WAGES																	
19. Factory employment, F.R.B. (a)	1929=100	100	87.2	73.8	62.6	68.8	78.8	82.1	87.8	85.0	85.8	91.9	94.1	94.4	95.5	96.4	97.5
20. Pay rolls, F.R.B. (a)	"	100	81.1	61.8	42.6	45.3	57.7	65.4	75.5	72.4	74.2	82.9	87.1	83.4	88.0	92.6	96.2
21. Hourly earnings, N.I.C.B. (a)	"	100	100	96	84	83	99	102	105	...	...	...	...	...	...	...	...
22. Av. hours of work, N.I.C.B. (a)	Number	48.3	43.9	40.4	34.8	36.3	34.7	37.2	39.7	38.8	39.0	41.3	41.8	41.0	41.4	41.9	41.4
23. Number unemployed, A.F.L.	Thousands	1,864	4,770	8,738	13,182	13,723	12,364	12,208	...	11,503	11,259	...	...	...	...	...	...
PRICES																	
24. Cost of living, N.I.C.B. (a)	1929=100	100	96.2	87.2	77.9	74.9	79.4	82.6	84.8	83.3	83.7	85.8	86.1	86.8	87.1	87.8	88.2
25. Wholesale prices, D. of Lab.	"	100	90.7	76.6	60.8	69.3	78.7	83.8	84.8	83.6	82.5	86.5	86.1	90.1	90.6	92.1	92.3
26. " raw materials	"	100	86.5	67.3	56.5	57.9	70.4	79.1	82.0	78.9	77.8	85.3	87.8	90.4	90.6	92.2	90.9
27. " semi-manufactures	"	100	87.2	73.5	63.2	61.4	77.6	78.4	80.8	79.3	78.8	87.3	87.6	90.9	91.1	95.4	95.3
28. " Finished goods	"	100	93.1	81.5	74.4	74.0	82.8	87.0	86.8	86.3	85.2	87.3	88.5	89.8	90.4	91.4	92.4
29. " Farm products	"	100	84.1	61.8	45.9	49.6	62.3	75.1	77.2	73.3	71.7	81.1	84.4	87.0	87.1	89.6	87.9
30. 5% Indus. securit's, Stand. Stat.	"	100	74.2	45.9	24.4	35.0	42.9	48.0	67.3	64.8	61.8	76.2	75.3	77.5	80.1	80.3	75.3
FINANCE																	
31. Total Res. Bank credit	Million \$	1,739	1,386	1,853	2,171	2,674	2,470	2,486	2,500	2,475	2,474	2,453	2,500	2,497	2,465	2,458	2,565
32. Gold stock	"	3,900	4,225	4,051	4,045	4,014	4,238	4,125	4,128	4,225	4,101	4,113	4,128	4,138	4,146	4,171	4,199
33. Money in circulation	"	4,578	4,603	5,360	5,388	5,519	5,536	5,882	6,543	5,888	5,952	6,466	6,543	6,349	6,399	6,377	6,426
34. Member Bank Res. Balances	"	2,855	2,471	1,961	2,509	2,729	4,096	5,882	6,543	5,888	5,952	6,466	6,543	6,349	6,399	6,377	6,426
35. Excess Reserves	"	-78	96	-33	676	689	1,814	1,984	2,664	2,664	2,866	2,286	1,984	2,152	2,078	1,398	1,594
36. Member Banks in 101 towns:	"	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
37. " loans and investments	"	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
38. " deposits: Demand	"	19,112	18,680	15,985	14,965	11,383	11,419	13,888	15,571	14,258	14,562	15,464	15,571	15,493	15,501	15,126	15,388
39. " Time	"	13,070	13,654	11,453	10,527	4,790	4,781	4,911	5,067	5,047	5,038	5,037	5,067	5,077	5,167	5,144	5,158
40. Bank debits outside N. W. City	"	28,901	23,119	17,119	12,819	13,288	15,701	18,676	23,238	17,497	16,998	18,475	23,238	20,383	17,620	20,051	19,567
41. Call money	%	7.61	2.94	1.74	2.05	1.16	1.06	0.86	0.91	0.75	0.83	1.0	1.0	1.0	1.0	1.0	1.0
42. Yield on Govt. bonds	%	8.60	3.28	3.31	3.66	3.3	3.10	2.69	2.47	2.51	2.50	2.29	2.27	2.38	2.31	2.50	2.74
43. Capital issues, C.F. Chronicle	Million \$	595	848	260	99	59	115	123	166	176	112	156	266	249	168	185	152
FRANCE (Population 1938: 41,906,000; Area: 550,986 sq. kms.)																	
PRODUCTION																	
44. Industrial production, S.G.F. (b)	1929=100	100	100.7	89.2	69.1	77.0	71.2	67.6	70.5	73.4	73.4	71.2	71.9	72.7	74.1	74.8	75.6
45. Coal	Thous. met. tons	4,432	4,490	4,167	3,856	3,907	3,969	3,851	3,769	4,059	3,870	3,436	3,813	3,623	3,710	4,087	...
46. Electricity	Thous. met. tons	100	98.2	83.3	68.2	96.7	98.3	101.7	104.2	107.6	106.7	105.9	106.7	105.9	108.5	112.6	...
47. Steel	Thous. met. tons	808	787	652	470	544	512	522	559	571	609	579	591	607	624	675	...
48. Building activity	1929=100	100	111.4	101.6	81.3	74.0	66.7	55.3	52.0	57.7	56.9	46.4	47.2	51.2	54.5	54.5	52.0
TRADE AND TRANSPORT																	
49. Rly. car loadings, daily	Thous. cars	65.1	65.4	53.9	47.3	45.2	42.5	40.1	40.9	39.7	39.4	48.3	43.2	40.1	42.5	41.3	41.9
50. Imports	Mill. fr.	4,852	4,376	3,517	2,484	2,369	1,925	1,745	2,117	2,126	1,967	2,707	3,013	3,319	3,681	3,227	...
51. Exports	"	4,178	3,570	2,536	1,642	1,539	1,487	1,289	1,288	1,195	1,170	1,720	1,637	1,773	1,695	1,837	...
EMPLOYMENT AND WAGES																	
52. Unemployed in receipt of benefit	Thousands	0.9	2.5	56.1	273.4	276.0	345.0	426.9	432.1	443.2	422.0	407.8	418.5	426.1	410.2	368.3	371.0
53. Wage rates, Paris region	1929=100	100	106	105	100	102	101	...	...	...	...	...	...	...	...	...	...
FINANCE																	
54. Wholesale, index of S.G.F. (a)	"	100	88.4	80.0	68.2	63.6	60.0	54.0	65.5	59.2	59.6	78.5	82.8	85.8	85.0	87.7	88.0
55. Cost of living, Paris, " (a)	"	100	104.5	102.3	94.6	93.5	92.8	86.9	91.1	...	...	...	...	...	...	...	...
56. Industrial securities	"	100	84.6	58.1	47.0	44.8	35.4	36.3	33.4	36.6	30.9	38.3	40.6	52.0	51.6	51.3	49.3
GERMANY (Population 1934: 66,382,000; Area: 470,714 sq. kms.)																	
PRODUCTION																	
57. Industrial production, I.K. (a)	1929=100	100	85.9	67.6	53.3	60.7	79.8	94.0	106.3	104.2	107.5	113.7	112.1	105.5	106.6	112.1	...
58. Investment goods	"	100	81.6	52.8	34.4												

GROUP II—BI-MONTHLY TABLE

CROPS (Season ended in Year shown)

(a) Figures for 1936, and in the case of crops for 1936-37, are provisional. (b) Figures for 1934 and 1935 are subject to revision. (c) End of year. (d) End of season.